Forsee Power
Société par actions simplifiée (simplified joint-stock company)[1] with share capital of EUR 3,941,690.00
Registered office: 1 boulevard Hippolyte Marques, 94200 Ivry-sur-Seine, France
Paris Trade and Companies Register no. 494 605 488

REGISTRATION DOCUMENT

The Registration Document was approved on October 1, 2021, by the French Financial Markets Authority—*Autorité des Marchés Financiers* (AMF)—in its capacity as the competent authority under Regulation (EU) 2017/1129.

The AMF has approved this document after verifying that the information it contains is complete, consistent and comprehensible. The Registration Document carries the following approval number: I. 21-058.

This approval shall not be considered a favorable opinion on the issuer described in the Registration Document.

The Registration Document may be used for the purpose of a public offering of financial securities or the admission of financial securities for trading on a regulated market if it is completed by a securities note and, if applicable, a summary and the supplement(s) thereto. The entire document was approved by the AMF pursuant to Regulation (EU) 2017/1129.

It shall be valid until October 1, 2022 and, during this period but no later than at the same time as the securities note and under the conditions of Articles 10 and 23 of Regulation (EU) 2017/1129, it shall be completed by a supplement in the event of new material facts, errors or substantial inaccuracies.

DISCLAIMER

By accepting this document, you acknowledge, and agree to be bound by, the following statements. This document is a translation of Forsee Power's *document d'enregistrement* dated October 1, 2021 (the

[1] The form of a *société anonyme* (public limited company) will be adopted on or before the date on which the AMF approves the prospectus relating to the admission of the Company's shares to trading on the regulated market of Euronext Paris. The information relating to the Company presented in this Registration Document takes into account the anticipated transformation of the Company into a public limited company with a Board of Directors and, more generally, the amendments to the Articles of Association and the new rules of governance inherent in the Company's initial public offering.

"Registration Document"). The Registration Document, in its original French version, is publicly available at www.amf-france.org. This translation (the "Translation") is provided for your convenience only and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published in whole or in part for any purpose. This translation has not been prepared for use in connection with any offering of securities. It does not contain all of the information that an offering document would contain.

IN THE EVENT OF ANY AMBIGUITY OR CONFLICT BETWEEN THE CORRESPONDING STATEMENTS OR OTHER ITEMS CONTAINED HEREIN, THE FRENCH LANGUAGE REGISTRATION DOCUMENT SHALL PREVAIL.

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This document is available free of charge at the Company's registered office, as well as on the AMF website (www.amf-france.org) and on the Company's website (https://www.forseepower.com).

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General Comments

In this Registration Document, and unless otherwise stated:

- The term "Registration Document" means this registration document;
- The terms "Company" and "Forsee Power" mean Forsee Power, with registered offices located at 1 boulevard Hippolyte Marques, 94200 Ivry-sur-Seine, France, registered in the Paris Trade and Companies Register under number 494 605 488;
- The term "Group" means the group of companies that comprise the Company as well as its subsidiaries and direct and indirect shareholdings.

In order to provide accounting information that allows for the Group's financial position to be understood, the Registration Document includes the following financial statements:

- The Company's consolidated financial statements for the years ended December 31, 2020, 2019 and 2018, prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union; and
- The Company's condensed interim consolidated financial statements for the six-month interim period ended June 30, 2021, prepared in accordance with IAS 34 — the IFRS standard as adopted by the European Union for Interim Financial Reporting.

The Registration Document describes the Company as it will exist after transitioning into a *société anonyme* (public limited company) with a board of directors, following the AMF's approval of the prospectus relating to the admission of the Company's shares to trading on the regulated market of Euronext Paris, and adoption, from the settlement and delivery of the shares offered under this admission, of the statutory amendments and the rules of governance described in Chapter 14 and in Section 19.2 of the Registration Document.

The market and competitive environment

The Registration Document contains information about the Group's markets and its competitive positions, including information on the size of the markets. In addition to the estimates made by the Group, the elements on which the Group's declarations are based are drawn from studies and statistics of third-party entities (see Section 1.4 of the Registration Document, "Information from third parties") and professional organizations or from data published by the Group's competitors, suppliers and customers. Certain information contained in the Registration Document is public information which the Company believes is reliable, but which has not been verified by an independent expert. The Company cannot guarantee that a third party using different methods to collect, analyze or calculate data on its business segments would obtain the same results. The Company makes no commitment and offers no guarantee as to the accuracy of this information. It is possible that this information is erroneous or no longer up to date. The Group makes no commitment to publish updates of this information, except if required by applicable legal or regulatory obligations.

Forward-looking information

The Registration Document contains information on the Group's outlook and areas for development. This information is sometimes identified by the use of the future tense, conditional language, or forward-looking terms such as "consider," "envision," "think," "have the goal," "expect," "intend," "should," "aim to," "estimate," "believe," "wish," "could," or as applicable, the negative form of these same terms, or any other variant or similar terminology. This information is not historical data and should not be interpreted as a guarantee that the facts or data set out will occur. This information is based on data, assumptions and estimates considered reasonable by the Company. It could change or be modified due

to the uncertainties related, for example, to the economic, financial, competitive and regulatory environment. This information is mentioned in various chapters of the Registration Document and contains details of the Group's intentions, estimates and objectives in relation to, in particular, the market in which it operates, its strategy, growth, results, financial position, cash flow and forecasts. The forward-looking information mentioned in the Registration Document is given only as of the date of the Registration Document. The Group operates in a competitive environment that is constantly evolving. It cannot therefore anticipate all the risks, uncertainties or other factors likely to affect its business, their potential impact on its business or the extent to which the materialization of a risk or combination of risks could produce significantly different results from those mentioned in any forward-looking information. It should be noted that none of this forward-looking information constitutes a guarantee of actual results.

Risk factors

Investors are encouraged to read Chapter 3 of the Registration Document, "Risk factors," carefully before making any investment decision. The materialization of all or some of these risks could have a material adverse effect on the Company's business, financial position, results or outlook. In addition, other risks that have not yet been identified or that are considered insignificant by the Company as of the date of the Registration Document could also have a material adverse effect.

Rounding

Certain calculated figures (including financial data) and percentages presented in the Registration Document have been rounded. Where applicable, the totals presented in the Registration Document may slightly differ from the totals that would have been obtained by adding the exact amounts (not rounded) for these calculated figures.

Websites and hyperlinks

References to any website and the contents of any hyperlinks in the Registration Document do not form part of the Registration Document.

1. RESPONSIBLE PERSONS, INFORMATION FROM THIRD PARTIES, EXPERT REPORTS AND APPROVAL FROM THE COMPETENT AUTHORITIES

1.1 Person responsible for the Registration Document

Mr. Christophe Gurtner, Chairman of the Company.

1.2 Certification of the authorized person

I hereby certify that the information contained in this Registration Document is, to my knowledge, accurate and contains no omission that might alter its meaning.

Signed in Paris,
October 1, 2021

Christophe Gurtner
Chairman

1.3 Expert reports and declarations of interest

None.

1.4 Information from third parties

The Registration Document contains information about the Group's markets and its competitive positions, including information on the size of its markets. In addition to the Group's estimates and analyses, the elements on which the Group's declarations are based come from studies and statistics from third parties and professional organizations (such as Bloomberg, MarketsandMarkets and McKinsey), as well as data published by the Group's competitors, suppliers and customers. To the Company's knowledge, such information has been accurately reproduced, and no fact that would make this information inaccurate or misleading has been omitted. However, the Company cannot guarantee that a third party using different methods to collect, analyze or calculate data on the business segments would obtain the same results.

1.5 Verification of the Registration Document

The Registration Document has been approved by the French Financial Markets Authority—*Autorité des Marchés Financiers* (AMF)—as the competent authority under Regulation (EU) 2017/1129.

The AMF approves this Registration Document only insofar as it complies with the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129.

This approval shall not be considered a favorable opinion on the issuer described in the Registration Document.

2. STATUTORY AUDITORS

2.1 Statutory Auditors

Deloitte & Associés
Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles et du Centre* (Versailles and Centre regional institute of statutory auditors)
Represented by Mr. Thierry Queron
6 place de la Pyramide
92908 Paris La Défense Cedex, France

Start date of the first term of office: June 30, 2017

Expiration date of the current term of office: annual shareholder meeting to approve the financial statements for the year ending December 31, 2022.

Jean Lebit
Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles et du Centre* (Versailles and Centre regional institute of statutory auditors)
Represented by Mr. Jean Lebit
18 avenue du 8 mai 1945
95200 Sarcelles

Start date of the first term of office: December 20, 2018

Expiration date of the current term of office: annual shareholder meeting to approve the financial statements for the year ending December 31, 2023.

2.2 Alternate Statutory Auditor

GH Consulting
Member of the *Compagnie Régionale des Commissaires aux Comptes de Paris* (Paris regional institute of statutory auditors)
77 rue de Prony
75017 Paris, France

Start date of the first term of office: December 20, 2018

Expiration date of the current term of office: annual shareholder meeting to approve the financial statements for the year ending December 31, 2023.

3. RISK FACTORS

Prior to purchasing Company shares, investors are encouraged to review all of the information contained in this Registration Document, including the risk factors described below. As of the date of the Registration Document, these risks, should they occur, are those the Company believes to be likely to have a material adverse effect on the Group or its business, financial position, results or outlook, and to be important when making an investment decision. Nevertheless, investors should note that the list of risks presented in this Chapter 3 of the Registration Document is not exhaustive and that other risks may exist or occur. These include risks that are currently unknown or whose occurrence is not considered, as of the date of this document, to be likely to have a material adverse effect on the Group or its business, financial position, results or outlook.

In accordance with the provisions of Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, this chapter describes the main risks that may, as of the date of this Registration Document, affect the business, financial position, reputation, results or outlook of the Group, based on their criticality, i.e., their severity and likelihood of occurrence, after taking into account the action plans put in place (described in Section 3.6 "Risk management policy" of the Registration Document). Within each risk category mentioned below, the risk factors that the Company considers to be the most significant as of the date of the Registration Document are marked with an asterisk and listed first.

3.1 Risks related to the Group's business sector

3.1.1 Risk related to technological developments*

As of the date of the Registration Document, the Group develops, produces and markets mainly lithium-based battery systems that it believes meet a number of current or anticipated needs within its various business segments, primarily in the field of electromobility (see Section 5.5 of the Registration Document), namely:

- Heavy Vehicles (HeV) covers the market for solutions adapted to the development of vehicles with electric or hybrid motorization for various means of transport (buses, commercial and "last kilometer" vehicles, trams, trains, trucks and marine) and the market for stationary storage (residential, commercial and industrial);

- Light Vehicles and Industrial Tech (LeV & Ind Tech) covers the light electric mobility market as well as other electric applications (e-scooters, two- to four-wheeled light vehicles, e-bikes, medical equipment, Internet of Things, home automation, robotics and professional tools).

The market for lithium-based battery systems, however, features changing technologies and ever-changing industry standards, which remain difficult to anticipate. The frequent introduction of new products and/or new vehicle models has shortened battery life cycles and could make the Group's batteries obsolete more quickly than anticipated. Changes in battery system standards could also make the Group's products less competitive or obsolete. First, the Group's ability to adapt to and anticipate changes in industry standards and market trends will be a key factor in maintaining and improving its competitive position and growth prospects. To achieve this, the Group has invested and plans to continue to invest significant financial resources in its Research and Development (R&D) infrastructure in order to offer its customers battery systems that are customized to their needs and are as efficient or more efficient than its competitors. The Group's R&D expenditure over the past three financial years, expressed as a percentage of revenue (excluding capitalized development costs), was equal to 17% in 2018, 10% in 2019, 8% in 2020 and 8% in the half year period ended June 30, 2021. However, the development of R&D activities is naturally uncertain, and the Group could encounter practical difficulties in marketing the results of its research or could fail to develop systems in partnership with satisfactory systems manufacturers. As a result, the developments and needs of the markets associated

with the products it markets or will market may not correspond to the Group's anticipations. The Group cannot guarantee that its products will meet the changing expectations of its current or potential customers, and it cannot guarantee the success of its future technological developments and its ability to make them indispensable in the targeted markets. Second, the Group's competitors in the lithium-based battery systems market could improve their technologies or make technological advances that could make the Group's products obsolete or less attractive. Failure to keep pace with rapid technological and/or industry standard changes as effectively as its competitors could cause the Group to lose market share and could lead to lower revenues.

Furthermore, various existing or future technologies could meet the same needs more efficiently or effectively than the Group's technologies. For example, some companies could develop batteries using emerging technologies (based on lithium-sulfur or lithium-air) that could compete with the Group's lithium-ion technology. The Group cannot guarantee that its products will be more effective than products developed based on other technologies. If the technologies chosen by the Group were to be replaced by other technologies, the Group's activities and results could be significantly affected.

Furthermore, in the event that the Group's technologies do not attain the anticipated success and in the absence of alternative solutions developed by the Group, the deployment of new technologies or technologies deemed more efficient may require greater financial investments than anticipated by the Group. The Group devotes a significant amount of resources to developing new products and improving existing ones. If the Group were no longer able to secure sufficient funding for future research and development, its competitive position could be weakened (bearing in mind that competitors may have greater financial resources). Any failure of the Group to develop new or more efficient technologies or to adjust to changes in existing technologies could significantly delay the development, production and marketing of new products by the Group, which could lead to a loss of competitiveness, revenues and market share to its competitors.

In addition, battery cell manufacturers that are not, as of the date of the Registration Document, suppliers of the Group might develop new technologies (bringing major breakthroughs in terms of cost, density or lifespan), the Group might not have access to these technologies or might have access to them later than its competitors. Such a situation could have a material adverse effect on its business, results, financial position and development prospects.

Finally, the Group has implemented a number of technological tools, including the application of advanced chemical cells with high energy density or with very long lifetimes, safe operation in case of risks such as fire or extreme conditions, and advanced electronic architectures of battery management systems (BMS) in combination with BMS software algorithms. The Group may not be able to keep up with industry developments and trends, such as the development of predictive software or artificial intelligence. For example, the sustained growth dynamic in cell chemistry (with new generations of cells typically merging every two to three years, and the ongoing possibility of radical innovations and improvements can render previous concepts obsolete) requires ongoing benchmarking and pre-development risk-taking in order to develop appropriate solutions, both at the module and system level.

3.1.2 Risk related to the lack of market acceptance of technologies developed by the Group*

The development and success of the Group's activities depend on the Group's ability to offer battery systems in the mobility field that are adapted to the market and to its current and future developments. The Group cannot guarantee that the battery systems it markets or that are marketed by other players in the sector will meet the needs of the market and of potential customers. As the battery market is developing rapidly, the lasting acceptance of the proposed products and solutions will depend on various factors, including pricing conditions (in absolute terms and relative to other energy sources – the TCO ratio), applicable regulations, the services offered and the market perception of the proposed technologies, particularly in terms of price, quality, performance and safety.

This acceptance is directly related to the perception that the Group's customers have, and may have in the future, with respect to battery systems, particularly in terms of reliability, adaptation, cost and safety. Furthermore, the confidence of the Group's customers in the reliability of the technology could be impaired by technical incidents involving batteries and, more indirectly, involving products using competing technologies.

In particular, in the mobility field, the development of electric vehicles and their suitability to the needs of the Group's customers are mainly limited by the dual need to use batteries with sufficient autonomy upstream and to ensure the availability of charging infrastructures downstream. Due to these factors, the Group believes that electric vehicles are a suitable means of transportation for urban areas but cannot guarantee that the market will develop, which could have a material adverse effect on the business, results, financial position and outlook of the Group.

In addition, the emergence and further market penetration of hybrid or fuel cell technologies that require battery systems could potentially limit the demand for battery systems since these technologies require a lower number of battery systems to be installed in a vehicle, compared to a fully electric vehicle, if a potential increase in the number of vehicles were not sufficient to balance the reduced number of battery systems per vehicle.

3.1.3 Risk related to the success of the vehicles/products offered by the Group's customers*

The growth of the Group's business activities ultimately depends on that of its customers' industries, business segments (bus, rail, maritime) or product/vehicle models they market, and in particular on their ability to successfully develop and market products/vehicles that use the Group's battery systems. Development decisions and the number of battery pack orders proposed by the Group depend directly on the performance of the vehicles/products marketed by its customers and, with respect to the vehicles marketed by the Group's customers, on the level of acceptance by them and their customers of the transition to electromobility. Consequently, if the production level of its customers were to decrease, demand for the Group's products could equally decrease. The level of production by the Group's customers and the commercial success of alternative energy vehicles are influenced by many factors, including commodity prices, infrastructure expenditures, consumer spending, fleet replacement schedules, travel restrictions, fuel costs, energy demands, municipal spending and government incentives. If the cost of these vehicles were to become too high (particularly in relation to other energy sources), or if the market for these vehicles were to contract or fail to develop, this could have material adverse effects on the business, results and outlook of the Group. Conversely, if the Group is unable to accurately predict changes in demand for its battery systems, it may fail to meet its customers' needs, which could result in a loss of potential revenues, or lead to excess production, which could result in an increase in its inventories and overcapacity in its plants, leading to an increased unit production cost and a decreased operating margin.

3.1.4 Competition risk

The electromobility market is highly competitive. The Group faces significant competition from other, mainly large, international players, as well as from regional competitors (see Section 5.4.4 of the Registration Document). The Group's main competitors include companies focused on stationary storage and electric battery technology for the commercial vehicle, rail and maritime markets, such as Akasol; large Chinese battery suppliers, such as CATL; companies focused on electric battery technology for the commercial vehicle market, such as Romeo Power and BorgWarner; and leading automotive suppliers developing electric powertrains to replace combustion engines, such as Cummins. In the future, existing companies and potential new entrants offering competing solutions, such as fuel cell electric vehicles, could also become competitors of the Group.

In addition, the e-mobility market could become even more competitive in the future, particularly due to new entrants into the market from China and emerging countries, who could benefit from lower

production costs and a strategy for developing energy storage technologies for many years on a national scale as exemplified by the government's "Made in China 2025" program from 2015. Moreover, any consolidation among the Group's competitors could improve their product offerings and financial resources, which could strengthen their competitive position against the Group, as exemplified by the recent acquisition of Akasol by BorgWarner. In particular, international original equipment manufacturers (OEM) with significant financial resources could enter or expand their presence in the Group's markets by forming joint ventures with other battery system manufacturers.

Furthermore, the Group sources cells for its battery systems from leading cell suppliers such as LG and Toshiba. Although, to the Group's knowledge, this has not yet occurred as of the date of the Registration Document, cell suppliers or OEMs with significant financial resources could reorganize their operations and develop their own battery systems built with independently produced cells without risk to their supply chain. If cell suppliers or OEMs were to enter the market for lithium-ion battery systems, this could significantly disrupt the Group's business activity. Furthermore, the insourcing of the technology developed by the Group by its main customers could lead to a loss of orders. In addition, some of the Group's historical customers, such as Iveco/Heuliez, Wrightbus, CaetanoBus or Alstom, may consider awarding contracts to some of the Group's competitors in order to take advantage of offers structured by those competitors in order to gain market share at the expense of immediate profitability. Such changes in the competitive environment could potentially reduce the Group's market share, which could have material adverse effects on its business, results, financial position and outlook.

Moreover, the Group's ability to compete in the markets in which it operates could be adversely affected by a number of factors, such as (i) new products or product improvements by competitors, including the replacement of the Group's products with newer technologies provided by competitors, thus weakening demand for the Group's products; (ii) the inability to maintain relationships with the Group's existing customers and to enter into new contracts or to renew or extend existing contracts with important customers; (iii) the acquisition of customers or suppliers by competitors; (iv) the arrival of companies with greater financial and technical resources than the Group specializing in one or more business segments in which the Group operates; or (v) competitors with lower production costs (e.g., due to their geographical location) and/or greater production and assembly capacity, which could allow them to offer more attractive prices.

Finally, the Group's current and potential competitors may have greater financial, manufacturing, research and development, and marketing resources than the Group and may be able to devote more resources to the design, development, manufacture, distribution, promotion, sale and support of their products. Some competitors, particularly those with more resources, may be in a better position to respond quickly to new technologies and may be able to design, develop, market and sell their products more effectively. The Group cannot guarantee that it will be able to successfully compete in the markets in which it operates. If certain competitors introduce new technologies that compete with or surpass the quality, price or performance of the Group's technologies, the Group may not be able to meet its existing customers' needs or attract new customers. Increased competition could lead to price reductions, loss of revenues, loss of customers and loss of market share, which could have a material adverse effect on the business, results, financial position and outlook of the Group.

3.1.5 Risk related to unfavorable changes in public policies supporting clean energy

Energy-storage activities are currently favorably influenced by national and international public policies supporting clean energy, whether through favorable feed-in tariffs, tax credits, subsidies or other incentives (ecological bonuses for electric vehicle purchases, free parking for low emission vehicles, etc.). Any reduction or removal of favorable feed-in tariffs, tax credits, subsidies or other incentives due to policy changes or decrease in the need for such assistance, subsidies or incentives due to the perceived success of the electric vehicle industry could result in a decrease in the competitiveness of the electric vehicle industry in general and the Group's battery systems specifically. While some tax credits and other incentives for alternative energy and electric vehicle production have been available in the past, there is no guarantee that these tax credits and incentives will be available in the future or that they will

remain at their current levels. For example, a product development project using VDA modules was selected in 2020 by the *France Relance* program that will enable the Group to receive a subsidy of EUR 1.348 million in 2021—2022 for a project totaling EUR 3.6 million.

Furthermore, the Group's business is affected by laws and regulations requiring carbon emission reduction (e.g., in the case of diesel-electric systems, anti-pollution regulations force rail and maritime operators to reduce their emission levels). These laws and regulations, which aim to encourage the demand for electric vehicles, could expire or be repealed or modified. For example, lobbies with an interest in gasoline, diesel or natural gas, including legislators, regulators, policymakers, environmental organizations, OEMs, trade groups or suppliers, could attempt to delay, repeal or influence laws and regulations favoring battery-powered vehicles. Recent public policies in both Europe and the United States, driven primarily by COP21, have continued to provide incentives for clean transportation and renewable energy, although "backtracking" has been observed (e.g., during the previous U.S. presidential term) and remains possible in the future.

Additionally, changes in political, social or economic and tax conditions at the governmental or local level, including a lack of legislative interest in such laws and regulations, could result in them being amended, repealed or delayed. Any failure to adopt, delay, expire, repeal or amend such laws and regulations, or the adoption of any laws or regulations encouraging the use of alternative energy systems as opposed to battery power, could reduce the market for electric batteries and could adversely affect the business, results, financial position and outlook of the Group.

3.1.6 **Risk related to unfavorable changes in the economic environment**

The Group could be affected by changes in global economic conditions that could negatively impact the industries, particularly the e-mobility market, in which the majority of its products are currently sold and the markets where the Group plans to expand. Changes in global economic conditions, including fears of an economic slowdown, have a direct impact on the overall business climate and corporate investment levels.

In particular, the markets in which the Group currently operates (Europe and Asia) and in which it plans to operate in the future (North America) could suffer from negative economic trends, recessionary economic cycles, terrorism threats, armed conflicts, pandemics (such as COVID-19), significantly higher energy costs, low consumer confidence, high unemployment, reduced access to credit, international trade disputes or other economic factors that could affect business/consumer spending. Additionally, a major deterioration in political conditions, such as a serious political conflict or the impact of election results, in one or more of the territories in which the Group operates could have an adverse effect on the business, financial position, results or outlook of the Group.

Finally, reduced tax revenues resulting from economic crises or economic downturns could negatively impact the amount of public funds available for, or allocated to, the implementation of policies to support energy storage solutions. In times of economic hardship, public policies for energy storage solutions may not be considered a priority and may be scaled back. The Group's customers could delay or cancel fleet electrification projects or seek to reduce their costs by renegotiating contracts with the Group, which could have an adverse effect on the business, financial position, results or outlook of the Group.

Such events could cause the Group's customers to reduce their spending on its battery systems, which could delay and lengthen the Group's sales cycles. Furthermore, during periods of economic uncertainty, the Group's customers could have trouble obtaining financing, which could hinder their ability to make their payments to the Group, thus having a material adverse effect on the business, financial position, results or outlook of the Group.

3.1.7 Risk related to the competitiveness of electric energy compared to traditional fossil fuels or alternative technologies

The development of the Group's markets and the success of its business activity will depend in particular on the competitiveness of electrical energy production compared with traditional fossil fuels.

This competitiveness will depend primarily on the investments and costs necessary for the production of energy, price fluctuations and the conditions of supply of raw materials and/or fossil fuels (e.g., oil and natural gas).

In the field of mobility, the growing demand for batteries for electric vehicles has previously been influenced by the instability of oil prices as well as regulations and policies designed to promote alternative energy sources. A significant drop in the price of fossil fuels and/or a medium- or long-term drop in the price of gasoline could have an impact on government and private policies and initiatives that promote alternative energies, as well as on the perception of the economic interest in these energies by end consumers.

Furthermore, major developments in alternative technologies, such as modern diesels, ethanol, fuel cells (hydrogen fuel cells, one of the Group's markets), compressed natural gas or improvements to combustion engines could reduce the existing interest in fully electric vehicles. Existing battery technologies, fuels or other energy sources could therefore become preferred alternatives for the Group's customers. Any failure by the Group to develop new or improved technologies or processes, or to adjust to changes in existing technologies, could significantly delay its development and have a material adverse effect on the business and outlook of the Group. The Group currently produces battery packs that use lithium-ion cells, which it believes currently represent the industry standard for battery technology for electric vehicles. However, other types of batteries or yet undeveloped or unknown technologies may be favored in the future, such as lithium iron phosphate (LFP) batteries. LFP batteries currently have a wide range of applications, including in electric vehicles, and are perceived by many as offering more cost-effective performance compared to lithium-ion cells. The cost-effectiveness of LFPs is due, in part, to substantial investments in the development of this technology and its capacity to be manufactured in China. Although the Group believes that its products and services offer customers advantages with respect to ease of integration with products and services and underlying performance, these customers and partners may consider LFP technology, or other technologies, as sufficient or superior for their purposes, and may require the Group to shift to LFP-based technology or partner with other service providers that use these technologies. It is possible that the performance, safety features, reliability or cost-effectiveness of LFP batteries, or any other form of battery, could also improve in the future, such that the Group's current lithium-ion cell-based offerings would become, or be perceived as, inferior or obsolete. In addition, it is possible that new forms of batteries or electrification technologies, such as solid-state batteries, may emerge as a more cost-effective or safer alternative to the batteries currently offered by the Group. In the event that LFP or a new form of battery emerges or is deemed to exhibit better performance, operate at lower cost or exhibit better safety features, the Group may be compelled to attempt to integrate these new types of batteries into its platform, which may not be possible or feasible at a price that would be attractive to potential customers or partners. Any developments in LFP technology, new battery technology, or new electrification technologies that are based on unforeseen developments in fuel cell technology, or the perception that they may occur, may prompt the Group to invest heavily in additional research to effectively compete with these advances, which research and development may not be effective. Any failure by the Group to successfully react to changes in existing technologies could adversely affect its competitive position and growth prospects.

In addition, the Group's R&D efforts may not be sufficient to adapt to the changes in electric vehicle technology. As technologies change, the Group must upgrade or adapt its battery systems to the latest technologies, in particular lighter modules and packs, advanced cooling methods and advanced battery chemistry, which could also affect the adoption of other products previously offered by the Group. Finally, if the Group is unable to obtain and integrate the latest technologies into its battery systems, it

may not be able to compete with alternative systems, which could have a material adverse effect on its business and outlook.

The success of the products and solutions developed by the Group will therefore depend primarily on its ability to offer batteries with better technical features at more competitive prices than traditional fossil fuels or alternative technologies that have been developed more recently or may be developed in the future.

Finally, the competitiveness of electric energy compared to traditional fossil fuels or more recent technologies will also depend on national and international regulations, particularly in terms of taxation.

Any change in the factors described above could lead to a decrease in demand for batteries for mobile or stationary applications and could have a material adverse effect on the business, financial position, results or outlook of the Group.

3.2 Risks related to Group business activity

3.2.1 **Risk related to production plant operation***

The Group develops and produces its battery systems at its four production plants (France, Poland, China and India). Risks related to (internal) operational factors could more or less permanently disrupt production.

First, the Group's battery packs and modules mainly incorporate lithium-ion cells, which the Group stores in large numbers at its production plants. In the event of failure, lithium-ion cells can rapidly release contained energy, venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells, as has been observed in fires/explosions in some manufacturers' warehouses, production sites and private households. As of the date of the Registration Document, no fire or explosion related to lithium-ion cell failures has occurred at any of the Group's production plants.

Thus, manufacturing processes present risks such as industrial accidents, explosions, fires and environmental hazards including accidental releases of polluting or hazardous products. Such events are likely to cause unforeseen interruptions or slowdowns in business activity, the total or partial destruction of facilities or even environmental pollution. Such events could involve the Group in legal proceedings brought against it by potential victims seeking compensation for damages suffered and/or result in the imposition of penalties, which could have a material adverse effect on the business, reputation, financial position, results and outlook of the Group. Similarly, in the event that operations cease permanently at a production plant, the Group, as the last operator, could be required to incur significant costs for restoration or decontamination.

The Group could therefore face unforeseen production interruptions, for example as a result of human error, equipment failure or damage. Any interruption in the manufacturing process could result in a loss of revenue while the Group continues to incur fixed costs, could prevent the Group from fulfilling orders and/or cause it to lose customers, resulting in contractual penalties. Furthermore, the Group could face significant delays in its plant expansion projects or unscheduled investments in renovation or safety. These interruptions or accidents could therefore result in a loss of revenue and have a material adverse effect on the business, reputation, financial position, results and outlook of the Group.

Such an event at the plant of one of the Group's competitors could also result in indirect negative publicity for the Group and its battery systems and, more broadly, for the segments in which the Group operates.

Secondly, the Group may be subject to labor disruptions, in particular strikes, walkouts, industrial action or other social unrest, which could disrupt its business and have a material adverse effect on its image, business and results. Historically, France experiences a significant number of strike hours each year.

In the various countries where its production plants are located, the Group, in accordance with its principles of action and its concern for labor relations, is party to collective agreements resulting from negotiations with social partners, some of which are entered into for a fixed period and therefore subject to regular renegotiation. These negotiations have in the past created, and could in the future create, social tensions, including strikes, when it is difficult to find terms and conditions acceptable to each party in new agreements with labor representatives. Labor negotiations, and in particular the negotiation of the above-mentioned collective agreements or periodic salary negotiations, are likely to increase operating costs due to the payment of higher salaries or benefits in kind or in cash, which could have a material adverse effect on the business, results, financial position and outlook of the Group.

Finally, the Group does not own but leases its production plants. For the Poitiers plant, the lease expires on August 2, 2033. For its site in China, the Group has two leases of five and eleven years, both of which will expire on February 29, 2024; in Poland, the lease is renewable every three years on market terms, the next expiration date being January 31, 2022. Finally, in India, the production plant is managed under the Company's partnership agreement with Minda described in Section 5.5.5.3.4 of the Registration Document. If the Company is unable to renew these leases on acceptable terms, this could have a material adverse effect on the Group's business, results, financial position and outlook.

3.2.2 **Risk related to the interruption or limitation of supply and activity of production plants***

The Group's business and results depend primarily on its ability to maximize the use of its industrial facilities in order to achieve an optimum production level. As a result of these operating conditions and despite the expert design of its battery systems and operation of its production plants, the Group could face unforeseen interruptions in production, for example as a result of energy supply interruptions, inflation or shortages of raw materials (such as the current shortage of semiconductors which generates high volatility and low reliability in the production programs of car manufacturers), supply problems, malicious attacks, terrorism or natural or exceptional events such as the COVID-19 pandemic or force majeure. The current context of tension in the supply chain is causing significant delays to the delivery of components (in particular cells) between Asia and Europe. The Company is facing a significant increase in shipping costs in order to maintain the delivery times initially agreed. In addition, in September 2021, power cuts occurred at the Group's plant in Zhongshan, China, due to a shortage of energy, causing production stoppages that required production to be reorganized. Power cuts imposed by local authorities could also occur in order to meet China's climate targets. If this situation were to persist over the long term or worsen, this could have a material adverse effect on the Group's business, results, financial position and outlook.

For example, since the beginning of the COVID-19 lockdown measures, the Group has been forced to limit production at some of its sites, in particular due to local restrictions on movement or lockdowns. As a result, the Group had to interrupt production at its Chinese plant in Zhongshan between late January 2020 and early March 2020. Similarly, production at the French plant located in Chasseneuil-du-Poitou was shut down from mid-March to late March 2020, and was only able to resume partial operation on its main production lines in early April 2020 before resuming full operation in mid-May 2020. Finally, the launch of the plant in India in 2021 was delayed for the same reasons. In general, due to restrictions on movement related to the COVID-19 pandemic, the Group's employees have not been able to access the production plants in the past, and this may continue in the future. Further production interruptions due to restrictions imposed to limit the spread of COVID-19 (including variants), or other future pandemics, cannot be ruled out.

Additionally, the Group's facilities are exposed to risks related to natural disasters, such as fires, floods, hurricanes and earthquakes (or other climate-related events).

These climate-related events may require the Group to implement additional protective or sanitary measures at sites located in high-risk areas, which would lead to additional costs. A natural disaster could result in the destruction of all or part of the Group's facilities, personal injury or death of

employees and indefinitely interrupt production and supplies to customers. The inability for a production plant to resume deliveries quickly following a natural disaster, or the various costs and constraints related to repairs or temporary remedial measures, could have a material adverse effect on the business, financial position, results and outlook of the Group. In particular, the Group only has one production plant in each country where it operates, limiting the opportunity to provide alternative supplies from another Group production plant. Furthermore, such events could involve the Group in legal proceedings brought against it by potential victims seeking compensation for damages suffered and/or result in the imposition of penalties, which could have a material adverse effect on the business, financial position, results and outlook of the Group.

3.2.3 **Risk related to the Group's dependence on its main customers**

The Group's sales are made to various industrial customers in a wide range of sectors such as public transport, the rail industry, professional tools, medical facilities, robotics and home automation. However, a significant portion of the Group's sales are made to certain strategic customers. Therefore, a significant portion of the Group's consolidated revenue is generated in the heavy vehicle segment. This sector accounted for 77% of the Group's consolidated revenue for the year ended December 31, 2020, and 80% of the Group's consolidated revenue for the half year ended June 30, 2021. The Group's sales to its top 10 customers accounted for 84% of the Group's consolidated revenue for the year ended December 31, 2020, and 90% of the Group's consolidated revenue for the half year ended June 30, 2021. The Group's two customers with the largest sales accounted for 47% and 14% of the Group's consolidated revenue for the year ended December 31, 2020, and 58% and 15% of the Group's consolidated revenue for the half year ended June 30, 2021.

Furthermore, the Group's order backlog for the period up to December 31, 2027, amounts to approximately EUR 1.0 billion as of the date of the Registration Document, most of which is with certain of the Group's long-standing customers such as Iveco/Heuliez, Wrightbus, CaetanoBus and Alstom. The order backlog is based on actual purchase forecasts as discussed with clients, however such forecasts are not binding purchase commitments. In addition, the Group's assessment of the probabilities that the order backlog will be converted into orders may not be appropriate. Moreover, lithium-ion battery cells generally have a limited lifespan. If customers do not convert their projections into firm orders, the Group might have a larger number of battery cells in stock, which could lead to reduced warranty periods or impairment of the value of the inventory. Accordingly, the order backlog might not lead to corresponding future revenue and actual sales may, in fact, be significantly lower than the order backlog suggests at the date of the Registration Document, which could have a material adverse effect on the business, results, financial position and outlook of the Group. See Section 7.1.2 for a detailed description of how the order backlog is calculated.

Dependence on a limited number of customers could make it difficult to negotiate attractive prices for the Group's battery systems and could expose the Group to decreased revenue if a strategic customer were to stop buying from the Group or if the Group were to lose a strategic customer for reasons beyond its control. The Group's ability to maintain close relationships with its strategic customers is essential for its growth. If the Group fails to sell its products to one or more of its strategic customers in a given period, or if a strategic customer purchases fewer products, postpones its orders or does not place additional orders, or if the Group fails to develop relationships with other customers to diversify its revenue sources, this could have an adverse effect on the business, financial position, results and outlook of the Group.

Furthermore, the Group's success and its ability to increase its revenues and become profitable depends in part on its ability to identify target customers and convert these contacts into large orders or to continue to develop its relationships with existing customers. As part of the development of a new vehicle line, battery systems are delivered to customers based on a prototyping phase, during which customers assess whether the battery systems meet their performance requirements before they commit to firm orders. If the above-mentioned assessments are not conclusive from the customer's point of

view, this could have a material adverse effect on the business, results, financial position and outlook of the Group.

In addition to acquiring new customers, the Group's success depends on the willingness of its existing customers to continue to use its battery systems and to integrate its batteries into their products. As the Group's customers expand their product ranges, the Group aims to become the leading supplier to their fleets. To ensure the acceptance of its products, the Group must constantly develop and introduce more powerful batteries with longer lifespans. If the Group is unable to meet its customers' performance requirements or industry specifications, retain existing customers or convert initial test deployments into firm orders, it could have a material adverse effect on the business, financial position, results and outlook of the Group.

3.2.4 **Risk related to the Group's dependence on its suppliers**

To the extent that global demand for battery cells currently exceeds available supply, the Group may have trouble substituting one supplier for another, increasing the number of suppliers or changing one component for another quickly or at all due to a disruption or delay in supply or an increase in demand throughout the industry. As of the date of the Registration Document, the Group sources each of the main components and raw materials required to manufacture lithium-ion batteries, such as cobalt and lithium, from a limited number of suppliers. For example, the Group's top two suppliers accounted for, respectively, 38% and 10% of the materials and components used in the production of the Group's battery systems for the year ended December 31, 2020, and 39% and 9% used for this purpose in the half year ended June 30, 2021. Its top 10 suppliers accounted for 82% of the raw materials and components used in the production of the Group's battery systems for the year ended December 31, 2020, and 81% for the half year ended June 30, 2021. If a single supplier were to stop producing a component with little or no notice, the Group's business could suffer.

In addition, the Group's battery cell suppliers have significant influence in the market and can prioritize which customers they supply battery cells to. If the Group did not meet the requirements of its battery cell suppliers (e.g., with respect to payment deadlines), they could decide to stop supplying all or certain types of battery cells. If this should happen, the Group would have to source cells from another supplier, which could prove difficult or, in some cases, impossible, particularly in the case of specialized battery cell products. As an example, in 2020, the Group worked with its suppliers and with credit insurance organizations to improve the supplier payment deadlines, establishing a first-demand guarantee for USD 7 million with the help of its banking partner HSBC for its largest supplier, LG Energy Solution. This resulted in a 75-day improvement in the payment term with that supplier. If the Group were to replace a battery cell supplier's products in one of its battery systems, it could take time to go through all the processes required to qualify the Group's products with a new supplier before it could restart mass production of that battery system with different battery cells. Furthermore, the allocation and subsequent unavailability of electronic components with substantial delivery times could result in a delay in performance, or in the Group not being able to deliver its products on the scheduled date.

Raw materials (including raw materials needed by the Group's battery cell suppliers, in particular lithium and/or cobalt, which are key raw materials for the production of lithium-ion cells) are sourced primarily from countries located in emerging markets, some of which are experiencing unstable political and economic conditions. The Group is therefore exposed to the risk that raw materials required for the battery cells used in its products may not be available from suppliers at the required quality, quantity and timeframe and, consequently, that the products the Group needs may not be available. Specifically, geopolitical instability in the countries where the raw materials are sourced could lead to lithium battery shortages. In addition, trade disputes between certain countries such as the United States and China and certain European countries (including France) have led to an increase in tariffs applied to certain goods, including raw materials and components used in the design of battery systems, which could negatively impact the acquisition costs of components.

Furthermore, the prices of raw materials, in particular lithium and/or cobalt, parts, components and manufacturing equipment could increase due to changes in supply and demand. A limited number of the Group's suppliers are dependent on a single supplier or a limited number of suppliers for certain key raw materials, parts and components used to manufacture and develop the Group's products. As a result, the Group's operating margins could be affected by fluctuations in raw material prices. The prices and supply of materials needed by the Group could fluctuate depending on market conditions and demand for these materials, including, for example, an increase in the production of electric city buses by certain competitors or by manufacturers in adjacent markets such as the mass market for passenger cars. For example, the Group's battery cell suppliers may not be able to meet the Group's quantitative and qualitative requirements for battery cell specifications and volumes, and the Group may be unable to find alternative supply sources at an acceptable cost, in adequate quantities or deliverable on a timely basis due to rising prices of raw materials used in battery cells, particularly lithium and/or cobalt. In the past, the Group has experienced delays in product development due to the delivery of raw materials and semi-finished products from its suppliers that did not meet its specifications. Any future inability to obtain sufficient quantities of high-quality raw materials, semi-finished products or manufacturing equipment at competitive prices and on a timely basis, due to global supply and demand or a dispute with a supplier, could delay the Group's production of battery systems, hinder its ability to fulfill existing or future orders and harm its reputation and profitability.

3.2.5 Risk related to the decline in the sales prices of the Group's battery systems

Heavy electric vehicles, light electric vehicles and energy storage may be subject to declines in selling prices due to rapidly changing technologies, industry standards and end-user preferences. Consequently, the Group's customers could expect the Group, as a supplier, to reduce its costs and lower the price of its battery systems to lessen the negative impact on their margins.

The Group aims to continuously optimize its manufacturing process in order to supply its battery systems at attractive and competitive prices. The design of the Group's battery systems is flexible to allow for sustained production rates on the same automated lines. Nevertheless, the Group could be confronted in the future with possible (downward) pressure on prices. If the Group is unable to compensate for any decrease in its sales prices by (i) developing new or innovative products at higher sales prices or margins, (ii) increasing its sales volume or (iii) reducing the cost of materials required to manufacture its battery systems, this could have a material adverse effect on its business, results, financial position and outlook.

3.2.6 Risk related to the failure of products marketed by the Group

Due to the technological complexity of the battery systems the Group manufactures, it cannot guarantee that its customers will not experience failures or difficulties related to the quality of its products. The Group's battery packs and modules incorporate lithium-ion cells. Lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells. Although the Group's battery packs and modules are tolerant of single-cell failures and, therefore, designed to contain the release of energy from a single cell without spreading to neighboring cells, a failure could occur in the field or during battery pack testing. For example, Unu GmbH, a scooter manufacturer, requested that an expert appraisal be performed on the batteries supplied by the Company to determine whether they had been defective and could have caused various fires (see Section 18.7 of the Registration Document). Such a finding could expose the Group to potentially lengthy and costly legal action, product recalls or redesign efforts.

Furthermore, negative public perception of the suitability of lithium-ion cells for mobility applications or any other incident that may involve lithium-ion cells, such as a vehicle fire, even if the incident does not involve vehicles containing the Group's battery packs, could harm the Group's business and reputation. Additionally, if a competitor's electric vehicle or energy storage product fails, this could also result in indirect negative publicity for the Group and its battery systems. For example, in April 2021,

due to the seriousness of the fires and explosions that occurred, the prefecture of the Pyrénées-Orientales suspended the marketing of “Energy Cases” lithium batteries made by SAS P.C.E.

Despite the experience gained in developing mobility projects, the Group is still at a learning stage with regard to its technologies and discovering the potential problems that could be linked to the quality of its products. In particular, the Group continues to work with its customers to understand how its products function and are integrated into the final marketed systems and applications. The Group may not have anticipated all defects or quality problems that the products could encounter, particularly given the limited amount of operating experience its customers have with its battery systems. Products sold in demanding environments such as public transportation, medical equipment, Internet of Things, home automation, robotics and professional tools may require additional operational features that could unpredictably interfere with the proper functioning of the products marketed by the Group.

Although the Group has developed processes to anticipate technological defects in its products (through the development of tests) or, if necessary, to respond to product returns and implement the necessary corrective measures if a defect is identified, it may be unable to detect and remedy all defects affecting products sold and to manage difficulties related to the return of defective products. Addressing the identified deficiencies could result in additional expenses, which could have a material adverse effect on the business, financial position, results or outlook of the Group. Furthermore, the recall of defective products and the remedy of identified defects could have an adverse impact on the Group’s image and products.

Finally, the Group’s inability to meet its customers’ requirements in terms of product quality and after-sales service could result in claims against it, damage to its brand and, more generally, harm to its reputation. It could also divert its resources from other allocations, to the extent that it would result in additional compliance or indemnification expenses, which could adversely affect its sales and marketing efforts and thus have a material adverse effect on its business, financial position, results or outlook.

3.2.7 **Risk related to IT systems**

The Group relies on its IT systems to conduct its business (in particular for supply monitoring, product orders and invoicing, customer communication, personnel management and the provision of the information necessary for the various operational managers to make decisions). The management of its business is therefore increasingly dependent on IT systems (infrastructure, networks and computer applications). Despite a policy aimed at strengthening and continuously monitoring the resilience and security of the IT systems, a significant failure or interruption resulting from an incident (e.g., a power outage or fire), computer virus, cyberattack or other cause could have an adverse effect on how the Group conducts its business. Solving these issues could result in significant, unplanned investments.

In addition, the Group outsources certain aspects of its IT systems and certain business activities in order to optimize the management of its resources and to improve the efficiency and security of its IT infrastructure. The Group therefore relies on the quality of the work and expertise of its IT service providers and, despite the care taken in selecting these providers and performing the relevant checks, is exposed to the risk of their failing to meet their obligations.

The Group also grants access rights to certain areas of its IT systems to a large number of its employees, as well as to third parties, including external service providers (especially IT service providers and consultants). As a result, the Group is exposed to the risk that users may access data or functionalities to which they are not meant to have access, which could lead to the disclosure of sensitive data or the misuse of the Group’s operational or financial data.

The Group could also be subject to system security risks, data breaches or cyberattacks. Cyberattacks may include denial of service attacks that impact customer service availability and reliability, exploitation of vulnerable software or introduction of computer viruses or malware into the Group’s systems to steal confidential data. For example, in 2020, the Group suffered a ransomware cyber-attack

that impacted its production in France for several hours. The Group then relied on cybersecurity experts to help stop the attack from spreading, protect its data and restore the availability of the affected IT systems. The Group examined the causes of the attack and took measures to strengthen the security of its IT system. However, it may be subject to new cyberattacks, which are increasingly sophisticated and can be difficult to detect. These attacks could result in the misappropriation of funds, intellectual property rights or data or have an operational impact on the Group's activity. Additionally, the Group is exposed to inadvertent errors or malicious acts by persons who have access to its systems but who exceed the scope of their access rights, or who unintentionally or intentionally modify their settings.

Such events could have an adverse effect on the business, financial position, results and outlook of the Group.

3.3 Risks related to the Group strategy

3.3.1 Risk related to the management of the Group's rapid growth and transformation as well as to the achievement of profitability

The Group has experienced strong growth in its business activity over the past few years, from consolidated revenue of EUR 27,653 thousand for the half year ended June 30, 2020 to EUR 37,171 thousand for the half year ended June 30, 2021, and from EUR 23,157 thousand for the year ended December 31, 2018 to consolidated revenues of EUR 62,060 thousand for the year ended December 31, 2020, and has recorded an average annual growth rate of 44% over the 2015–2020 period. This strong growth has been accompanied by an internationalization of its business activity, with, for example, the recent opening of a new production plant in India in 2020–2021. The Group intends to accentuate this trend by pursuing an active international business expansion strategy (see Paragraph 5.3 "Strategy" and Chapter 10 "Information on trends" of the Registration Document).

The Group's growth strategy depends partly on its ability to develop new products, which should require it to use its cash flow from sales as well as additional external financing. The Group cannot guarantee that cash flow from sales will be sufficient or that additional financing sources will be available, in particular on favorable terms, to enable it to implement its growth strategy. If cash is not allocated appropriately among the various projects, or if a Group initiative proves unsuccessful, the Group may not achieve its profitability objective by 2023 and may be forced to delay or significantly reduce its growth strategy, which could have an adverse effect on its business, financial position, results and outlook.

Furthermore, there is a risk related to the Group's ability to mobilize enough human and operational resources and to prioritize actions in order to achieve both the transformation and operational objectives.

In addition, the Group's employees may be unable to absorb the additional workload created by the transformation projects, to master the increasing complexity and to deliver their projects on time and at the expected quality level. To maintain its growth and capacity for innovation, the Group has also made substantial investments, without any prior assurance that it will succeed in its transformation or benefit from a satisfactory return on these investments.

3.3.2 Risk related to acquisitions

In recent years, the Group has made a significant number of targeted acquisitions that have contributed greatly to the growth of its business (see Paragraph 5.7 "Investments" of the Registration Document), including some significant acquisitions such as Uniross Batteries (formerly Alcatel Saft) in 2011, Ersé in 2012, and Dow Kokam France (formerly Société de Véhicules Electriques — SVE) in 2013.

The Group intends to pursue its development in the future by making targeted and potentially significant acquisitions in strategic countries in order to expand its geographical footprint and enhance its offering.

As part of this growth strategy, the Group may encounter the following difficulties:

- the integration of new companies could result in substantial costs, as well as delays or other financial and operational difficulties;

- the assumptions made in the business plan of the acquired companies could be incorrect with respect to synergies and performance;

- the departure of some of the teams of the acquired company, the violation of non-compete clauses binding them to the Group, or the emergence of disputes with them;

- acquisitions in a new country and/or in a country where the Group is not established could involve increased risks;

- the acquisition of new companies could generate unforeseen legal constraints, such as liabilities being greater than those assessed during the due diligence phase of the acquisition;

- goodwill may be subject to impairment due to unfavorable future events (as at December 31, 2020, goodwill recorded by the Group amounted to EUR 1,523 thousand, of which EUR 1,304 thousand came from the acquisition of Dow Kokam France in 2013);

- with regard to majority or minority shareholdings (as is the case with NEoT Capital, for example (see Chapter 6 of the Registration Document)), the emergence of disagreements with minority or majority shareholders could affect the decision-making process and the company's business activities or even give rise to legal disputes with these shareholders. Furthermore, under the NEoT Capital shareholders' agreement, Forsee Power may be required to sell all of its shares in NEoT Capital to the other NEoT Capital shareholders in the event that Forsee Power undergoes a change of control, within the meaning of Article L. 233-3 of the French Commercial Code, in favor of a limited list of competing entities.

In general, the profits expected or made from future acquisitions may not become a reality within the time frames and at the levels expected, which could have a material adverse effect on the business, financial position, results and outlook of the Group.

3.3.3 Risk related to international development constraints

The Group operates in Europe and Asia and aims to market its products worldwide. Thus, for the financial year ended December 31, 2020, the Group's consolidated revenue generated outside the "Europe" zone represented 10.5% of the Group's total consolidated revenue. The Group also aims to expand its business activities internationally, particularly in North America. The Group could therefore face risks inherent to the international nature of its business activities and locations, such as:

- increased risks in terms of corruption and business ethics;

- significant changes in regulations, in particular tax regulations, or their improper application and complex tax regimes;

- difficulties in enforcing contracts or court decisions or in applying, enforcing or complying with vague or ambiguous legal provisions;

- nationalization or expropriation of private property (expropriation without sufficient compensation to rebuild an identical plant);

- exposure to various legal regimes, particularly in terms of intellectual property and bankruptcy proceedings;

- customs duties, protectionist measures and licensing requirements for imports and exports;
- difficulties in recruiting or retaining employees;
- exchange controls and other adverse government interventions or restrictions (including limitations on the payment of dividends or other payments from foreign affiliates, withholding or other taxes on payments or investments made by foreign affiliates, and any other restrictions imposed by foreign governments);
- risk of war (including mobilization of Group employees in the countries concerned);
- frequent public unrest and corrupt practices;
- risk of sanctions in certain countries, in particular against its customers or suppliers, or the risk of conflict between the applicable sanctions imposed by different countries, or more generally the local regulations in force, placing the Group in a situation where its compliance with a sanction imposed by a given country may cause it to violate sanctions imposed by another country;
- acts of terrorism.

The occurrence of one or more of these risks could have an adverse effect on the business, financial position, results and outlook of the Group.

3.3.4 **Risk related to management teams, including Mr. Christophe Gurtner, and the recruitment and retention of experienced employees**

The Group's success and future growth depend on the performance of its management team, led by Mr. Christophe Gurtner, Chairman and founder of the Group.

In the event of an accident or the departure of one or more executives and key persons, the Group may be unable to replace them quickly, which could affect its operational performance.

Furthermore, in the event that its managers, founder or key employees join a competitor or start a competing business, the Group could be adversely affected. The demand for engineers with experience in manufacturing batteries exceeds the number of people available, and the competition to attract and retain these employees is high. This competition is likely to intensify if the battery systems market continues to grow as expected, which may require more compensation for current employees over time. In addition, the development of Group activities requires the acquisition, maintenance and renewal of skills in line with market developments and expectations. Due to the highly technical nature of the Group's battery systems, the Group may struggle to find qualified candidates, train its personnel in the technological solutions offered by the Group or recruit and train the necessary managers in the geographical areas or business segments in which it operates or wishes to develop. Moreover, during periods of strong growth, the Group could encounter difficulties in recruiting and retaining qualified personnel on economically beneficial terms for the Group, representing a risk of higher salary costs and a decline in the quality of the products it develops. If the Group fails to meet these human resource challenges, which are a key factor in its development, this could have a material adverse effect on its business, financial position, results and outlook.

3.4 Market risks

3.4.1 **Liquidity risk**

Liquidity risk is the risk that the Group is exposed to when it has difficulty meeting its cash requirements with its available resources.

Since its creation, the Group has financed its growth by raising equity through successive capital increases, contributions to current account and bank financing.

The Group's aim is to ensure that it has sufficient funds at all times to meet its liabilities as they fall due.

At June 30, 2021, the Group's cash and cash equivalents totaled EUR 4,195 thousand.

The table below shows the Group's available resources (liquidity position) for the period ended June 30, 2021 (see Note 7.13.2 "Liquidity risk management" of the condensed interim consolidated financial statements for the half year ended June 30, 2021):

(EUR thousand)	At June 30, 2021
Overdraft authorization	-
Subtotal credit facilities (a)	-
Cash and cash equivalents	4,195
Bank overdrafts – Cash liability	-
Net liquidity (b)	4,195
Total liquidity position (a) + (b)	4,195

Given the items mentioned in Section 3.6 of the Registration Document ("Risk management policy") concerning liquidity risk, at the date of approval of this Registration Document, the Group has reviewed its liquidity risk and believes that it is capable of meeting its future payment obligations over the next 12 months.

The analysis of the Group's financial liabilities by maturity, based on the residual contractual maturity at the reporting date, is presented in Note 8.11 of the Group's consolidated financial statements for the year ended December 31, 2020, included in Section 18.1 of the Registration Document.

3.4.2 **Exchange rate risk**

The Group operates internationally. It is therefore subject to foreign exchange risk arising from various exposures to currencies other than the euro, which is the Company's functional currency and the reporting currency for the Group's consolidated financial statements. The Group is exposed to foreign exchange risk due to its transactions with shareholdings in China, India and Poland. The Group is thus exposed to foreign exchange risk on the U.S. dollar (USD), Yuan (RMB) and, to a lesser extent, the Polish Zloty (PLN), the Hong Kong dollar (HKD), the Indian Rupee (INR) and the Singapore dollar (SGD).

The Group set up currency hedges on the U.S. dollar (USD) in the first half of 2021.

The inflows generated in currencies other than the euro are primarily in the U.S. dollar (USD) and represented less than 20% of total inflows at December 31, 2020.

Although the Group regularly monitors and evaluates trends in exchange rate fluctuations, adverse movements in the exchange rates of the above-mentioned currencies may have an adverse effect on its consolidated financial position and profits.

3.4.3 **Credit and/or counterparty risk**

Counterparty risk is the risk that a party to a contract with the Group fails to meet its contractual obligations, leading to a financial loss for the Group. The Group is exposed to credit risk in the event of late payment by customers or in the event of default by one of its customers. It endeavors not to become or remain dependent on them by seeking to diversify its customer base and growing its exports.

The following table summarizes the Group's net receivables at December 31, 2020, 2019 and 2018:

(EUR thousand)	**December 31, 2020**	**December 31, 2019**	**December 31, 2018 (restated)**
Trade receivables	8,789	18,613	8,008
Impairment of trade receivables	(184)	(104)	(80)
Accounts payable – Advances and prepayments	5,574	7,010	4,757
Net receivables	**14,180**	**25,519**	**12,685**

The Group's sales to its top 10 customers accounted for 84% of the Group's consolidated revenue for the year ended December 31, 2020, and 90% of the Group's consolidated revenue for the half year ended June 30, 2021. The two customers with whom the Group generated the most sales represented 47% and 14% respectively of the Group's consolidated revenue for the year ended December 31, 2020, and 58% and 15% of the Group's consolidated revenue for the half year ended June 30, 2021; these customers are present in the heavy vehicle market and consistently meet their commitments to and payment deadlines with the Group. The Group does not have an insurance policy, but has factoring agreements in place, the majority of which are non-recourse as of the date of the Registration Document (see Section 8.2.1.6 of the Registration Document). As of the date of the Registration Document, the Group is considering a financing solution for purchasing batteries in the Heavy Vehicles (HeV) business segment. As of the date of the Registration Document, the Group is exposed to limited credit risk.

Trade receivables as at December 31, 2020, were as follows:

(EUR thousand)	**December 31, 2020**
Trade receivables	**8,789**
Not past due	8,037
Due	752

If its customers' solvency were to deteriorate, the Group could face an increased risk of default on its trade receivables. For example, if a customer were to experience financial difficulties or become insolvent, the Group might be unable to collect outstanding payments, which would result in its receivables being written off. Significant or recurring delays in the receipt of payments, or incidents of bad debts, could have a material adverse effect on the business, financial position, results of operations and outlook of the Group.

3.4.4 Interest rate risk

Exposure to interest rate risk is linked to the existence of variable-rate debt in a group, the medium-term cost of which may vary depending on movements in interest rates.

The Group is exposed to extremely limited interest rate risk, given that its long-term financial liabilities are fixed-rate.

Given the nature of its financial liabilities, the Group's degree of exposure to interest rate risk is very limited at December 31, 2020.

3.5 Regulatory and legal risks

3.5.1 Risk related to unfavorable regulatory changes

The Group's battery systems are subject to numerous local, national and supranational laws and regulations in the jurisdictions in which it operates and markets its products (see Chapter 9 "Regulatory environment" of the Registration Document).

A change in, or tightening of, the regulatory measures applicable to the Group's business activities, stricter enforcement, a conflict between the laws and regulations adopted by different countries and/or a change in their interpretation by the competent authorities, could result in potentially significant additional costs or investments. This could include legislation on environmental liability, such as the environmental regulations relating to Facilities Classified for Environmental Protection (ICPEs) and Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), which could have a material adverse effect on the business, results, financial position and outlook of the Group.

In addition, the entry into force of new standards, such as those relating to battery recycling (see below), could result in additional costs or logistical constraints for the Group. Regulatory changes could also affect the Group's prices, margins, investments and business activities, especially if those changes lead to significant or structural changes in the battery market liable to affect the battery's e-mobility market share, production volumes or production costs. The occurrence of one or more of these events could have a material adverse effect on the business, results, financial position and outlook of the Group.

Regulation of batteries and accumulators

Directive 2006/66/EC of the European Parliament and of the Council of 6 September 2006 on batteries and accumulators and waste batteries and accumulators (as amended by Directive 2013/56/EU of the European Parliament and of the Council of 20 November 2013) prohibits selling batteries and accumulators containing substances considered to be hazardous and lays down specific rules for the collection, treatment, recycling and disposal of waste batteries and accumulators. It introduces "extended producer liability" for batteries and accumulators, making producers or distributors of such products or persons placing such products on the market liable for their end-of-life costs.

These provisions have been transposed into French law and are currently contained in Articles R. 543-124 et seq. of the Environmental Code (see Chapter 9 "*Legislative and regulatory environment*" of the Registration Document). Producers of batteries and accumulators must be entered on a register maintained by the French agency for the environment and energy management ("ADEME"). The Company is registered as a producer of batteries and accumulators.

As such, the Company is required to remove, or arrange the removal of, waste batteries and to treat, or arrange the treatment of, waste batteries. These waste batteries must be collected separately either by the distributors under their obligation to take back used batteries, or by local waste collection authorities. Failure to comply with these obligations may result in criminal or administrative fines, significant costs for the fulfillment of such obligations, and the risk of legal action involving customers or third parties.

Furthermore, on December 10, 2020, the European Commission proposed a set of measures to define a new regulation on batteries in order to modernize EU legislation; this regulation is expected to replace Directive 2006/66/EC of 6 September 2006 (see Chapter 9 "Regulatory environment" of the Registration Document). As of the date of the Registration Document, the possible impacts of this new regulation on the Group are being analyzed.

In addition, the Group has seen growth in the sales of battery systems, particularly since 2017. Given that the batteries have a life span of between 8 and 15 years, depending on the technology used or the type of vehicle in which they are installed, the Group expects the first series of end-of-life batteries to

be returned to it progressively beginning in 2025. The Group designs its battery systems and conducts studies with a view to repurposing its batteries, particularly in stationary energy storage (residential, utilities, etc.) or in collaboration with actors in the recycling sector. However, as of the date of the Registration Document, the Group does not have industrial experience in repurposing or recycling batteries and cannot predict with certainty the exact volume or timing of the first battery returns. The Group's inability to repurpose batteries or accurately predict the volume and timing of battery returns could have a negative impact on its business or reputation.

Given the limited operating history of the Group's battery systems, management has had to make assumptions about a number of factors relating to the battery return process, including the expected rate of battery returns due to battery failure, durability and reliability. The assumptions used could be materially different from the actual performance of the Group's battery systems, which could result in the Group incurring substantial expenses to repair or replace faulty products. Should the Group's estimates prove to be incorrect, even though the Group is not obliged to buy back the batteries but only to take them back free of charge, it could incur additional costs.

In addition, for new products and products in development, the Group will need to base its warranty estimates on the historical performance of similar products, test results and information gathered during development activities with customers. If the Group were unable to accurately estimate future warranty costs for any new product, it would have to defer the projected revenue for that product until it was able to determine a reasonable estimate of the associated warranty costs.

The occurrence of one or more of these risks could have an adverse effect on the business, financial position, results and outlook of the Group.

Regulation of electrical and electronic equipment and the associated waste

The Group places batteries on the market that are subject to battery regulations. It is directly affected by the regulations on waste from electrical and electronic equipment (WEEE) for certain electrical and electronic components of its batteries. These products are also subject to extended producer responsibility and end-of-life battery collection and treatment obligations. Consequently, failure to comply with these obligations is likely to result in criminal or administrative fines, significant costs for the fulfillment of obligations and the risk of disputes with customers or third parties.

3.5.2 **Risk linked to the regulations applicable to electric vehicles**

The Group's battery systems are used as components in electric vehicles. However, all electric vehicles sold must comply with the applicable national and international motor vehicle safety standards, which vary from jurisdiction to jurisdiction. Thus, the inability of vehicle manufacturer customers to meet automotive standards could have a material adverse effect on the Group's business and profits.

In addition, because the regulations applicable to the electric vehicle industry are continually changing, the Group may have to incur significant costs to comply with those changes.

In the event that the regulations change or become stricter, the components or vehicles in which they are incorporated may not comply with applicable international, governmental or local regulations, which could have an adverse effect on the Group activities. Furthermore, having to comply with the changing regulations could result in significant costs, which could have a material adverse effect on the business, results, financial position and outlook of the Group.

Finally, at the international level, there could be laws in jurisdictions where the Group is not yet present, or laws in jurisdictions where it is already present but which it is unaware of, which could restrict the sale of its battery systems. Even for the jurisdictions analyzed by the Group, laws in this area could be complex, difficult to interpret and subject to change. Regulatory constraints that interfere with the

Group's ability or the ability of its customers to sell battery systems could have a material adverse effect on the business, results, financial position and outlook of the Group.

3.5.3 Risk related to the technology and intellectual property rights owned or used by the Group

Patents and patent applications (obtained since the purchase out of bankruptcy of the assets attached to the autonomous branch of Holiwatt, which occurred before the commercial court in July 2021 as part of insolvency proceedings filed against such entity), trademarks, domain names, proprietary Group technologies and in general all intellectual property rights exploited by the Group are intended to play an important role in the success of Group activities. If the measures taken by the Group in the countries in which it operates to protect its intellectual property rights prove ineffective, if third parties infringe or engage in unauthorized use of the intellectual property rights exploited by the Group or, conversely, if the Group infringes the intellectual property rights of third parties, this could have a material adverse effect on the reputation, business, financial position, results and outlook of the Group.

Since the purchase out of bankruptcy in July 2021 of the assets attached to the autonomous branch of Holiwatt, the Group now owns 21 patents and patent applications in several countries. If the Group, potentially following a change in the applicable regulations, does not or cannot obtain and retain the exclusive right to use its patents and patent applications in a given country, it may be forced to incur significant additional expenses to market its products in that country.

The Group's success depends in particular on its ability to innovate without misappropriating or infringing the patents and other intellectual property rights of third parties. Claims for misappropriation or infringement of patents or other intellectual property rights are often costly and time-consuming, and if the Group fails to defend itself against such claims, it may be forced to stop using certain technologies, modify them and/or pay damages or royalties. It is difficult to determine whether the Group's products and technologies infringe the patents or other intellectual property rights of third parties. Moreover, some of the Group's competitors may have greater resources at their disposal than the Group to bring actions for infringement of patents or other intellectual property rights. Furthermore, even if third parties infringe or misappropriate the Group's patents, patent applications or other intellectual property rights, the costs associated with the risk of legal action against those third parties may be too high or it may not be in the Group's interest to initiate such actions.

The Group has developed, and intends to continue developing, a substantial number of software applications (partly based on open-source code), processes and know-how that are vitally important for the success of its business. The Group may be unable to obtain effective protection of its intellectual property rights or know-how in each of the countries in which it operates or in which such protection is relevant, and its efforts to protect its intellectual property or know-how may require the mobilization of significant financial, managerial and operational resources. Despite its efforts, the Group may fail to prevent third parties from infringing or adversely affecting its intellectual property rights or know-how. For example, employees who leave the Group may go to work for a competitor, but while they are employed by the Group, they will generally have access to important confidential information that may (or may not) be protected by intellectual property rights. Although the Group relies on various confidentiality agreements and technical measures to protect its technology, know-how and confidential information, there is no guarantee that such agreements and measures will provide sufficient protection in the event of unauthorized access, use or disclosure of such confidential information.

Finally, the Group could be prosecuted for allegedly infringing the intellectual property rights of third parties, including through the display, advertising, distribution or sale of products provided by its partners. Such prosecutions could result in substantial legal costs for the Group and could damage its reputation.

3.5.4 Risk linked to ongoing investigations and litigation

In the normal course of business, the Group's companies may be involved in legal, administrative or arbitration proceedings, particularly in the areas of civil or criminal liability, intellectual property, competition, tax or discrimination. The most significant ongoing proceedings, or those for which the Group has been served notice, are described in Section 18.6 of this Registration Document. In some of these proceedings, significant monetary claims have been made or could be made against one or more Group companies. As at June 30, 2021, the total amount of provisions for risks and charges of the Group amounted to EUR 7,512 thousand, including EUR 2,025 thousand for ongoing litigation and disputes (see Note 7.10.1 "Breakdown of provisions for risks and charges" to the Company's condensed interim consolidated financial statements of June 30, 2021). The corresponding provisions that the Group may have to record in its accounts could prove insufficient to cover these monetary claims, which could have an adverse effect on its business, financial position, outlook and results. There is always the possibility that other actions, whether connected with existing cases or otherwise, relating to the risks identified by the Group or to new risks, could be brought against a Group entity. These actions, if they were to have an unfavorable outcome, could have an adverse effect on the business, financial position, results and outlook of the Group.

3.6 Risk management policy

Risk management refers to the measures put in place by the Group to identify, analyze and mitigate the risks it is exposed to. The risk management system is regularly monitored by divisions within the Group's operational entities.

Operational risk management and internal control are the responsibility of the Group's operational divisions and subsidiaries, under the functional control of the Group's quality department. The Group's quality department is responsible for (i) monitoring risk management jointly with the Executive Committee (which refers, where appropriate, to the Supervisory Board) and (ii) setting up an internal control system to address the risks identified.

As from the admission of the Company's shares to trading on the regulated market of Euronext Paris, the Audit and Risk Committee set up within the Company's Board of Directors will be responsible, in particular, for ensuring the relevance, reliability and implementation of the Company's internal control, identification, hedging and risk management procedures relating to its business activities and to financial and non-financial accounting information. In particular, the Audit and Risk Committee will hear from internal audit managers (see also Section 14.3 "Board committees" of the Registration Document).

For example, the internal action and policy plans put in place by the entities or departments concerned to mitigate the major risks identified by the Group (corresponding to the main risks described in Sections 3.1 to 3.5 of this chapter) include:

- *Risk related to technological developments*: The Group specializes in the design and integration of specialized batteries, a sector that frequently sees technological advances. The policy of permanent and significant investment in research and development, which the Group has implemented and maintained for several years, has allowed it to successfully develop, produce and market battery systems enabling it to dominate growth markets by offering highly innovative products. In addition, it remains proactive and continually monitors the development of technologies that could potentially compete with lithium-ion. The Group has also designed its strategy to react in the event of technological changes that could disrupt its business. It continually monitors the competition, and over the years has forged close ties with the vast majority of its customers, enabling it to stay up to date on developments and adapt both its R&D effort and production facilities accordingly.

- *Risk related to failure by the market to accept the technologies developed by the Group:* The Group keeps track of developments within the sector and believes that, at present, there are few

international players able to meet the current high demand. In addition, the Group has developed an international strategy of localized production which allows it to build a presence within its market segments in response to public policies favoring local suppliers, as well as catering to customers who need to have global production platforms. The Group has also implemented a productivity plan linked to its product development plan, enabling it to remain competitive and meet market expectations, particularly regarding the fall in the price per kWh. At the same time, the Group has reached a certain level of maturity during its 10 years of existence, compared with more recently established players. Also, the Group develops products that are compatible with a long lifespan. It has long adopted a multi-life approach that allows growth drivers to be considered when some of its products become obsolete in their primary function. There are also end-of-life opportunities for recycling batteries. Finally, the monetization of data on battery use with a view to optimizing functionality is another growth area.

- *Competition risk:* To minimize this risk, the Group maintains a continual innovation strategy with the aim of differentiating itself from its competitors in terms of product offering, while striving to improve its competitiveness. It has therefore adopted an investment policy in certain countries where labor is regarded as being cheaper, such as China and India, by establishing commercial and/or production facilities there. The high-end positioning of the Group's product range currently affords it some protection against this risk.

- *Risk related to an unfavorable bias of public policies toward clean energy:* Although public policies may change in the future, the Group considers the current trend to be strong and long-lasting and could even become further entrenched in future, considering the following factors:

  - public pressure to tackle global warming, which results in political pressure limiting the prospect of a regression in policy;

  - the approval of all the major institutions (governments, European Union, regions, municipalities) which support electric mobility;

  - the need for those institutions to maintain a long-term policy and to maintain the current policy, given the significant investments required for both public and private actors.

  In addition, other tax incentives and more coercive measures, such as the exclusion of gas and diesel vehicles from an increasing number of areas, or the requirement to make the use of electric vehicles standard for certain applications, particularly for construction equipment, may be introduced to enable governments and local authorities to achieve the targets set and to meet public expectations.

- *Risk related to the competitiveness of electricity compared with traditional fossil fuels or alternative technologies:* Like various players in the industry, the Group's development strategy targets a steady reduction in the Total Cost of Ownership (TCO) of applications operating with battery systems, in order to make them increasingly competitive compared with those that run on fossil fuels or alternative energies. The steady fall in the price per kWh, which is one of the Group's achievements and a permanent objective for these key applications (particularly for buses), has fostered a growing awareness among customers that electric vehicles are more attractive than gas or diesel vehicles. In addition, the tax policies of many governments remain unfavorable to fossil fuels for the time being, and the increasing restrictions on the circulation of so-called polluting vehicles in urban areas are inevitably leading more and more actors to move away from fossil fuels. Moreover, the development of alternative energies such as hydrogen is currently less advantageous for the segments targeted by the Group, given the complexity, risk and cost of the necessary infrastructure. It is important to note that hydrogen-powered buses with fuel cells also require battery systems. For example, the Group is the exclusive supplier of battery systems for one of Europe's leading hydrogen bus companies.

Finally, the reduction in maintenance costs and the extension of battery life provide additional opportunities for electric mobility.

- *Risk related to the operation of production plants:* The Group has adopted a business continuity plan in order to best respond to the operational risks identified. This plan is regularly updated. The Group's production plants are equipped with alarms and sprinklers at the Chasseneuil-du-Poitou plant, which were developed in conjunction with the Vienne Departmental Fire and Rescue Service (SDIS86) to handle potential fires. Moreover, in accordance with the legislation and the Group's HR management policy, the management team is in regular dialogue with staff representatives to maintain good employee relations and prevent the occurrence of the risks identified. The Group highlights this policy as one of its strengths in order to attract new talent and continue expanding its teams in the search for excellence.

- *Risk related to the interruption of production plants:* The Group has a business continuity plan in place which sets out the alternative solutions needed for its operations to continue. To mitigate raw material supply or inflation risks, the Group's policy is to maintain a high level of inventory for key components at its main production plants. The Group also has a strategy of sourcing standard products to reduce dependence on its suppliers and to be as cost-effective as possible. Finally, the Group is constantly improving its internal control procedures and tools so as to limit system and cybercrime risks.

- *Risk related to the Group's dependence on its main customers*: To mitigate this risk, the Group continually seeks to diversify its customer portfolio so as not to be dependent on a single customer or on a limited number of customers. At the same time, it has a general strategy aiming to balance its business portfolio (notably by growing its exports). In addition, the Group has forged close ties with its major customers over the years and has succeeded in having a pioneering and guiding role in the transition of those customers to electric mobility. This strategy is reflected in the loyalty demonstrated through partnerships with leading industry names. The Group's continued support and guidance for those customers just as the market was starting to develop gives it a unique first-mover advantage compared with competitors who have entered the market more recently. Furthermore, the design of some products of the Group's customers, particularly in the bus segment, is directly linked to the technical specifications of the battery systems developed by the Group. This ensures a long-term relationship with these customers, generally lasting for several years, until the production cycle of the models they have developed comes to an end. In addition, the Group's reputation, maturity, international presence and significant research and development effort all reduce the risk of it losing customers, since there are very few competitors that have characteristics resembling those of the Group. Moreover, the Group's presence in different market segments with different cycles and market reactions naturally de-risks the Group's portfolio while allowing it to seize opportunities in intermediate segments. Finally, the Group's international presence enables it to meet the needs of some customers to have international production and development platforms for global projects. By the end of 2023, the Group forecasts that sales to its top 10 customers will represent around 50% of the Group's consolidated revenue.

- *Risk related to the Group's dependence on its suppliers:* Wherever possible, the Group endeavors to have several suppliers with different geographical origins and to select those offering the most innovative products. It conducts a number of initiatives, notably aimed at ordering components and raw materials far enough in advance, according to the needs previously identified with the customer, so as to avoid any dependencies on particular suppliers.

- *Risk associated with faulty products marketed by the Group:* The Group has established a quality control system at different stages of the production chain. Numerous controls are carried out to minimize the possibility of technical failure. The controls are based on the wealth of experience accumulated by the Group and are reinforced in the event of further failures. The Group's matrix organization, with a Quality Department forming part of the Operations

Division (whose Chief Operating Officer sits on the Group's Executive Committee), allows it to respond swiftly in the event of a fault that the Group could be liable for. The Group also has an after-sales service team to handle product complaints and returns. If need be—for example in the case of buses—they can travel to the locations where its battery systems are used in order to respond as quickly as possible to any failures. In conjunction with the after-sales service, the Quality Department is set up to allow a thorough review, if necessary, of the reasons for the product failure, tracing the root cause and identifying the liable party: the customer (through incorrect use of the product) or the Group. Finally, the Group also has insurance coverage and regularly reviews its financial risks by setting aside the appropriate provisions.

- *Risk related to management of the Group's rapid growth and transformation:* The Group has been built up by a series of acquisitions made over the past 10 years. It has therefore developed a corporate culture that allows it to take a relaxed approach to growth, whether external or internal, from a financial and operational point of view. Based on this experience, it can anticipate the steps involved and be selective in the choice and timing of future expansion plans. To ensure that its technological and human resources and its operational processes are ready for the significant expansion of its business, the Group adopts various measures which are frequently monitored, such as a long-term recruitment plan targeting candidates with high value-add to ensure a sufficient skills level, and the appointment of steering committees to review the achievement of targets assigned to ongoing projects and to prioritize action plans and conduct business reviews. The Group also provides its new employees with training and offers courses to all employees throughout their career to ensure a high level of expertise. Moreover, the Group seeks to ensure that, as its business grows, its operational and reporting procedures and controls allow the information obtained (including financial information) to be comprehensively processed. The significant production capacity that already exists means that some of the future growth will require a limited effort in terms of resources and time. The Group and its production plants are already equipped to generate substantially higher revenue than that generated at present. At the same time, the Group's organizational model—with both a regional structure (two regions currently, with Europe and Asia; three in the future with America), in addition to support functions—allows new production lines and global sites to be established quickly. For example, the new Indian site launched in the midst of the COVID-19 pandemic swiftly became operational owing to the use of smart glasses, which allowed the Asia region (based in China) to set up production lines and train Indian teams remotely, travel being impossible due to the pandemic. Finally, certain production lines are currently being standardized which will deliver economies of scale in the future and allow even greater use to be made of the know-how developed.

- *Risk related to management teams, including Mr. Christophe Gurtner, and the recruitment and retention of experienced employees:* The Group has an organization in place to ensure the continuity of its business in the event of the prolonged absence of one or more of its key members. In addition, the matrix organization (region/function) set up in May 2020 protects the functionality of the Group's operations and the smooth flow of information and skills. Furthermore, for years the Group has kept up its communications efforts so as to maintain and increase its profile with third parties and potential candidates who might be interested in joining the team. For example, the work done by the Group on its ESG plan and the very nature of its business, by helping to reduce global warming, naturally allow it to attract talent focused on these issues. This is particularly the case for young graduates. Finally, the Group is committed to continually refining its toolkit so that it can increase the reliability of information and ensure that know-how and skills are maintained.

- *Liquidity risk:* Banks and financial partners have consistently supported the Group in its organic growth and financing needs. The shareholders have always provided financial support for Group financing through cash injections and capital increases.

As of the date of approval of this Registration Document, the Group believes that it is capable of meeting its future payment obligations over the next 12 months, given the following factors:

– At June 30, 2021, Group's cash and cash equivalents totaled EUR 4,195 thousand.

– In addition, the Group has an order backlog that provides good visibility for its sales for the coming months. It also receives new orders every week from its main customers that add to this order backlog.

– The Group also has several instruments for financing its business activity (see Sections 8.2.1 and 8.3 of this Registration Document for a description of financial resources, financial liabilities and restrictions on the use of capital) that include:

    o Bank credit lines of EUR 9 million obtained on June 30, 2021, for a 12-month period from Banque Populaire Val de France, Caisse Régionale de Crédit Agricole Mutuel de la Touraine et du Poitou and the CIC. These lines of credit were undrawn, and therefore available, as at June 30, 2021.

    o A financing contracted with the EIB made available under the agreement signed in December 2020. Among the three tranches obtained, the EUR 8.5 million Tranche B and the EUR 10 million Tranche C were subject to revenue covenants that the Group had already attained at the close of the 2020 financial year. Tranche B had not yet been drawn down and was, therefore, available as at June 30, 2021. Tranche C for EUR 10 million was subject to the completion of a capital increase of EUR 10 million from one or more shareholders.

      The Company believes it will be able to count on the mobilization of one or more shareholders, in particular for the prerequisite capital increase of EUR 10 million that would be required to release Tranche C and the provision of the EUR 10 million by the EIB, it being specified that the Company does not intend to draw down Tranche C in the event of the completion of the capital increase concomitant with the admission to trading of the Company's shares on the regulated market of Euronext Paris

    o In addition, the Group has several factoring programs (see Note 3.3.10 to the Group's condensed interim consolidated financial statements for the period from January 1 to June 30, 2021, in Section 18.2.1 of the Registration Document).

- *Exchange rate risk:* At the date of the Registration Document, the Group does not hold any trading derivatives. Since April 2021, the Group has used a currency hedging mechanism to hedge U.S. dollar (USD) risk by means of currency forwards (see Note 3.3.19 of the condensed interim consolidated financial statements for the period ended June 30, 2021, in Section 18.2.1 of the Registration Document). It is also working on balancing its currency flows organically, as part of its negotiations with its customers and suppliers. Thus, a portion of the costs generated in yuan (RMB) is hedged by payments received in the same currency, thereby reducing the associated foreign exchange risk. Transactions in other currencies are considered marginal at the Group level at the date of the Registration Document.

- *Credit or counterparty risk:* The Group has set up weekly monitoring of payments received from customers to anticipate the potential risks of default or litigation, allowing it to roll over balances for customers that are only slightly in arrears. In addition, the Group has introduced prepayment or advance payment conditions for those customers it considers to be potentially weaker than others. This policy, which has proved effective, is set to continue, thereby mitigating the risks of non-collection of receivables.

- *Interest rate risk:* The Group regularly reviews its financing needs and anticipates the negotiation or renegotiation of its credit facilities to secure favorable interest rates.

- *Risk linked to unfavorable regulatory changes:* The Group invests significant amounts to ensure that its business activities pose a minimum risk to the environment and effectuates investments on a regular basis that are necessary to comply with the regulatory requirements. Moreover, the Group has introduced a service for the recovery and recycling of used lithium-ion batteries from users of these products. This service allows the users of these products to dispose of them cheaply and in a way that is environmentally friendly, while ensuring that natural resources are used responsibly. It also enables the Group to comply with the recovery and recycling requirement imposed on producers of batteries and accumulators based in the Member States of the European Economic Area by Directive 2006/66/EC of the European Parliament and of the Council of 6 September 2006 on batteries and accumulators and waste batteries and accumulators (as amended by Directive 2013/56/EU of the European Parliament and of the Council of 20 November 2013). Furthermore, the Group has formed partnerships with various companies specializing in the recycling of cells and batteries, such as the French environmental non-profit SCRELEC, in order to fulfill its reporting obligations toward ADEME. The Group has also introduced regulatory monitoring across all departments. In the current climate, there is a strong political appetite for accelerating electric mobility, providing manufacturers in the sector with a reassuring and clear framework. Finally, the Group's implementation and monitoring of an ESG plan allows it to anticipate some of the regulatory changes that lie ahead.

- *Risk related to ongoing investigations and litigation*: the Group monitors the progress of disputes, potential or otherwise. If necessary, it calls on external counsel to advise it in the various proceedings. The Group also has insurance policies covering some or all of these disputes. Finally, monitoring disputes allows the level of provisions necessary to meet future commitments to be adjusted.

4. INFORMATION ABOUT THE COMPANY

4.1 Corporate name and trading name of the Company

At the date of the Registration Document, the name of the Company is "Forsee Power."

4.2 Registration location and number of the Company

The Company is registered in the Paris Trade and Companies Register under number 494 605 488.

LEI: 969500S7F4LVSHHUZB87

4.3 Date of incorporation and term

The Company was incorporated for a term of 99 years from the date of its registration in the Trade and Companies Register on February 28, 2007, until February 27, 2106, unless extended or dissolved earlier.

The financial year begins on January 1 and ends on December 31 of each year.

4.4 Registered office of the Company, legal form and governing laws

As of the date of the Registration Document, the Company has been established as a *société par actions simplifiée* (simplified joint-stock company) governed by French law and registered in the Paris Commercial Court registry under number 494 605 488.

The shareholder meeting of the Company will be held prior to the approval by the French Financial Markets Authority (*Autorité des Marchés Financiers*— AMF) of the prospectus relating to the admission of the Company's shares to trading on the regulated market of Euronext Paris, in order to approve the conversion of the Company into a *société anonyme* (public limited company) and to amend its Articles of Association accordingly, which will take effect on the date on which the AMF approves the prospectus at the latest.

The Company's registered office is located 1 boulevard Hippolyte Marques, 94200 Ivry-sur-Seine.

The Company's contact information is as follows:

Telephone: +33 1 85 51 30 30

Email: Contact@forseepower.com

Website: https://www.forseepower.com

The information provided on the Company's website is not part of the Registration Document.

5. OVERVIEW OF ACTIVITIES

5.1 Overview

The Group designs and manufactures smart battery systems for electric vehicles. As a "zero emissions" mobility specialist, the Group believes that this business activity can contribute to mitigating climate change.

Since 2011, the Group has developed expertise in high-energy and high-power storage solutions for light mobility and heavy vehicles Based on this experience, it believes that the battery systems it offers are among the best in the segments in which it operates. These systems are developed by its engineers from electrochemical cells and then integrated into vehicles for a first life of about 10 years. From the outset, the Group has developed battery systems with the objective that they can be operated in the future as part of a second life in stationary energy storage or network back-up, associated with renewable energy generation such as solar panels. The Company also aims to support its customers in managing the end of life and the recovery of components, such as electrochemical cells or steel, in partnership with operators in the recycling industry.

The Group has an international sales force in Europe, Asia and North America. Its customers are active in the fields of electromobility and industrial and medical devices (industrial tech, business activity, history and minority accounted for in the light mobility segment). The Company is positioned in the electromobility markets, which require complex battery systems with high value-add: light vehicles (two- and three-wheelers, go-karts, small autonomous and robotic vehicles) and heavy vehicles (buses, special trucks such as mining or port trucks, off-highway vehicles for construction, agriculture and industry, trains and ships). However, the Group is not present in the passenger car market, in which manufacturers develop their battery technologies themselves.

The Group offers its customers a complete range of battery systems in a wide variety of power and energy formats and combinations to accompany vehicle manufacturers in all electrification scenarios: depot loading, fast charging, engine or fuel cell hybridization (hydrogen vehicles), all integration configurations (chassis, roof, rear, portable or on-board for light vehicles) and all uses.

This product portfolio is complemented by a range of services to assist manufacturers and local authorities in the electrification of their fleets. This extends from analyzing the customer's technical and technological needs (battery/vehicle/infrastructure) to arranging financing for the customer, offering the rental of batteries, vehicles and infrastructure in the area of mobility as a service.

The Group's battery systems are developed within the Group's three research and development centers (Paris, Lyon and Zhongshan). They are then produced at the Group's four plants in Europe and Asia (France, Poland, China and India).

As of the date of the Registration Document, the Group's order backlog for the period up to December 31, 2027, amounts to approximately EUR 1.0 billion. See Section 7.1.2 for a detailed description of how the order backlog is calculated.

The Company's strategy and development are based on the theme of sustainability. Its goal is to have a positive impact on the climate, to limit the impact on global warming (to innovate in efficient and sustainable technologies, to help customers and cities reduce their carbon footprint, to extend the battery life cycle with second-life applications, to offer a financing solution to accelerate energy transition and to take steps to reduce its own carbon footprint), on humans (to promote diversity and inclusion; to create a strong culture of health, safety and environment; to ensure labor relations and partnerships with local schools to develop programs) and finally on the environment (to adopt more responsible behaviors toward its consumption and waste, to reduce consumption and to improve waste management and recycling).

5.2 Strengths and competitive advantages

5.2.1 A pioneer in the electric vehicle battery market with 10 years' experience

For several years, the Group has supported major international manufacturers such as Iveco Heuliez, Wrightbus, CaetanoBus and Piaggio in their transition toward the electrification of their vehicles, and the Group aims to provide technological solutions that are efficient, safe and sustainable.

Since 2013, it has equipped electric buses in Europe and North America. However, in North America, the Company stopped its main business in the electric bus market in 2016 due to the requirement to have local production plants (Buy American Act of 1933, reinforced in December 2015 by the FAST Act, which requires 65% of components to be produced in the United States in 2019 and 70% in 2020). The same year, the Group developed its own high-power Battery Management System and offered battery systems equipped with a liquid thermal management system, developed by the engineers at its R&D centers in France.

Forsee Power then continued to innovate, and in 2014 began offering powerful functional solutions with power batteries using Li-Ion NMC cells (opportunity charging), followed by the successive launches of high-energy Li-Ion NMC batteries starting in 2015 (ZEN 4, ZEN 35, ZEN 42, etc.) allowing for a full day of uninterrupted operational service, and very high-power Li-Ion LTO batteries (PULSE 15, PULSE 2.5).

Since 2017–2018, the Group has stepped up its development efforts to reduce product costs in order to make acquisition and operating costs more economical than thermal solutions over time. This change requires innovation in all areas and disciplines of battery design (cell energy density, material weight and costs, electrical architecture, software, etc.). At the same time, in 2018 the Group launched battery packs with a "cell-to-pack" approach to optimize the volume of battery systems.

In 2021, the Group launched its SLIM solution available for the ZEN, FLEX and PULSE ranges, which it believes are the thinnest batteries currently available on the market (less than 135 mm) while maintaining the same operational performance.

The Group is also constantly seeking to innovate in order to offer sustainable life cycles (up to 5,000 cycles), optimized energy density and the lowest total cost of ownership possible for its customers, with a target of twice the energy density and half the cost per kWh in 2025 (compared with 2014 levels).

The Group believes that it has a great deal of experience in technological developments and their practical commercial applications in recent growth markets.

5.2.2 Technological mastery across the entire value chain, from design to production of complex battery systems

With its R&D centers located in France and China, its experience in the technology used in its industry and its interaction with its customers, the Group offers manufacturers battery systems designed to meet their technical and commercial needs as closely as possible, in line with best industry standards.

As of the date of the Registration Document, the Group employs around one hundred engineers with expertise allowing for in-house development of technological solutions, product upscaling and monitoring of the quality and safety of these products.

The Company's development model is based on the design of standardized battery modules to reduce production costs and to offer its customers battery systems that can be used as simply as possible not only with different types of vehicles but also in different parts of these vehicles (chassis, roof, rear) according to their characteristics. The Group is also agnostic as to the form of batteries and their technology, conscious that it has the experience and know-how to come up with a battery system suited

to the needs of its customers and to the specifics of their vehicles. In addition, it has a large number of leading suppliers in view of this technological flexibility and its ability to incorporate different technologies into the systems it offers its customers according to their needs. This strategy aims to enable the Group to have access to different specialty markets while minimizing the risk of exposure to potential in-house battery system production by customers, as has occurred in the passenger car market.

After a preliminary discussion phase during which customers explain their technical specifications, the Group's project teams identify the battery pack most appropriate for the relevant use and work with the Group's engineers to design the battery system suited to the vehicle's needs and conditions of use. The contractual relationship takes the form of simple orders or contracts, including, where appropriate, the development of systems in collaboration with the relevant customers for vehicles with specific characteristics and space or power constraints. In the latter case, development costs may be partially or fully borne by such customer. Trade flows are then generally established by estimating volumes over a period of one to three years, including more detailed visibility given by the customer over the first 12 months, firm orders over six months before production and an agreement to review prices every year. Although long-term contracts of three to five years are rare, in practice a manufacturer is committed long term when it chooses a battery system that will be adapted to its vehicle model. The business relationship depends on the success of the relevant vehicles, given that the business commitment to equip a vehicle is generally two to three years for light mobility, four to five years for buses and longer for trains.

The Group's ability to offer standardized products or those resulting from close technological collaboration promotes the Group's positioning over the life of the vehicle as a unique or privileged partner.

5.2.3 A very wide range of battery products and systems suitable for a wide variety of uses and end markets

The Group has developed complete battery system product ranges to meet vehicle energy and/or power requirements. In the same category of batteries, the Group may offer battery systems based on energy, power or both. The Group's battery systems can therefore be adapted to the different types of use (topography, kilometers to be traveled, weather conditions), depending on the nature of the vehicle and/or the charging infrastructure in place or to be developed. Whether it is a vehicle traveling for a whole day with full range or a vehicle operating by ultra-fast charging on its journey, the Group believes that it is able to provide the solution that will suit the vehicle. The Group also offers a range of batteries for use in different types of hydrogen vehicles.

In the same way, the external structure of these battery systems means they are suitable for the most demanding formats and spaces. Accordingly, the same manufacturer can integrate several of the Group's technological solutions (high-power or high-energy) into similar vehicles (same bodywork) for the various desired uses (fast/hydrogen charging or depot charging).

As of the date of the Registration Document, the Group has five product ranges: the ZEN, FLEX and PULSE ranges for heavy vehicles, the GO range for light vehicles and the LIFE range for medical devices.

The Group also has the Centum Adetel/Holiwatt product ranges, of which Forsee Power took over part of the assets in July 2021 (see Section 6.3 of the Registration Document). These ranges include on-board energy storage systems, fast charging systems, energy recovery systems, and power converters and auxiliary converters for the railway sector.

5.2.4 A focus on markets with high value creation potential, with a position as the European leader in its core markets (Europe/Asia)

5.2.4.1 A focus on markets combining volume and high value-add

There are many electromobility markets covering a broad spectrum, ranging from niche sectors such as aerospace and defense to the mass market segments of passenger cars and mass-produced trucks.

Forsee Power focuses on medium-sized markets that combine volume and high value-add.

Niche markets are highly specific and do not represent significant volumes or even technological specifications applicable to other market segments.

In contrast, manufacturers positioned in mass markets (such as passenger vehicles or mass-produced trucks) often decide to design and manufacture their own battery systems and do not use an independent supplier. However, in the truck market, the Group believes that medium-sized manufacturers that will not have the critical mass to design their batteries, special vehicle manufacturers and hydrogen truck manufacturers (mass-produced but equipped with more technological power batteries) have so far used specialized battery companies and are expected to continue to do so.

As of the date of the Registration Document, the Group is mainly active in the bus (Wrightbus, Caetano, Iveco Heuliez), rail (Alstom) and off-highway and special vehicles (mining trucks, excavators, agricultural or industrial construction equipment for customers such as Tembo or Kubota) markets. With large volumes but requiring complex battery systems, as of the date of the Registration Document, the bus market accounts for the majority of the Group's revenues and is estimated by the Company to be the most profitable market. Moreover, the technologies developed for this application benefit other sectors such as rail, shipping, off-highway vehicles and special-purpose trucks, which are specific growth markets.

The Group is also positioned in the light vehicle segment, such as scooters and three-wheeled vehicles, requiring more complex battery systems than bicycle batteries (the Group has chosen not to have a separate presence in high value-add products (see Section 5.4.3.1 of the Registration Document). The Company believes that this segment offers growth opportunities with higher volumes than the bus market but lower than the passenger car mass market.

Finally, the electric truck market, particularly with its hydrogen applications, constitutes an additional opportunity for which the Group believes it has the capacity to offer suitable systems in the future.

5.2.4.2 Forsee Power, a European leader in its principal markets in Europe and Asia

The Group has a leading position in the markets described below.

The Group believes that it is the market leader in Europe in the bus sector in terms of number of customers. In the electric bus market (100% Battery Electric Vehicles and Fuel Cell Electric Vehicles) as of the date of the Registration Document, the Group has 10 manufacturers as customers, including four European bus manufacturers: IVECO Heuliez (eWay), Wrightbus and Caetano, which use several Group technologies (ZEN, PULSE, FLEX), one of which on an exclusive basis (Wrightbus).

The Group is also a leading supplier in the emerging market for off-highway vehicles (agriculture, construction, mining) and as of the date of the Registration Document has around 10 customers in this segment. The Group recently signed a partnership agreement with Kubota, one of Japan's market leaders in off-highway vehicles (see Section 5.5.3.4 of the Registration Document).

As Alstom's partner for the hybridization of the Alstom TER train, the Group also equips SOCOFER's maintenance locomotives, positioning itself in the rail market. This position was strengthened in July

2021 with the purchase out of bankruptcy before the commercial court of the assets attached to the autonomous branch of Holiwatt providing power management products and systems for railways (see Section 6.3 of the Registration Document).

Finally, the Group has DNV (*Det Norske Veritas*) certification for shipping applications. This is a recognized international certification for components and systems for the shipping and offshore sector that allows the Group to be included in the list of suppliers for industrial groups in the sector.

The Group is also present in the market for heavy hydrogen vehicles with a range of battery systems for use on road, rail or navigation (maritime and inland waterway services). In particular, the Group is Wrightbus' exclusive partner for equipping its standard and double-decker hydrogen buses and Caetano's partner for its H2.City Gold hydrogen bus. Wrightbus, one of the world's leading hydrogen bus companies, has accumulated more than two million kilometers of experience with its Forsee Power battery-powered hydrogen buses that operate in cities across the UK. Caetano is also a market leader in Europe, primarily in Portugal and London. Forsee Power's battery systems are compatible with all fuel cells, and the Group has already been able to successfully test the interface with Ballard and Toyota fuel cells. In shipping, the Group has equipped the hydrogen vessel Energy Observer, which is currently touring the world for six years (2017–2022) in order to optimize its technologies and promote sustainable energy transition solutions.

The Group is also a leading actor in the light vehicle market in Asia and Europe. Its customers include Piaggio, the European leader in the two-wheeler market, and it works with a number of manufacturers and equipment suppliers in China and India, including Bosch, Niu, Znen and Doohan. The Group believes that it is the only European manufacturer to benefit from this positioning in Asia, with industrial operations in both China and India. The Group's strength also lies in its ability to accompany the customer journey of manufacturers and equipment suppliers that export vehicles from China to Europe, where the Group can provide after-sales service at its site in Poland.

5.2.5 An ability to keep up with the momentum of the electromobility market

The Group has an overall production capacity of nearly 1 GWh in 2021 in Europe (France and Poland) and Asia (China and India), localized to keep up with the growing momentum of electromobility worldwide (see Section 5.4.1 of the Registration Document). Production capacity is scalable and versatile, as the location of production is defined according to where the customers are located, using the most local supply chain possible and thus reducing the carbon footprint associated with transporting both supplies and deliveries to customers.

The Group has a great deal of experience in setting up production units, particularly in France, with the creation of a new plant near Poitiers to begin mass production of battery systems for heavy vehicles, and in India, where the Group has set up production lines very quickly for the light vehicle market.

Production lines are designed by the Group's industrialization engineers, relying on R&D engineers who develop the battery systems in their entirety and thus understand the constraints associated with producing these systems and their components. The Group then subcontracts the development of assembly lines to assembly line manufacturing specialists.

5.2.5.1 Industrial and commercial capabilities to capture growth opportunities

Since it was created, the Group has sought to establish an industrial network enabling it to meet the needs of its international customers and locate production as close to the markets as possible. In 2011, the Group acquired Uniross Batteries' production units in China, a site operational since 2003, and a site in France with the takeover of E.R.S.E., giving it access to heavy vehicle battery technology. The following year, the Group acquired Energy One, which has a production plant in Poland. In 2013, the acquisition of Dow Kokam France strengthened the Group's presence in heavy vehicle battery systems. In 2015, the Chinese plant was expanded to support growth in the light vehicle market in Asia. In 2018,

driven by the strong growth of the bus sector, the Company set up a new production plant near Poitiers for the industrialization of its heavy vehicle systems. In 2020, the Group set up an industrial base in India to produce battery systems locally and thus be eligible for the electric mobility subsidy program launched by the Indian government (FAME II program).

The plants are also sized to allow production capacities to evolve and support growth in demand from the Group's customers, with the target of an installed production base of more than 2 GWh by 2023. The current structure of the plants allows for a gradual increase in capacity (approximately doubling) by adding additional assembly lines, either by simple duplication or by installing new lines. In addition, the production teams are calibrated to be able to produce in three teams, thus enabling the Group's factories to operate 24 hours a day to absorb any variations in demand. Finally, an increase in capacity will be achieved by expanding the Group's plants and new locations.

5.2.5.2 **A solid track record of shareholding and industrial partnerships**

Since it was created, the Group has had a solid shareholder base and financial partners to accompany it in its development.

Founded in 2011 by Mr. Christophe Gurtner, the Company was able to step up its expansion and implement its strategic projects in early 2013 due to the acquisition of Eurazeo (formerly Idinvest Partners) and the acquisition of Dow-Kokam France at the end of 2013 (formerly SVE-Dassault, previously owned and then sold by Groupe Industriel Marcel Dassault, the holding company of the Dassault family). This was accompanied by reinvestment by the Dassault family's holding company in 2014 which enabled the Group to continue to expand in battery technologies for heavy vehicles, including THE FLEX 7, the Group's core product.

In 2017, Japanese conglomerate Mitsui & Co. also acquired a stake in the Company. That year, the Company announced a EUR 55 million round of fundraising to support the industrialization of its battery systems. This funding was provided by Mitsui & Co., Ltd. (Mitsui), the European Investment Bank via the European Fund for Strategic Investments (FEIS) and Eurazeo (formerly Idinvest Partners). This funding enabled the Group to expand its production capacity and begin mass production of intelligent battery systems in Europe and China, primarily for transportation markets (bus, rail, truck, boat, scooter). Mitsui is also a strategic partner in the Group's development in new regions and new market segments. Mitsui benefits from a network of international offices and relationships with manufacturers and equipment suppliers on all continents. In 2020, the relationship with Mitsui enabled the Company to quickly establish its presence in India, as it benefited from the commercial, legal, administrative and industrial support of Mitsui's teams in the region. Mitsui was also a facilitator in setting up the partnership with Kubota, one of the world market leaders in off-highway vehicles, for which Forsee Power is developing a battery system to equip its hybrid engines (see Section 5.5.3.4 of the Registration Document). In the first quarter of 2021, the Company opened a sales office in Japan.

In 2018, the Group announced the acquisition of a stake in the Company by the Sociétés de Projets Industriels (SPI) fund, operated by Bpifrance, with an investment of EUR 15 million.

In 2020, in the context of the COVID-19 pandemic, the Group's financial partners provided financial support for its expansion (see Section 3.6 of the Registration Document).

In addition to financial support, the Group has surrounded itself with leading industrial partners to develop its business across the entire value chain, including cell suppliers, such as LG, Toshiba, Kokam and Xalt; leading manufacturers and equipment suppliers in their markets, such as IVECO, Alstom, Piaggio, Bosch and Kubota; as well as recycling companies such as SNAM and Veolia in France.

5.2.5.3 **Experienced and well-known management team**

The Group's expansion is led by a management team centered around its Chairman and founder, Mr. Christophe Gurtner. The Group Executive Committee comprises 10 members with over 100 years of combined experience in the battery industry and a strong culture of operational excellence, a solid international dimension and recognized experience in the automotive sector. In order to align their interests with the Group's performance, members of the management team have an interest in the Group's performance through the free allocation of shares and stock options. The Group intends to further associate executive officers with the Group's performance and success by setting up a long-term incentive plan in the context of the admission of the Company's shares to trading on the regulated market of Euronext Paris (see Section 13.1.2 of the Registration Document).

Over the past few years, the Group's management team has succeeded in expanding the battery system product range, promoting the growth of Group activities and increasing the number of customers both in its business segments and geographically. As at December 31, 2020, of a workforce of 519 people, 60% were in France, 30% in China and the remainder in Poland, India and at international sales offices. This technological and geographical growth is based in particular on a structure which integrates centralized teams for the management of the finance, procurement and supply chain functions, innovation, operations, and local teams of market and operations experts for each country, all in coordination with the Executive Committee.

5.3 Strategy

The Group's strategy is to increase its industrial capacity to establish geographical presence (5.3.1), to increase its presence in current markets and to expand in the fastest-growing new sectors (5.3.2), to enhance its range of service (5.3.3), to expand its customer portfolio (5.3.4), to strengthen its technological leadership and the performance of its batteries (5.3.5), and to undertake acquisitions (5.3.6).

In addition, in order to finance the growth of its business, the Group intends to raise approximately 100 million euros in the context of the capital increase that would be realized upon the admission of the Company's shares to the regulated market of Euronext Paris. As an example, the purpose of this transaction would be to finance innovation and the development of new products (approximately 30 million euros), to accelerate industrial growth on an international level (approximately 30 million euros), to execute opportunistic development operations (approximately 10 million euros), as well as to finance the general needs of Forsee Power (approximately 30 million euros). Subsequent to this operation, the Company also intends to take advantage of the strengthening of its equity to renegotiate or refinance certain financing agreements and seek better borrowing conditions.

5.3.1 **Increase industrial capacity to establish geographical presence**

The Group's strategy is based on having manufacturing capacity as close as possible to its target markets.

5.3.1.1 **Increase production capacities in existing regions (Europe, India, China)**

In recent years, the Company has developed its industrial capabilities to achieve installed capacity of around 1 GWh as of the date of the Registration Document, in order to track and anticipate the growth of its current customers' markets and to acquire new customers. The Company seeks to benefit from the ability to expand these current production plants (built-up areas available for adding production lines or land available for constructing additional buildings) to increase its production capacity, allowing it to reach critical mass for its current industrial sites and serve more customers from these bases. The target for the end of 2023 is to have installed production capacity of 2 GWh.

5.3.1.2 Build an industrial base in the United States

The Company plans to build (directly or through an acquisition) an industrial base in the United States to target the growing commercial vehicle market, primarily buses, trains and off-highway vehicles. This would not only optimize costs and the supply chain, which is beginning to take hold on the continent (such as LG Energy Solutions and Xalt's gigafactories) but it is also a requirement for certain key markets such as the city bus market, which requires a local presence to comply with the FAST Act (70% of value must be produced locally in public procurement). The Group thus plans to proceed by means of organic growth or acquisitions. In terms of organic growth, the Group intends to find a production plant, recruit management and production teams locally (around 120 employees involved in system production by 2027), duplicate the production of existing products and product ranges, cover the needs of current and local customers with its line of battery systems as well as systems designed specifically for this market, and foster the emergence of a local skills base. Alternatively, the Group will seek, through the acquisition of a local operator, to generate synergies with its existing business and expand its local business activities and competencies. The Group's aim is to achieve production capacity of 1 GWh in the United States by 2027, which it estimates would involve investments of more than EUR 13 million over the period.

5.3.2 Increase presence in current markets and expand in the fastest-growing new sectors

Very high volume (automotive) markets are not a focus for expanding Group activities. These markets are characterized by low margins and in-house production by customers.

To date, the Company has focused on entering important market segments such as buses and scooters, which have enabled it to launch industrial production with the effects of ranges and technological platforms. The Company is also expanding its presence in new market segments (off-highway, rail, shipping) with significant growth potential.

These markets are at different stages of development.

The Group's commercial strategy is to strengthen its presence in its current markets (such as light vehicles and commercial vehicles, which together accounted for about 75% of the Group's revenues as at December 31, 2020) in which it has established a leading position, and gradually expand in emerging markets, which constitute powerful growth drivers.

5.3.2.1 Heavy vehicles

Commercial vehicles: Buses, trucks and special vehicles

In the commercial vehicle market, the Company's strategy is to strengthen its position by:

- supporting its current customers in their growth, expanding its range of products and services; "battery as a service" is one of the competitive advantages that the Company is able to share with its customers to enable them to conquer new markets;

- expanding its customer base in its current markets;

- diversifying the types of vehicles fitted with its batteries; as its technologies evolve, the Company allows its customers to target new applications and thus open up new markets:

    - higher-range bus formats, made possible by increasing energy density, and allowing long-distance bus markets to be targeted;

    - more flexible formats to target new types of vehicles (trucks and special vehicles);

- developing new markets, particularly in Asia and North America, building on the Company's experience and credibility in Europe and the location of its production facilities.

Off-highway vehicles

"Off-highway," a growing market, benefits from significant growth drivers due to emissions and public health regulations for off-highway machinery such as Stage in Europe and Tier in the United States, which aim to limit the permissible amounts of fine particulate emissions, in particular nitrogen dioxide.

In order to best target this market, the Company has developed a range of dedicated and highly modular products.

This market, which is still being defined/validated, is expected to see a period of strong growth (see Section 5.4.3 of the Registration Document).

The Company will be able to rely on its existing industrial base in Europe and Asia to acquire new customers that will benefit from the experience and critical mass already attained in the commercial vehicle and scooter markets.

Rail and shipping

In rail and shipping (which require very restrictive standards and technical requirements), the Company intends to capitalize on its experience acquired by accompanying its current customers during their series development and launch phases, and develop new high value-add products.

With a view to this, in July 2021 Forsee Power integrated the assets attached to the autonomous branch of the elements business of Holiwatt (formerly Centum Adetel Transportation), which was in receivership (see Section 6.3 of the Registration Document). This acquisition has enabled Forsee Power to incorporate more than 20 years of railway know-how and a range of energy storage systems and power converters and auxiliary converters (CVS).

As a first step, the roll-out in these two markets is expected to take place primarily in Europe and Asia.

5.3.2.2 Light vehicles

In the light vehicle sector, the Group has a leading position in the scooter sector with customers such as Piaggio and Bosch in Europe, and top-notch Asian customers such as Niu, Doohan and Omega Seiki.

For this segment, the Group's strategy is to strengthen its presence among these customers by equipping their new product ranges and to acquire new customers, in Europe and Asia and particularly in India.

The Group has also expanded the scope of its light vehicle segment, acquiring three-wheeled, and four-wheeled light urban or utility customers.

Robotics and industrial tech

In the very broad field of industrial tech applications, the Company has chosen to focus on two main sectors: AGV robotics and the medical industry.

The Automated Guided Vehicles (AGV) market is booming (see Section 5.4.3 of the Registration Document) in an environment in which industrial automation (factory of the future, Industry 4.0) and professional use of automated systems (logistics, agriculture, construction, maintenance) are gaining pace considerably. The Company intends to rely on its existing GO or PULSE 0.5 product platforms to meet new robotics demands for smaller, more energy- and power-dense batteries. The Company believes that its expertise in electric mobility will give it a competitive advantage over the established lead-acid battery manufacturers.

In the medical market, the Company intends to focus on portable mobility support equipment (respirators, ventilators, portable monitoring) and emergency response equipment (defibrillators). It believes that these are sectors of high value-add niches generating recurring revenues, with potential for growth in regions such as Asia, where the population is less well equipped. The standard LIFE RANGE helps to meet these needs.

Finally, in other industrial tech activities, the Company intends to identify targeted projects in the fields of safety or home automation, such as with the roller shutters of its customer Somfy, which requires significant volumes of specific types of batteries.

5.3.3 Enhancing the range of services

As a designer and manufacturer of high-value-added systems, the Group now generates almost all its revenue from selling systems (approximately 95% of revenue as at December 31, 2020). The remainder comes mainly from engineering services provided to customers during the design phase.

The company is now expanding its range of services to support its customers throughout the life of their vehicles and is looking to enhance this range of services, which currently does not make a direct contribution in terms of revenues, but constitutes a sales facilitator and helps to foster customer loyalty.

During the vehicle design phase, the Company assists its customers in its technological choices using internally developed tools (sizing model, aging models, TCO model, etc.). The Company also assists its customers with integrating battery systems into the vehicle: mechanical studies, BMS interfacing and sometimes also making specific developments and adjustments. Finally, its teams perform on-site interventions during the prototype development phase. With the roll out of mass production, the Company now offers dedicated maintenance tools (Diagtool), training for its customers' staff, preventive maintenance and repair services using remote diagnostic tools, a network of local partners, a hotline and remote monitoring of battery/vehicle fleets.

Finally, the Company is developing electric vehicle financing services that can include not only the battery but also vehicles and the complete charging infrastructure, due to its subsidiary NeoT (see Section 6.2 of the Registration Document), the support of Mitsui and an extensive banking and investor network with certain pre-negotiated financing agreements to facilitate and accelerate financing. The range of services on offer, including financing, helps to drive vehicle energy transition and boost customer retention.

5.3.4 Expand its customer portfolio

By expanding in its current and future markets and regions and extending its product range, the Group is aiming to strengthen the long-term relationships it has built with its existing customers while expanding its customer base to include companies that are currently regarded as commercial prospects.

The Company's innovation capacity enables it to constantly develop solutions tailored to the new needs of its customers. In the bus market, for example, since 2014, it has provided its major customers Iveco/Heuliez and Wrightbus with battery systems, the improved performance of which contributes to the success of their respective platforms and allows it to position itself as their preferred supplier for future models.

The current portfolio, centered around 10 customers that together represent about 80% of revenues in 2021, is set to diversify toward new customers, as the Group's activity expands in new business sectors in particular. In 2023, the company predicts that about 50% of revenues will come from the current top 10 customers.

5.3.5 Strengthen its technological leadership and the performance of its batteries

Technological progress is one of the main growth drivers in the Group's markets. The Group's ability to provide battery systems to meet the needs of each customer, both in terms of operating conditions (autonomy, operating time) and external features (zero emissions, no noise and vibration, competitive total cost of ownership (TCO)), provides the foundation for growth in customer and vehicle numbers. With this in mind, the Group's ambition is to seek to continuously improve the performance of its battery systems.

5.3.5.1 Promoting flexible formats

In addition to the density of its systems, the Company puts particular emphasis on the modularity of its battery formats, to give them maximum flexibility when they are incorporated into customers' vehicles. High energy density in a system may turn out to be useless if the system does not effectively use the available space to install it.

This need for modularity is all the more important as the Company's customers develop complete lines of vehicles with highly variable integration spaces. In order to pool developments and parts, however, these manufacturing customers seek to use a single range of batteries.

The Company is therefore developing several battery formats that can be installed in different orientations (horizontal or vertical) and combined in flexible ways in order to simplify and optimize their installation by its customers. The Company is focusing its manufacturing approach on modular designs allowing for the same platforms of modules, BMS, cooling, etc., in different formats, in particular with its SLIM range.

5.3.5.2 Increase energy density (doubled by 2025 compared with 2014)

The Company has made energy density a core element of its technological progress. Energy density is a key criterion in choosing a battery system. If they want to be efficient in what they do, manufacturers—the Group's customers—must comply with very strict restrictions in terms of weight (payload for goods transport, passenger capacity for buses) and space (payload volume, design aesthetic).

By selecting the cells it considers most suitable for each system and developing the most efficient (in terms of new materials) and dense integration technologies without impacting life span and safety, the Company's aim is to continue to reduce the weight and volume of battery systems. By 2025, the Company aims to double the energy density of its systems compared with 2014.

5.3.5.3 Efficiency (cost/kWh ratio halved by 2025 (compared with 2014))

The Group's customers that manufacture vehicles operate in highly competitive markets and must ensure the best TCO for their customers. With this in mind, the Company designs its products for economic efficiency in order to achieve the most competitive prices based primarily on:

- a geographical presence consistent with where its customers are located;
- standardized production facilitating their production and incorporation into its customers' industrial processes;
- pooling of components and in-house sub-assembly of products in order to achieve economies of scale in its supplies and gains in productivity in its developments, such as for the ZEN SLIM range.

All these factors should enable the Company to halve its production costs by 2025 (compared with 2014), allowing it to offer a high level of competitiveness to its customers while continuing to improve its margins.

5.3.5.4 Development of standardized product platforms that integrate artificial intelligence

In order to provide its customers with the greatest efficiency in its developments, the Company is developing and enhancing a number of standard product ranges. Its customers benefit from a significant reduction in their development time frames, considerably lower engineering costs and a higher level of innovation and validation, as these technologies are developed for multiple customers and applications.

This platform strategy enables the Company to focus its efforts on key and innovative technologies, optimize their cross-use in different products and step up the rate of winning new customers and projects without increasing development efforts. By 2025, the Group plans to generate more than 90% of its revenues from its standard ranges, i.e., from its LIFE, GO, ZEN, FLEX and PULSE ranges.

At the heart of this platform, the Company integrates the intelligence and know-how accumulated by its engineering teams into its battery management algorithms and digital battery fleet management systems. By 2025, the Company aims to integrate artificial intelligence systems into all its product ranges.

5.3.6 Acquisitions

In order to roll out its sector and geographic growth strategy, the Company plans to invest in developing technologies and skills, as well as in industrial assets in the geographical areas in question.

In addition to its organic growth (hiring, equipment acquisition), the Company also intends to carry out targeted acquisitions to acquire products that have already been validated for one of its target markets and/or technical and/or sales teams present in strategic countries. The criteria assessed for these acquisitions will be the quality of products and teams, alignment and complementarity with the Company’s strategy, and their financial valuation.

The recent purchase out of bankruptcy in July 2021 of some of the assets attached to the autonomous branch of Centum Adetel/Holiwatt in the railway and charging sectors is an example of this acquisition strategy.

5.4 Markets and competitive position

5.4.1 Lithium-ion rechargeable battery market

The battery market is traditionally divided into two main categories: primary (non-rechargeable) batteries and secondary (rechargeable) batteries.

Unlike primary batteries, which can only be used once, secondary batteries can be charged/discharged several times (cycles) over a certain period of time (years).

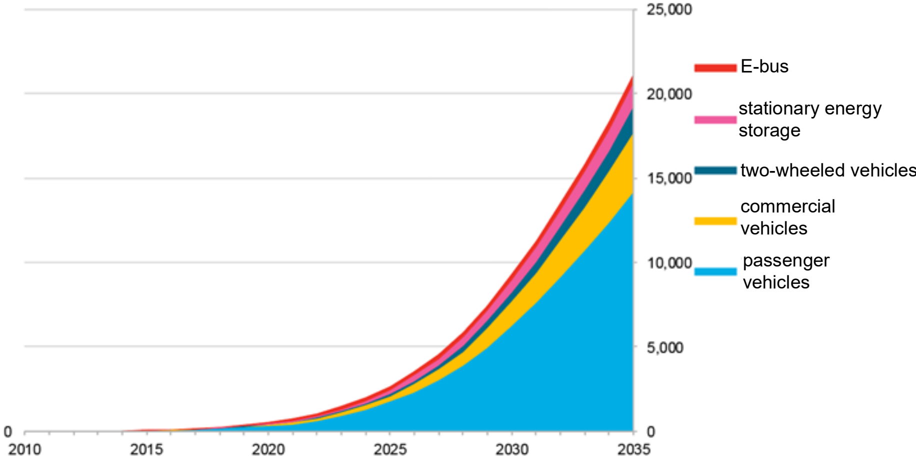
The applications of these rechargeable batteries are numerous: starter batteries, electronic devices (phones, tablets, etc.), medical devices, power tools, forklift trucks, back-up batteries (Uninterruptible Power Supply), stationary batteries (telecommunications, renewable energy), robotics. In addition to this are the many electromobility applications: automated guided vehicles, light vehicles (urban and utility), tourist vehicles, commercial vehicles (buses and trucks), ships, railway rolling stock (trains, trams), aeronautic and space applications.

The rechargeable battery market consists of several electrochemical pairs, the main ones being lead-acid (traditionally used in car starting batteries), nickel-cadmium (railway back-up batteries), nickel metal hydride (the first hybrid cars) and lithium-ion.

While some of the above applications have been launched with “traditional” technologies (lead-acid or nickel-cadmium), many are now turning to lithium-ion technologies, mainly because of their higher density in terms of both energy and power.

Most market research (mainly by Bloomberg and MarketsandMarkets) predicts very strong growth in the market over the next few decades. For example, with growth from approximately 550 GWh in 2020 to more than approximately 9,400 GWh in 2030, Bloomberg[2] predicts an average compound annual growth rate (CAGR) of more than 30%.

Outlook for lithium-ion battery demand (GWh/year)



Source: BloombergNEF, "2020 Electric Vehicle Outlook" and "2020 Lithium-ion Battery Price Survey", excerpt from the BloombergNEF report, "Hitting the EV Inflection Point", 2021

5.4.2 Growth drivers

Of all the applications referred to in the above paragraph, the Group focuses on the markets for lithium-ion battery systems for electromobility applications. The main growth drivers for electromobility are described in the paragraphs below.

5.4.2.1 Strong support from public authorities (governments, cities)

Cities and regions

Most of the world's major cities are stepping up their rate of adoption of "zero emission" transport in urban areas; notable initiatives include the C40 Fossil Fuel Free Streets declaration, to which 36 cities representing 25% of global GDP have signed up. For example, the city of Paris has set itself the target of phasing out diesel vehicles by 2024 and gas vehicles by 2030. Furthermore, financial incentives (subsidies for Parisians who stop using their old vehicles) and accompanying measures have been put in place to encourage the installation of bicycle shelters and electric charging points. In addition, in the United States, as part of the multi-state action plan for zero-emission vehicles, eight states (California, Connecticut, Maryland, Massachusetts, New York, Oregon, Rhode Island and Vermont) have set a target of having 3.3 million zero-emission vehicles on the road by 2025.

Governments

The multilateral support of most of the world's governments has stepped up the pace of transition from combustion engines to electric engines. Some notable examples are described below:

- **The Paris Agreement:** International legally binding treaty on climate change adopted by 196 states at COP21 in Paris on December 12, 2015, which came into force on November 4, 2016;

[2] *Bloomberg NEF 2019 Hitting the EV Inflection Point, 2021.*

countries share the steps they will take to reduce their greenhouse gas emissions in order to meet the Paris Agreement's objectives;

- **China's Air Pollution Action Plan**: Three-year action plan from 2018 to 2020 to combat air pollution. The previous air pollution action plan, published in 2018, played a major role in improving air quality in major cities. The key policies of the 2021 Action Plan include a 20% share of non-fossil fuels in 2025 and an 18% reduction in carbon intensity between 2021 and 2025[3];

- **the European Green Deal**: a roadmap for making the European Union's economy sustainable by turning climate and environmental challenges into opportunities in all policy areas, announced in December 2019, that commits the European Union to becoming climate neutral by 2050. The roadmap aims to transform the bloc of 27 nations from a high-carbon to a low-carbon economy;

- **National Clean Air Program**: a long-term, time-limited national strategy to tackle India's air pollution problem. The objective is to reduce particle concentrations by 20–30% by 2024 relative to 2017. As part of this program, 122 non-compliant cities in 2017 were identified across the country;

- **Biden Plan**: The aim is to build a modern and sustainable infrastructure and a clean and equitable energy future. The infrastructure plan includes USD 174 billion in spending to stimulate the electric vehicle market and move away from internal combustion vehicles. In July 2021, the Biden administration announced a plan to electrify 50,000 buses in the next eight years, or 70% of the country's fleet.

As of the date of the Registration Document, in accordance with and in addition to these multilateral programs, many countries (including India, China, Sweden, the United Kingdom, Italy, Portugal, Germany, France, the Netherlands, Switzerland, Belgium, Finland and Norway) have also introduced national tax incentives to switch to electric vehicles.

5.4.2.2 Maturity of the offering and of consumers

The electric vehicle market is experiencing strong and ongoing growth due to the sophistication of customers and the offering. As batteries become more efficient, range increases and the number of charging stations rises, sales of pure battery electric vehicles now exceed those of rechargeable hybrid electric vehicles.[4] Sales of electric vehicles have doubled each year in several markets, due in particular to numerous subsidies and regulations encouraging their adoption.[5] The proportion of electric vehicles and major components such as batteries and electric motors produced by original equipment manufacturers is increasing in most developed countries. China has the most established players. Manufacturers are stepping up their electric vehicle launch plans. By 2022, nearly 240 different electric bus models will be available worldwide.[6]

A few figures and examples:

- Target of 80% of the bus fleet in Paris to be purely electric by 2025;[7]

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[3] *Reuters, "China to cut energy intensity, but no consumption cap in new 5-year plan.*", March 5, 2021.
[4] *Agence Internationale de l'Energie (IEA), Global EV Outlook 2021, April 2021.*
[5] *Agence Internationale de l'Energie (IEA), Global EV Outlook 2021, April 2021.*
[6] *Agence Internationale de l'Energie (IEA), Global EV Outlook 2021, April 2021.*
[7] *Ile-de-France Mobilités, Press release, "The STIF and RATP present the new electric buses.*" *May 2017.*

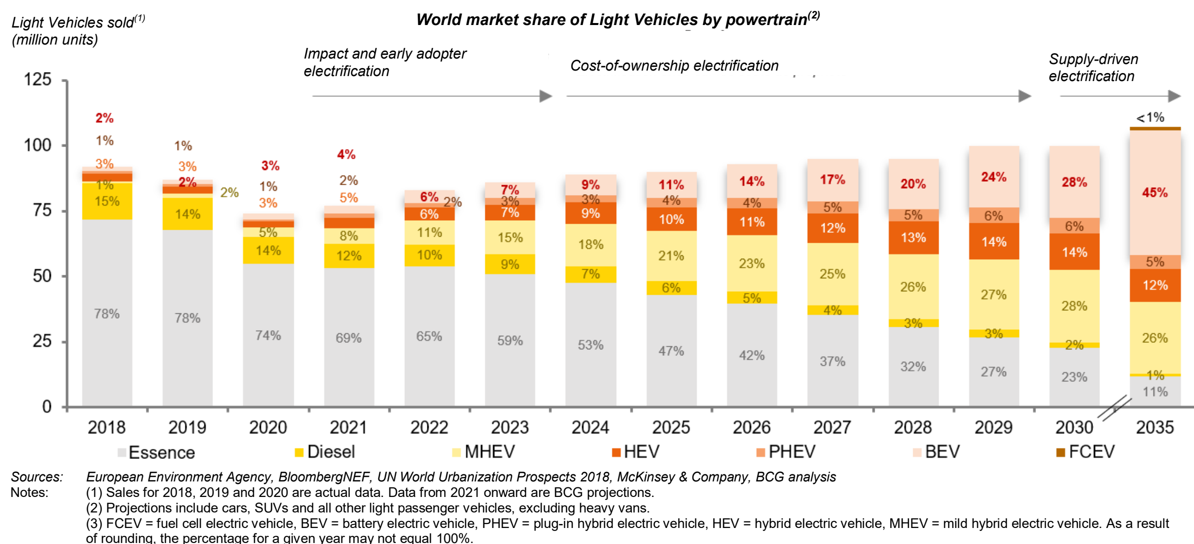
- Greater London zero-emission bus target of 100% by 2037;[8]

- Target for Californian public transportation agencies to move to a zero-emission bus fleet by 2040;[9]

- Target for almost all cars, light trucks, buses and heavy-duty vehicles to be "zero emissions" in Europe by 2050;[10]

- Forecast of a 41% CAGR over the period 2019 – 2027 for electric scooters and motorcycles in Europe;[11]

- Forecast of a 45% CAGR over the period 2020 – 2027 for the European commercial electric vehicles market.[12]



Source: BCG, Why Electric Cars Can't Come Fast Enough, April 20, 2021.

5.4.2.3 **Economic parity**

Electrification is driven by significant improvements in the economy of electric vehicles, including:

- reduction in battery costs (from USD 668 to USD 137 per kilowatt-hour (kWh) between 2013 and 2020);[13]

- considerable potential for battery pack rental;

- state subsidies;

- continuous improvements in battery technologies (density) to increase their range.

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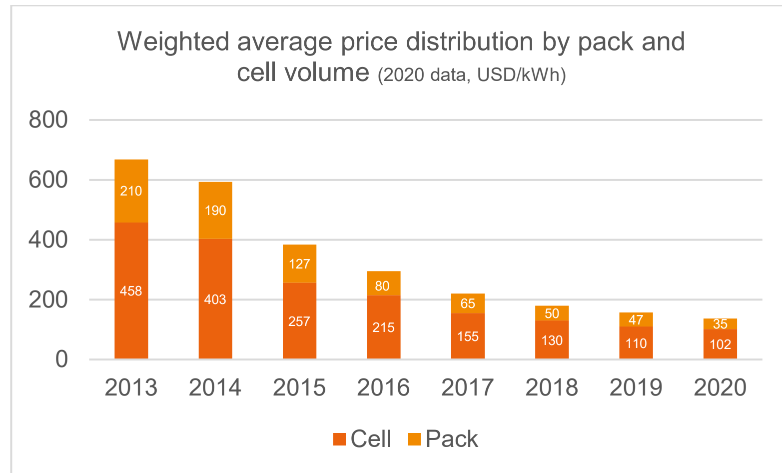
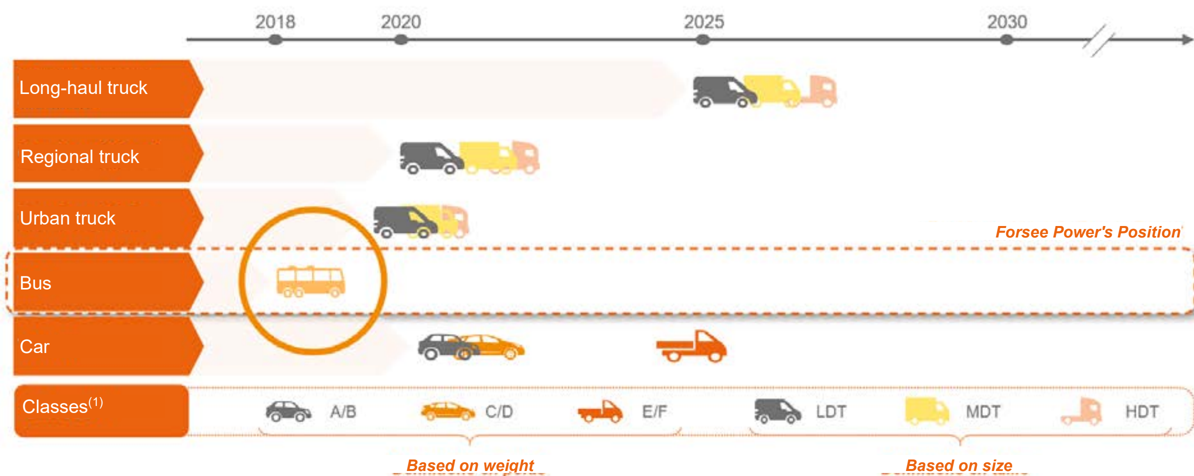
[8] *Mayor of London government, Press release, London's electric bus fleet becomes the largest in Europe – September 5 2019.*
[9] *California Air Resource Board, 2018.*
[10] *European Commission, A fundamental transport transformation: Commission presents its plan for green, smart and affordable mobility – December 9, 2020.*
[11] *MarketsandMarkets, Electric scooter and motorcycle market – Global Forecast to 2017, 2019.*
[12] *MarketsandMarkets, Electric commercial vehicle market – Global Forecast to 2017, 2019.*
[13] *BloombergNEF Lithium-ion Battery Price Survey finds prices fell 13% from 2019 to 2020, December 16, 2020.*



Source: BloombergNEF, *"Hitting the EV Inflection Point", 2021*

According to one study, electric vehicles are expected to become the cheapest option in the next 5–10 years in all market sectors.[14] "The timetable for total cost of ownership (TCO) parity in the United States and China is comparable to that in Europe. Parity occurs slightly earlier in China and slightly later in the United States, reflecting differences in fuel taxes and subsidies for electric vehicles."[15] According to one study, the electric bus reached parity in 2018 in Europe.[16] This is due to intensive use of the vehicle throughout the day (up to 16 hours per day) and a battery size adapted exactly to the required use.

Timetable of electric vehicle cost parity with fuel vehicles, based on TCO in the EU



(1) Vehicle categories:
- *A/B: under 4 meters - CHF 20 thousand;*
- *C/D: 4-5 meters - CHF 28 thousand–55 thousand;*
- *E/F: over 4.5 meters and CHF 50 thousand;*
- *LDT: Light Duty Transport;*
- *MDT: Medium Duty Transport;*
- *HDT: Heavy Duty Transport.*

[14] *McKinsey Energy Insights' Global Energy Perspective, January 2019.*
[15] *McKinsey Energy Insights' Global Energy Perspective, January 2019.*
[16] *McKinsey Energy Insights' Global Energy Perspective, January 2019.*

Source: McKinsey Energy Insights' Global Energy Perspective, January 2019.

5.4.3 The Group's principal markets

In the lithium-ion battery market, which is expected to grow from EUR 3.8 billion in 2020 to EUR 18.1 billion in 2027,[17] the Group has focused its strategy on two business segments:

- Light Vehicles and Industrial Tech (LeV & Ind Tech); and
- Heavy Vehicles (HeV).

These business segments accounted for 25% and 75%, respectively, of the Group's activity for the year ended December 31, 2020. They are spread across five geographical areas. The breakdown of revenue by segment and geographical area is presented in Section 18.2 in Note 6.2 of the condensed interim consolidated financial statements for the half-year ended June 30, 2021 and in Section 7.1.9 "Sector presentation."

Each of these markets benefits from a high estimated/forecast average compound annual growth rate (as detailed below), in different phases, thus providing potential successive growth drivers for the Group's development.

5.4.3.1 Light vehicles (urban and utility) and industrial tech (robotics, medical)

Like all other sectors, the light vehicle sector is experiencing strong growth in electrification. Having started in bicycles, electrification is gradually gaining pace in scooters, three-wheeled, and more recently four-wheeled light urban or utility vehicles.

These markets are strongly supported by public policy aimed at developing alternative means of transport in cities (subsidies, traffic and parking facilities). The pleasant driving experience and convergence of TCOs also contribute to this growth.

Unlike the passenger car market, the light vehicle market has so far not opted for a strategy of verticalizing its battery systems production. This phenomenon is partly due to the small size of these systems and the high level of variability from one vehicle to another. The light vehicle and robotics market is expected to see an average compound annual growth rate (CAGR) of 17.2% over 2020–2027, with the market growing from EUR 1.2 billion in 2020 to EUR 3.8 billion in 2027.[18]

Bicycles

The bicycle market is already at the mass production stage. Bicycle batteries are produced by major manufacturers, mainly in Asia, leaving little room for high value-add system manufacturers, except for systems requiring higher performance (in terms of power or compactness) or in the context of relocating production to Europe.

Two/three wheelers

The more technical and demanding scooter and three-wheeler market (speed, vibration, safety) represents a promising market for the Group. According to MarketsandMarkets in its 2019 "*Electric scooters and motorcycles market – Global Forecast to 2027*" study, the electric scooter and electric

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[17] *Excluding rail and shipping, the MarketsandMarkets 2018, 2019 and 2020 studies relating to each of the markets under consideration are taken into account for the number of units of vehicles and the Company's estimates for battery capacities and values. For rail and shipping, figures are taken entirely from the MarketsandMarkets 2018 and 2020 studies respectively.*

[18] *MarketsandMarkets"Electric scooters and motorcycles market – Global Forecast to 2017,2019 and Automated Guided Vehicle Market, Global Forecast to 2025, 2020 for the number of units and Company's estimates for battery capacities and values.*

motorcycle market for lithium-ion batteries could grow by a maximum of 56% over the period 2019–2027. With the exception of the Chinese market (mainly equipped with lead-acid batteries), India currently represents the largest market for two-wheeled vehicles, with 1.8 million of the 4.5 million units on the world market. Average annual growth of more than 25.5% a year is also expected between 2021 and 2026 for three-wheeled vehicles equipped with lithium-ion batteries in Asia-Pacific[19], with high growth of 27 % in India which has the largest volumes.

The rest of the Asian market is also ahead of the European market.[20]

For all manufacturers, including European manufacturers, having production capacity and a supply chain in Asia is a prerequisite for their success. In this sense, the Group's facilities in Asia (China and India) are a major and differentiating strength compared with other European competitors.

More specifically, for the Indian market, local production is now mandatory in order to benefit from the FAME II support programs.

In terms of product, the mechanical constraints inherent in two-wheeled vehicles still make it difficult to offer a standard product common to several manufacturers. Nevertheless, under the leadership of Japanese and European manufacturers, market operators are working to introduce standards.

On the other hand, the three-wheeler market (especially in India) offers more opportunities for product pooling, economies of scale and speed for coming to market for batteries manufactured in smaller volumes but with more power (4–10 kWh per vehicle). The Group's GO product range responds to this expectation.

Four-wheeled light vehicles

In addition to two-/three-wheeled vehicles, the four-wheeled light vehicle market is growing in Europe and North America, with three key applications:

- **micro-vehicles** for passenger transport, a true complement to urban mobility vehicles (two-wheelers) consumers inclined toward alternative and flexible modes of transport, who are often not inclined toward ownership (but rather rental or self-sharing) and who do not have a driver's license. The main potential markets are in Europe and Asia, and to a lesser extent in major North American cities;

- **light utility vehicles**, whether autonomous or not, for services to urban local authorities, or for "off-highway" applications, particularly in agricultural or forestry operations;

- **recreational vehicles** (go-karts, snowmobiles, jet skis, various small sports vehicles) have also expanded their range to the all-electric which makes them more user-friendly (e.g., noise- and odor-free indoor karting centers) and more respectful of the natural environment (mountains, beaches, lakes), while guaranteeing attractive handling conditions.

Industrial tech (medical and robotics)

Industrial tech encompasses a very wide variety of applications. Two specific sectors have been identified as priorities for the Group: robotics and the medical industry.

Robotics (AGV, Automated Guided Vehicles)

Driven by very strong growth in online sales and home delivery (accelerated by recent health crises), the supply chain has undergone a profound transformation in recent years, with the "industrialization"

[19] *MarketsandMarkets, Asia Pacific 3-wheeler market – Forecast to 2026, 2021.*
[20] *MarketsandMarkets, Asia Pacific 3-wheeler market, Forecast to 2026, 2021.*

of internal logistics and order preparation processes. The main driver is customer satisfaction (with the consumer becoming accustomed to shorter and shorter delivery times), with high stakes in optimizing the working capital requirements.

To this end, robotic logistics solutions, particularly AGVs, play a major role in increasing efficiency, and are thus experiencing strong growth. The AGV market was estimated at USD 3.39 billion in 2020 and is expected to see an average compound annual growth rate of 13% from 2021 to 2028.[21] These devices are energy self-sufficient and require rapid charging, and are increasingly focused on the TCO of their operation.

The various AGV robots now perform very different functions:

- logistics: order preparation (picking robots) and pallet transport,
- industrial cleaning and disinfection,
- inspection of dangerous pipes or sites,
- various industrial site maintenance operations, and
- agricultural, horticultural and wine-making work.

Other applications such as logistics drones, medical assistance (exoskeletons) and humanoid home-aid robots represent further potential for the years ahead.

Medical

As of the date of the Registration Document, the Group considers itself to be in a leading position regarding batteries for portable medical equipment. These products provide mobility for people in difficulty, perform emergency interventions or are used as a back-up energy solution in a medical environment.

These are mature markets, with straight-line growth given the aging population, but also stimulated by some urgent demands related to the COVID-19 pandemic (e.g., COVID-19). These markets are mainly located in Europe, North America and Japan. With people's increased purchasing power and improved public health policies in Asia, the Asian market could also provide opportunities for growth for the Group.

These market sectors are characterized by long validation cycles (one to two years) and long product marketing times, usually more than 10 years.

5.4.3.2 **Heavy vehicles**

Buses

The commercial vehicles market, in particular city buses, is experiencing strong growth momentum and in 2030 is expected to be the second-largest market, after passenger vehicles, for lithium-ion batteries.[22]

More specifically, the city bus market has the fastest electrification rate. According to one study, up to 60% of the world's bus fleet could be electric in 2040.[23]

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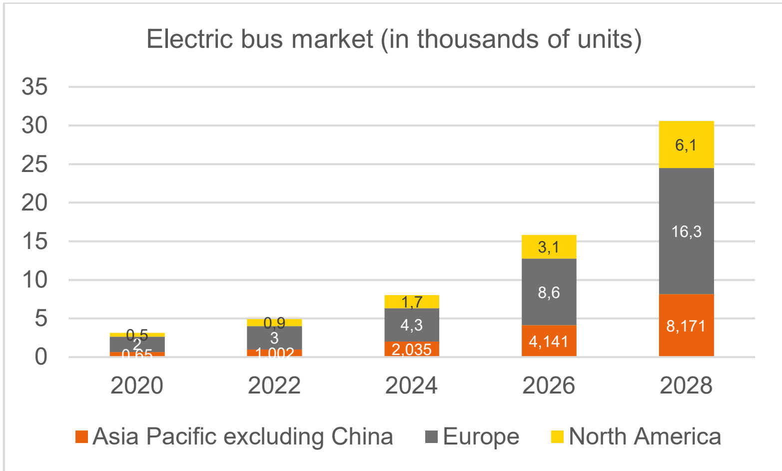
[21] *Grand View Research, Automated Guided Vehicle Market Size, Share & Trends Analysis Report By Vehicle Type, By Navigation Technology, By Application, By End-use Industry, By Component, By Battery Type, By Region, And Segment Forecasts, 2021 – 2028*, May 2021.
[22] *BloombergNEF, Hitting the EV Inflection Point, 2021.*
[23] *BloombergNEF, Electric Vehicle Outlook, 2020.*

The growth of the urban electric bus market is driven by national and local regulations that encourage the rapid transition of fleets.

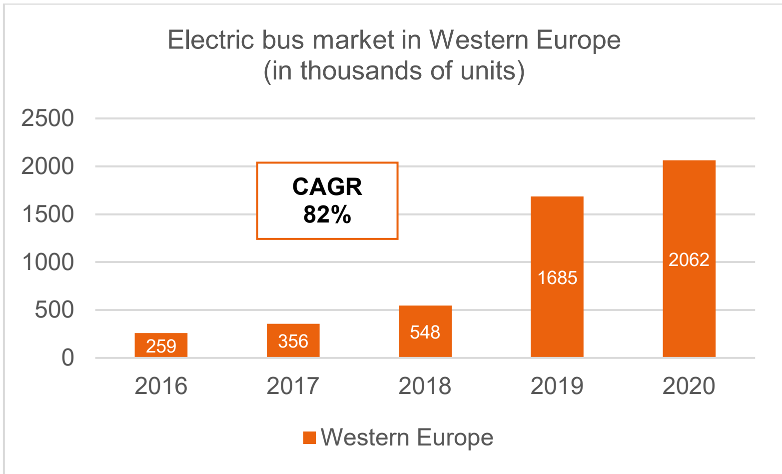
In France, for example, since 2015, Law 2015-992 of August 17, 2015, on energy transition for green growth requires a minimum proportion of low-emission vehicles when renewing fleets of more than 20 buses or coaches. This percentage increased to 50% as of January 1, 2020, and will increase to 100% as of January 1, 2025.

The projected volumes for the Chinese electric bus market were by far the largest in the world, with a forecast of more than 90% of volumes in 2020.[24] It is served primarily by local operators, with lithium iron phosphate technologies, and is hard for foreign operators to access. Next comes the European market, followed by the North American market and the Asia-Pacific market (excluding China).



Source: MarketsandMarkets, Electric Commercial Vehicle, Market – Global Forecast to 2027, 2019

Due to the effect of public policy, the European market is experiencing brisk growth. As shown in the table below, following growth of over 200% (in units) in 2019 compared with 2018, the European market managed to achieve growth of over 20% in 2020 despite the slowdown due to the COVID-19 pandemic.



Source: Chatrou CME Solutions, February 2021

In 2020, the number of city bus units in Europe was over 2,000 (source: *Chatrou CME Solutions, February 2021*) and very strong growth is expected in the coming years to around 22,000 units in 2027 (*Source: MarketsandMarkets, Electric Bus Market – Global Forecast to 2027, 2019*). Moreover, the

[24] *MarketsandMarkets, Electric Bus Market – Global Forecast to 2027, 2019.*

bus and heavy vehicles market is expected to achieve an average compound annual growth rate (CAGR) of 27.8% between 2020 and 2027, with the market growing from EUR 2.2 billion in 2020 to EUR 12.5 billion in 2027.[25] The two main drivers of this market are:

- technical advances (energy density) that increase range, thereby gradually broadening the size of the market accessible to all-electric technologies and extending it to intercity buses;

- electrification plans for major cities and public operators that complement and strengthen national policies. For example, the Régie Autonome des Transports Parisiens (RATP) has set an electrification target of 80% for the Parisian bus fleet by 2025. More recently, the UK's "Zebra" (Zero Emission Buses Regional Area) program gives subsidies to local authorities to step up their transition to zero-emission buses.

The dominant traction technology on the European market is all-electric with overnight charging at the depot, which requires high-capacity, high-energy-density batteries. Because of their regular journeys, city buses benefit from a high degree of predictability in their energy consumption and optimal battery use.

However, some cities are opting for projects that incorporate rapid charging, either for flexibility reasons (quick interim charging during the day so that vehicles can be re-allocated from one line to another) or for high-service bus lines with very high energy consumption (vehicles of 18 meters or 24 meters, more intensive journeys, on-board services), or because they already have an electric charging infrastructure available on public roads in combination with tram or trolley lines (Eastern Europe in particular).

In parallel with traditional city buses, the driverless shuttle sector is also expanding. Due to regulatory and social barriers to driverless vehicle traffic, the starting power of this market sector remains to be confirmed. Nevertheless, all these vehicles are adopting electric traction technologies, which are better suited to the incorporation of driverless technologies.

Outside Europe, the North American and Asia-Pacific markets are also expected to see strong growth between 2022 and 2028.[26]

In the United States and Canada, manufacturers should benefit from proactive public policy and city public procurement contracts that can quickly increase volumes. They should also benefit from advances in the European and Chinese markets, while adapting technical specifications to local needs (distances, energy consumption, power). The greater concentration of manufacturers should allow for significant procurement volumes to be offered.

In the Asia-Pacific region (India and Southeast Asia in particular), many countries are also taking the lead in the electrification of their fleets. Some manufacturers, eager to diversify their sources of battery technology in order to reduce their dependence on Chinese suppliers, are likely to choose to partner with leading European operators present in Asia.

Other commercial vehicles

Other types of commercial vehicles, including vans in Europe and pickup trucks in North America, also started the process of electrification a few years after the city bus market.

Growth in this sector is also driven by the convergence of TCOs, the regulatory framework and technological advances that now allow these vehicles to be designed in an all-electric version without compromising usage patterns.

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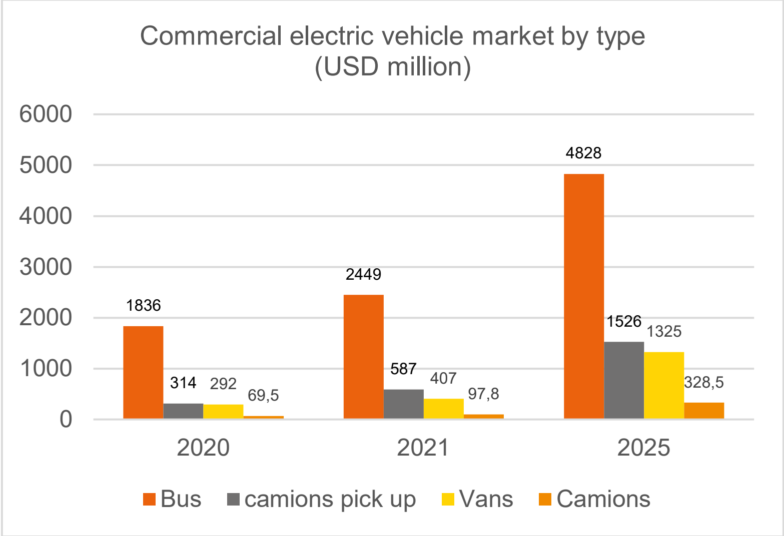
[25] *MarketsandMarkets Electric Bus Market – Global Forecast to 2027, 2019 for the number of units and Company's estimates for battery capacities and values.*

[26] *MarketsandMarkets, 2020 and Company's estimates*

Due to a later start and a much lower on-board battery capacity than city buses (50–80 kWh for light trucks versus 350–550 kWh for city buses), this market is expected to remain lower in value than the city bus market.



Source: MarketsandMarkets Electric Commercial Vehicle Market, Global Forecast to 2027, 2019 for the number of vehicle units and Company's estimates for battery capacities and values

According to MarketsandMarkets' "*Electric commercial vehicle market, Global Forecast to 2027*" study, the European market is expected to outstrip the North American market with strong growth in delivery vans (in 2028, more than 332,400 units in Europe, compared with 105,900 in North America). Growth in the North American market is expected primarily in pickups (in 2028, 284,700 units in North America, compared with 112,000 units in Europe).[27]

With greater production volumes than the city bus market, the pickup market may be less open to independent suppliers. The batteries to be fitted in these vehicles will likely have technical characteristics fairly similar to batteries for electric passenger vehicles (50–80 kWh, 400 V). For example, a large number of manufacturers have announced that they want to design and make their own batteries in association with cell manufacturers (Volvo with SDI and Daimler with CATL, in particular).

However, the Group could benefit from the growth of this market as it is likely that:

- large manufacturers will focus their development efforts on high-volume vehicles, leaving opportunities for medium-sized production volumes;

- medium-sized operators, newcomers and manufacturers of special vehicles distributed in smaller production volumes could choose to entrust the design and manufacture of their systems to third parties, and could look for modular and off-the-shelf systems.

In addition, the Group could also benefit from the development of heavy commercial hydrogen vehicles, due to its range of power batteries adapted to fuel cell systems.

Off-highway market

The off-highway market is the term commonly used to refer to agricultural applications, construction equipment, mining vehicles and any other industrial vehicle that does not operate on the road (i.e., excavators, graders, bulldozers, loaders, mining trucks, telescopic trucks, sprayers, farm tractors, mowing tractors, etc.).

[27] *MarketsandMarkets, Electric Commercial Vehicle Market – Global Forecast to 2027, 2019 and Company's estimates.*

This market, which is very diverse, has started the process of electrifying traction systems. The battery market for the off-highway segment is expected to achieve an average compound annual growth rate (CAGR) of 34.0% over the period 2020–2027, with the market growing from EUR 0.1 billion in 2020 to EUR 1.0 billion in 2027.[28]

The growth drivers in this market are as varied as the applications and include:

- a "zero-emission" policy and noise reduction in cities, which affect propulsion methods for construction or public garden maintenance equipment;

- the costs (installation and maintenance) of ventilation systems in underground mines to protect the health of personnel, as well as the costs of fuel delivery, coupled with mining companies' willingness to develop a greener image under the pressure of ESG policies;

- engine pollution control regulations for agricultural vehicles that make an investment in hybridization profitable.

Moreover, driverless agricultural vehicles, aimed at increasing equipment productivity, require electrification of the traction system/controls.

As a result, most operators of off-highway vehicles (public works, mines, farms) have adopted emission-reduction policies and set up electrification programs for their fleets. Driven by this demand for electric or hybrid vehicles, most off-highway vehicle manufacturers are gradually offering electric, hybrid or hydrogen versions of their vehicles.

These various applications require a high level of modularity to adapt to the different mechanical configurations of the equipment, the various levels of voltage (48 V on small machines, 800 V on larger ones), energy (a few kWh up to several hundred kWh) and power depending on the charging modes (one per day or multiple fast charges) or traction modes (all electric, hybrid, fuel cell).

Shipping and rail

Among the various means of heavy transport, the shipping and rail markets are also beginning to electrify their propulsion systems.

This trend affects both the transportation of people (trams, regional trains, ferries) and the transportation of goods. The shipping and rail market is expected to see an average compound annual growth rate (CAGR) of 21.3% over the period 2020–2027, with the market growing from EUR 0.2 billion in 2020 to EUR 0.8 billion in 2027.[29]

The main motivations for these transformations are both economic (infrastructure savings in the case of catenary-free railways) and energy (in the case of diesel-electric systems, pollution-control regulations require railway and shipping operators to reduce their emissions levels).

For some applications, this involves incorporating an electrical storage system (battery) into a propulsion system that is already partly electrified. In catenary rail systems, the driving force mainly comes from an electric engine. Including a battery allows for catenary-free journeys: emergency power supply, extension of lines without extending the catenary network (very costly in terms of time and investment), and leaving the transport network to evolve into a clean catenary-free site (industrial zone, port zone). The battery also allows for improved energy efficiency by recovering braking energy, which would otherwise be returned to the catenary network and largely lost. In diesel-electric propulsion

[28] *MarketsandMarkets,Off-highway Vehicle Marke t– Global Forecast to 2027, 2019 for units and estimates, and Company's estimates for battery capacities and values.*

[29] *MarketsandMarkets –Global Forecast to 2025, 2018 for the number of units and Company's estimates for battery capacities and values.*

systems (trains or ships), the driving force is provided by electric engines that are supplied with electrical energy by a diesel-electric generator. The incorporation of a battery then optimizes engine speeds (often under-loaded, especially in service boats due to engine redundancies) by making them work at their most efficient levels.

The shipping and rail markets are also moving toward battery-powered, all-electric systems, including passenger services that perform regular services such as ferries and regional trains. The elimination of all diesel engines, where possible, avoids the very high maintenance costs of these engine systems. Due to the mass of these vehicles, the desired propulsion power and energy consumption are very important in these applications; consequently, the size of the battery and charging system is critical, which may justify the introduction of rapid charging systems.

Finally, owing to high energy consumption and energy-density and integration issues, the shipping and rail markets are also moving toward powering their traction systems using fuel cells coupled with a battery to smooth power peaks.

Due to the very long life of these vehicles (30 to 40 years), the authorities are also encouraging electrification of both new and existing vehicles when carrying out major maintenance operations in order to have a more effective environmental impact. This creates greater constraints on the integration of hybridization and battery systems, and opens up significant market potential.

All of these developments are fueling growing demand for shipping and rail traction batteries. These vehicles' high technical, safety and long-life constraints point to high-value-add technologies with advanced safety systems and a long service life.

5.4.4 Competitive analysis

In the context of increased competition, the Group is up against several competitors whose positions vary from those of the Group according to their geographical location and the market sector concerned.

In particular, Forsee Power, which chooses not to position itself in mass markets, believes that there is a risk of in-house production by operators targeting very high-volume markets such as cars and trucks.

Forsee Power has identified below a non-exhaustive list of its potential competitors:

- **Akasol:** German battery systems supplier active mainly in the commercial, rail and maritime vehicles and stationary storage sectors, with manufacturing locations in Germany and the United States. In June 2021, BorgWarner, a U.S. automotive manufacturer, completed the acquisition of Akasol.

- **BMZ:** German battery supplier, active in the sectors of portable batteries, light and heavy electric mobility and stationary storage, with manufacturing sites in Europe, the United States and China.

- **CATL**: world's No. 1 manufacturer of accumulators and systems, of Chinese origin, present in all market sectors (passenger vehicles, commercial vehicles, stationary storage).

- **Corvus:** Canadian supplier of lithium-ion battery systems dedicated to the shipping sector, with production capacities in Canada and Norway.

- **Cummins:** U.S. industrial group that designs and produces diesel engines for commercial and industrial vehicles and has launched a battery and fuel cell business.

- **Exicom:** emerging operator in India, active in particular in the two- and three-wheeled sector.

- **Greenway and Sunwoda:** both of Chinese origin, active in the electric bicycle and scooter sectors.

- **Hoppecke:** long-standing supplier of railway batteries (signaling, emergency/auxiliary and traction), also active in stationary storage. Historically focused on lead-acid batteries, Hoppecke created a subsidiary dedicated to lithium-ion technologies in 2019.

- **Impact Clean Power Technology:** Polish battery systems supplier, active mainly in public transport, stationary storage, shipping applications and industrial robotics.

- **Leclanché:** Swiss integrated operator (producer of cells and systems), active in the sectors of stationary storage, electric mobility (maritime, rail) and special systems (defense, medical, robotics).

- **Microvast:** Chinese integrated operator (producer of cells and systems), active mainly in the commercial and private vehicle sectors, and whose principal markets and production facilities are located in China.

- **Proterra:** U.S. manufacturer of electric buses, has launched a range of battery systems for buses and commercial vehicles.

- **Romeo Power:** of U.S. origin, active in the electric truck sector in the United States with systems made from cylindrical cells.

- **Saft:** French integrated operator (producer of cells and systems) and supplier of batteries for industrial use; mainly active in the aerospace and defense sectors, industry, telecommunications, transport (maritime, rail) and stationary storage.

- **Xalt Energy:** U.S. integrated operator (cells and systems), specializing in heavy vehicle applications (commercial vehicles, maritime vehicles, special vehicles).

5.5 Overview of Group business activity

5.5.1 Technologies and Products

5.5.1.1 Technologies

A lithium-ion battery is based on an electrochemical accumulator that uses lithium in an ionic form. There are different technologies on the market made up of different compounds. In electric vehicles, several electrochemical families may be present, the main ones being NMC (Nickel Manganese Cobalt), NCA (Nickel Cobalt Aluminum), LTO (Lithium Titanate Oxide) and LFP (Lithium Iron Phosphate).

For the design of its battery systems, the Company relies on an agnostic approach to electrochemistry and a base of complementary suppliers for the supply of cells, thus ensuring optimal flexibility and agility.

The Group qualifies and selects a very wide range of technologies to design the best battery systems for each of the applications it addresses.

The electrochemicals currently used include liquid electrolyte lithium-ion (NMC, LFP and LTO). The Group remains attentive to research on sodium-ion and lithium-ion solid electrolyte technologies.

The NMC, LFP and LTO technologies used by the Company are available in multiple cylindrical, pouch and prismatic formats, allowing greater flexibility in the design and industrialization of battery systems.

The battery modules are comprised of cells. The cells integrated into the batteries are chosen from reputable suppliers (Toshiba, LG and Panasonic in particular) for quality, performance and especially for their safety requirements. The battery also contains a Battery Management System (BMS). Everything is integrated into a mechanical structure for protection and interfacing with the vehicle.

The BMS is a computer (electronic and software), essential for the use and safety of lithium-ion batteries. It performs three functions: (i) safety by preventing critical events, (ii) performance by optimizing battery life, and (iii) communication by exchanging data with the host system. The BMS ensures that the conditions of use of the cells are always in accordance with specifications and the safety level.

Very high quality batteries are developed according to development standards for secure systems, such as IEC 61508.

5.5.1.2 **Products**

The Group has developed complete battery system ranges with the aim of meeting all energy and/or power requirements of vehicles. The Group's battery systems thus adapt to all usage situations, depending on the nature of the vehicle and/or the charging infrastructure in place.

5.5.1.2.1 **Battery systems for heavy vehicles**

Modes of battery use in heavy vehicles

100% battery vehicles

- Overnight/depot charge: This application requires high-energy batteries. The charging time varies between three and six hours, depending on the on-board energy and the charging power.

- End-of-the-line charge: This application requires energy and power batteries. Charging takes approximately 15 minutes, e.g., during a driver's break.

- Quick charge: This application requires high power batteries. Charging takes place for a few minutes at certain stops.

- Ultra-fast charging: This application requires very high power batteries. Charging takes place for a few seconds at each stop (or almost).

Hydrogen vehicles

Hydrogen vehicles require a power battery system. In the bus, the fuel cell, powered by the hydrogen tanks in the vehicle, produces electricity that supplies the electric motor. Hydrogen is therefore the vehicle's main power source. The batteries, charged by the electricity from the battery, generate complementary energy during sudden changes in load (acceleration or steep uphill grade). The vehicle is powered either by the battery, by the fuel cell or by both to deliver more power.

Hybrid diesel/battery vehicles

To meet the integration needs of manufacturers, the Group offers batteries that are integrated onto the roof or at the rear of vehicles.

The different types of batteries offered by the Group are described below.

- **FORSEE ZEN**

The Group's ZEN battery range for heavy transport incorporates very high-energy NMC cells, capable of providing high performance for heavy vehicles, whether electric, diesel or hydrogen, enabling a day of operation with complete autonomy.

ZEN solutions are scalable and modular and can be integrated on the roof, rear or even in the floor due to the SLIM format, which has recently expanded the range.

- ZEN 35

The ZEN 35 high-energy battery pack from Forsee Power is a modular 35-kWh system with a mechanical design optimized for roof or rear integration of electric buses. Its very good energy density of 125 Wh/kg allows the vehicle to travel all day without being recharged. Charging is done at night, at the depot.

- ZEN 42

The ZEN 42 high-energy battery pack from Forsee Power is a modular 42-kWh system with a mechanical design optimized for roof or rear integration of electric buses. Its excellent energy density of 147 Wh/kg allows the vehicle to travel all day without being recharged. Charging is done at night, at the depot.

- ZEN 8/11/16/21 SLIM

The ZEN SLIM modular package, with its small footprint of 135 mm, is one of the thinnest in the world and is available in four sizes to meet all energy demands. The Zen SLIM allows systems to be built according to the customer's needs and the space available in the vehicle. There are multiple integration possibilities: roof, rear, floor.
The batteries cover a wide range of energies from 8 to 21 kWh, voltages from 50 V to 120 V and a charging current of 106 A. SLIM batteries have an integrated liquid cooling system to regulate the temperature of the modules housed in the chassis, thus optimizing their life and performance. This thermal management makes it possible to address geographical areas with very different climates. Zen SLIM products, like all Zen products, allow the vehicle to travel all day without charging (depot charging).

- **FORSEE FLEX**

The FLEX modules from Forsee Power are designed for heavy electric or hybrid vehicles that can be charged either occasionally or overnight at the depot due to the high power-to-energy ratio.

Incorporating a liquid thermal management system, advanced electronics and proven NMC cells, FLEX modules benefit from a high level of reliability and safety.

- FLEX 7

Developed from "pouch" cells, the 7-kWh modular system can be connected in series and in parallel to perfectly adapt to vehicles' voltage and energy demands. With a Flex 7 150-kWh battery system, a battery enables travel for more than 320 km daily due to opportunity charging, which allows the battery to recharge to 40% in 30 minutes.

- **FORSEE PULSE**

The PULSE range is Forsee Power's high power range. The high performance properties of LTO cells offer hybrid diesel or hydrogen engine vehicles the option to be charged very quickly

(three to five minutes) and very often (15 to 35 times a day), with an excellent service life of 15 years. PULSE solutions cover a wide range of energy and power requirements to meet any hybrid mobility application, whether light or heavy duty.

- PULSE 0.5

Developed to meet the need for hybridization in light vehicles, the Pulse 0.5 module, which has been developed to fit into the restricted spaces of these vehicles, incorporates a liquid cooling system that allows optimal operation during operation, whatever the weather conditions.

- PULSE 2.5

The extra-thin design of the Pulse 2.5 battery module allows it to be easily integrated into even the most restricted spaces. To meet all energy and power demands, the 2.5-kWh module can be connected in series and in parallel, thus increasing the energy and/or power embedded in the vehicle. This module is DNV certified for use in marine applications.

- PULSE 15

This 15-kWh modular system, with optimized mechanical design for integration on the roof or at the rear of electric buses, offers a fast charge.

- PULSE Rail

LTO technology, with high power properties integrated in the Pulse Rail modules, is suitable for diesel-battery hybridization or hydrogen hybridization of trains, reducing greenhouse gas emissions, improving passengers' auditory and visual comfort, and controlling infrastructure costs.

- **Product ranges from Holiwatt (railway) activity**

All of the products below will be renamed to be integrated into Forsee Power's existing product offering.

- NeoSee

The NeoSee is a set of on-board electric power boxes (battery type, lithium capacitive) managed in a real-time synchronized manner to allow autonomous operation without any other power source.

- NeoB3

The NeoB3 is a fast charging system, designed around smart electro-technical cores, enabling the controlled transfer of large amounts of energy safely in a short period of time. It generally operates track side in addition to the NeoSee installed on rolling stock.

- NeoGreen and NeoStab

The NeoGreen and NeoStab are energy recovery systems, connected to the catenary. These systems recover the braking energy generated by the rolling stock (electric braking) and return it to consumers (rolling stock in acceleration phase).

- Power converters and Auxiliary Converters (CVS)

Power converters and auxiliary converters (CVS) are similar to inverters connected to the catenary (and therefore high voltage) and protect downstream electrical components (air

conditioning, low voltage network, etc.) by powering them according to nominal voltages and currents

5.5.1.2.2 Battery systems for light vehicles

Modes of battery use in light vehicles

The battery in this sector is mostly used in single traction mode.

The batteries are essentially removable for electric bikes and scooters, charging via an external charger connected to the mains. The batteries must be lightweight and energy dense, using NMC lithium-ion technology. This maneuverability thus enables battery exchanges (*hot swapping*), to always have a fully charged battery and to increase vehicle use during the day. It is therefore not uncommon for the user to have more than one battery per vehicle.

For light three-wheeled vehicles and four-wheeled vehicles requiring between 5 and 10 kWh of energy, the batteries are recharged through an on-board energy converter and connected to the electrical grid. Weight remains a determining factor for this type of battery.

The Group has a wide range (GO, ZEN SLIM) and a strong expertise in developing custom batteries to meet the needs of these markets.

- **FORSEE GO**

  Forsee Power offers turnkey solutions for electrifying both two-, three- or four-wheeled individual urban light electric vehicles and automatic guided vehicles (AGV) in the logistics industry. The FORSEE GO range consists of portable or on-board batteries with a varied selection of energy and power.

  - GO 8/10

  The Group's offering of on-board battery systems for light mobility and robotics is available as of the date of the Registration Document in two 8-kWh and 10-kWh batteries.

  - GO 1.6 Energy and GO 1.6 Power: Two possible choices for light vehicles

  The Group offers its portable 48-V battery in two standard versions: GO 1.6 Energy and GO 1.6 Power. Regardless of version, GO 1.6 batteries can be easily integrated into most applications within the Light Vehicles and Industrial Tech (LeV & Ind Tech) business segment or robotic applications because they incorporate a standard CAN 2.0 communication protocol, a serial communication protocol that supports real-time systems with a high level of reliability.

  The Energy version offers sufficient power and battery life for small urban mobility applications (50 cc scooters) or robotics applications.

  The Power version has been developed in response to repeat requests from manufacturers who want their urban vehicles to reach more than 50 km/h. Like the Energy version, the Go 1.6 Power battery pack is also suitable for robotic applications, but heavier ones.

  - Switching Box to connect multiple portable batteries

  One of the competitive advantages of this GO 1.6 series is its modularity. Up to three identical batteries can be connected by a connection box developed by the Group (the "Switching Box"). This equipment allows the vehicle to double or triple the vehicle battery life (switch mode) or its power discharge capabilities (simultaneous mode).

This combination of removable batteries is particularly valuable in the standard battery exchange mode at an exchange station. At the end of the journey, the user can very easily (with a battery weight of 11 kg) replace the battery with new charged batteries and start again for a new journey.

- Smart Tool

In order to make it easier to read the behavior of the battery, Forsee Power has also developed a device that lets after-sales technicians or dealers quickly view its charge, its number of cycles and certain safety statuses; the aim is to provide an initial diagnosis of the battery during a warranty return, for example.

5.5.1.2.3 **Battery systems for medical use**

As of the date of the Registration Document, the Group occupies an important place in the field of batteries for portable medical equipment.

The applications relevant to the Group's products are:

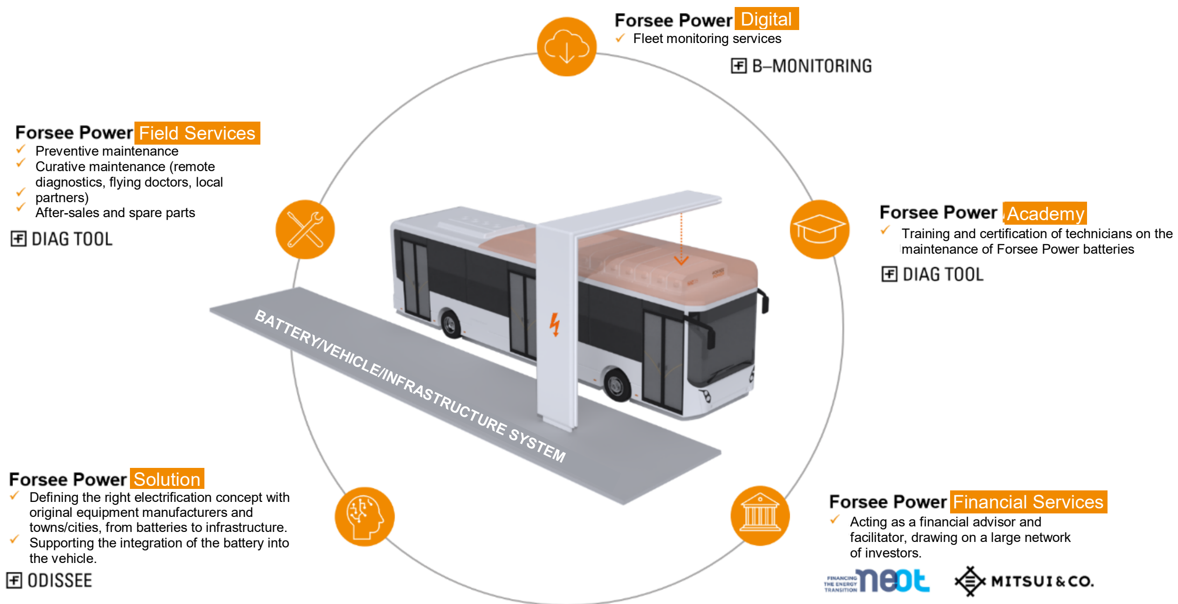
- respirators, oxygen concentrators,
- defibrillators,
- infusion syringe pumps,
- portable monitoring equipment (autonomous or electrical network back-up),
- stimulation and muscle treatment.

Over one million battery packs have been sold by the Group in the last 10 years in France, the United States and Asia, from factories in China and Poland.

The Company launched the LIFE standard product range three years ago. Consisting of three batteries, the LIFE range is intended for the medical industry and industrial devices. Initiated in 2018, a new generation was established in 2021 to ensure greater battery life for medical equipment, including portable oxygen concentrators (POC), or syringe pumps, for which the market is constantly growing due to aging populations, an increase in the use of home hospitalization and the recent COVID-19 epidemic. The LIFE range consists of three batteries in an ultra-compact form: LIFE 50, LIFE 75 and LIFE 100. The batteries provide continuity of care with mobility and reliability.

In addition to the safety standard certifications and approvals required by the medical industry, LIFE batteries are compatible with the JEITA charging profile, which allows battery life to be optimized by regulating the voltages and charging currents based on temperature. In addition, the new generation of LIFE batteries include an encryption key (FHA-1) to increase security against the use of copies or use of counterfeit batteries.

5.5.1.3 Service offering



In order to accelerate the transition to electromobility for its customers and their products, the Company has developed a set of services to support them at each stage of this transition. These services must enable everyone to meet the specific challenges of this transformation by covering all the stages of the life of a product, from its design to its recycling.

System design

Among the first to develop electromobility in many sectors, Forsee Power teams have accumulated strong experience beyond the mere knowledge of the battery, covering the battery, the associated vehicle and its charging infrastructure. Using tools developed in-house (Odissee aging simulation model, cost database, complete TCO models incorporating technical specification, financing and taxation, etc.) to identify the best technological choices upstream, the Group via Forsee Power Solution offers its customers support to guide them toward the right products and business models specific to electromobility. Forsee Power Solution enables customers to benefit from:

- technical and economic analyses (covering the entire battery life, second life and recycling),
- the Group's feedback on the positive and negative points of each technical solution,
- a network of partners across the entire electromobility value chain (from design, financing and second life/recycling of batteries), and
- monitoring of all emerging business models across all the various electromobility sectors worldwide.

Financing

The total cost of ownership (TCO) of an electric bus is lower than a thermal vehicle. According to two studies,[30] while the initial investment for an electric bus is higher than for a gas or diesel thermal bus, the energy and maintenance costs over the duration of the first life of the vehicle, i.e., about 15 years, are significantly lower than those of a thermal vehicle. Thus, the electric bus reaches parity with the diesel bus before the above-mentioned period of 15 years, without including any subsidies. However, for now, the initial investment is higher compared to a diesel or gas vehicle.

Therefore, in 2016, to facilitate and accelerate the transition to electric fleets (buses or other vehicles), Forsee Power created NEoT Capital with EDF and Mitsubishi Corporation to finance installations in the form of battery/vehicle/infrastructure leasing. These financing offers are based on the following principle:

- equipment suppliers (battery, vehicle, infrastructure) sell the equipment to the financer (not to the end customer as in the case of a direct sale);
- the financer makes this equipment (or "assets") available to the end customer (transport operator) against a lease payment; and
- The leasing offering includes all associated maintenance services and warranties.

The goal of NEoT Capital is to facilitate the transition to "zero-emission" mobility and access to off-grid energy solutions. As of the date of the Registration Document, NEoT Capital manages two NEoT Green Mobility platforms (which provide communities and operators with financing solutions for access to electric and hydrogen mobility) and NEoT Offgrid Africa (which invests in renewable energy projects throughout Africa).

Thus, the Group advises many customers and also works in a consortium with industrial and financial partners to provide turnkey and financed electrical transport solutions. For example, between 2020 and 2021, the Group and its partners delivered to an operator in England one of the first bus fleet solutions with a fully-financed charging infrastructure in the form of a 15-year lease period, including all maintenance services and warranties. In 2021, one of the projects co-developed by the Group and Mitsui was selected in the first phase by the British Ministry of Transport to convert the entire urban transport fleet of a medium-sized city. The final selection of winners will take place in 2021/2022; this will help to support and facilitate the sale of batteries.

From prototype to large series

Beyond the definition of the solution, Forsee Power Solution and Forsee Power Field Services support their customers in the integration of battery systems into vehicles. This often complex integration requires a period of time to develop the first versions of the prototypes. During these phases, Forsee Power Solution can provide technical support by sending resources on-site or can provide support via Forsee Power Digital remotely through its battery monitoring solutions.

Large series deployment

The deployment of large-scale electromobility solutions leads operators and end customers to completely review their methods and tools for managing and maintaining their fleet of vehicles. In order to meet these needs, the Group offers in particular:

- remote maintenance provided by a dedicated maintenance tool (Diagtool) for its systems; this tool allows the remote monitoring of the battery fleet developed by the Group's teams, with the aim of preventive and corrective maintenance. It is suitable for battery systems for heavy vehicles and is widely used for bus fleet management;

[30] *Global Energy Perspective McKinsey – 2019 and study by Forsee Power's Director of Investments.*

- training and certification for maintenance and design offices through its Forsee Power Academy center;

- preventive and corrective maintenance services through remote diagnostic tools, flying doctors, a network of local partners and a hotline via Forsee Power Field Services;

- remote monitoring of battery/vehicle fleets via Forsee Power Digital;

- structuring and financing services from the battery to the complete infrastructure, due to its subsidiary NeoT, the support of its partner Mitsui and a vast network of banks and investors with certain pre-negotiated financing agreements, via Forsee Power Financial Services.

Second life and recycling

The Group develops its batteries with a view to a circular economy, so that their mechanical and electrical design facilitates their integration into containers. They may therefore be given a second life in a vehicle with less demanding needs, or be integrated into stationary storage applications aimed at optimizing a network or setting up a self-contained storage system coupled with the production of renewable energies such as solar panels or wind turbines.

It has therefore conducted several second-life pilot projects to anticipate the return in a few years' time (starting in 2025) of the first series of products in accordance with applicable regulations, which make it responsible for taking back all sold batteries under certain conditions defined by European Directive no. 2006/66/EC of 6 September 2006, on batteries and accumulators and waste batteries and accumulators (as amended by Directive 2013/56/EU of the European Parliament and of the Council of 20 November 2013, and Directive (EU) 2018/849).

The Group started mass production of its battery systems for heavy vehicles in 2018. Given that the first life of batteries can extend from 8 to 15 years depending on the technology (see chapter 9 "Regulatory environment" of the Registration Document), it anticipates a gradual return of some batteries currently in service in the heavy vehicles of its European customers. Through partnerships with manufacturers and start-ups, the Group wishes to be able to offer either a second life or a recycling solution for all its customers. From 2015 to 2017, Forsee Power, EDF, Mitsubishi Motors Corporation, Mitsubishi Corporation and PSA Peugeot Citroën tested an energy storage solution from used lithium-ion batteries from electric vehicles as part of a demonstrator installed in Moissy-Cramayel. Thus, the technical solution exists; it is now necessary for the second-life market to develop following the first life of batteries supplied by the Group.

Second-life batteries could extend the economic value of the battery and provide an additional revenue stream for the Group in the future.

5.5.2 Research and Development

The Group has three Research and Development (R&D) centers located in France and China, respectively. The Group's R&D teams have more than 160 engineers and technicians covering all the knowledge and know-how required for innovation, design, development, production implementation and monitoring and maintenance of products and systems in service.

The Group's R&D teams have a broad field of multidisciplinary expertise, including:

- electrochemistry, including material physics and physico-chemical kinetics: advanced analysis of aging phenomena throughout the life cycle (storage, recycling, etc.);

- functional analysis of the system and overall electrical sizing;

- complete multi-scale thermomechanical design (cells, modules, packs, vehicle system);

- wiring systems (power and control-command);
- the cooling system;
- analog and digital electronic design;
- electromagnetic compatibility according to applicable standards and customer specifications;
- resistance to vibrations, shocks and any other environmental conditions specific to vehicles;
- software development as a whole (on-board software, diagnostic and maintenance software, test software, etc.).

The Group believes that these capabilities enable its R&D teams to master key elements for its customers, including:

- sizing and preliminary overall architecture analyses;
- functional and behavioral modeling, advanced simulations linked to the mission profile specific to each target application or sector;
- systems engineering using a structured approach: specifications, architecture (functional/logical and physical), performance, analyses of operational safety and security, and reliability;
- strategies and conduct of integration, verification, qualification, validation and certification testing;
- development of thermomechanical and wiring sub-assemblies;
- development of power electronics products and modules;
- digital and analog electronic development;
- on-board software development in accordance with applicable standards implementing advanced control and regulation algorithms to maximize system performance and life.

Since the Group's products and systems are largely embedded in vehicles with a life expectancy of more than 10 or 12 years in most cases, the Group's engineers are focused on designing robust solutions to meet the various controls. In addition, the R&D activities aim to optimize performance and value of products and systems for second life, while ensuring that the materials and components used are recyclable. This allows the Group's batteries to be as competitive as possible with the batteries offered by its competitors, particularly in the constantly evolving innovative environment in which it operates.

The R&D processes, methods and tools implemented tend to meet both the needs of transversality and genericness over the breadth of the portfolio of products, systems and solutions offered by the Group, while taking into account the specificities specific to each range.

R&D cycles include:

1. a phase of studies or exploration of concepts, from a predominantly scientific and technological perspective, which may involve external collaborations;
2. a functional modeling phase aimed at demonstrating the technical feasibility (key features and performance), as well as establishing a first technical-economic framework;

3. repeated prototyping phases, until achieving product-process representativeness prior to preparation of mass production.

In addition, the Group is moving toward the implementation of agile development principles and methods, in order to better understand the changing needs during the development phases, and also to promote better efficiency and autonomy of multi-business project teams.

Following the purchase out of bankruptcy of assets attached to the autonomous branch of activity of Holiwatt in late July 2021, certain products and knowledge are protected by filed patents. As of the date of the Registration Document, the Group has 21 patents filed (11 of which are in force), the majority of which are granted or filed in several countries.

5.5.3 Applications

5.5.3.1 Buses and trucks

In these vehicles, Forsee Power's battery systems combine with several energy sources and offer benefits not only in terms of the environment, but also economics and passenger comfort. They enable full-day operation, end-of-line charging, fast or ultra-fast charging or hydrogen vehicle equipment.

Vehicles are varied in this market area and include minibuses, buses, coaches and trucks.

5.5.3.2 Rail

Batteries are an integral part of greening rail projects and can be adapted to all situations envisaged, beyond diesel-battery hybridization. They reduce emissions, reduce infrastructure costs, and preserve the natural landscape.

In the case of hydrogen traction, the fuel cell transforms hydrogen to power the batteries. These can then regulate activity by storing energy when the fuel cell provides surplus and returning it in the opposite case.

A battery is also a cost-effective solution of choice for electric trains. The installation of catenaries can be very expensive and complex (from simple to tenfold depending on whether it is a so-called classical route or a tunnel route). The integration of batteries thus allows a simpler and more economical solution to expand the network. The energy delivered by the batteries takes over on portions of branches not equipped with catenaries and therefore electricity.

For example, the Group is working with Alstom to equip its first hybrid TER (see Section 5.5.4 "Customers" of the Registration Document).

The major challenge of the project was to integrate batteries into spaces originally designed for diesel engines and their tanks. Alstom's plan is to transform an existing fleet of trains rather than wait for the end of train life, and thus accelerate the decarbonization of rail transport. The technological mastery and ability of the Group's R&D teams to design modular systems are critical to the success of the project.

Since 2018, the Group has significantly increased its investments to recruit teams of expert railway engineers, develop the right technologies and establish a dedicated production line at its Chasseneuil-du-Poitou plant. The Group is one of the few battery manufacturers to master LTO (Lithium Titanium Oxide) technology, the high-power properties of which are ideally suited to diesel-battery hybridization of trains.

At the end of July 2021, Forsee Power announced the purchase out of bankruptcy of assets attached to the autonomous activity branch of Holiwatt, integrating a very broad product offering of energy storage systems for catenary-free rail transport, fast-charging systems on-board and on-track, energy recovery systems and power converters and auxiliary converters (CVS). This recovery also includes the

integration of a team of 36 railway market experts into the Group's workforce (see Section 6.3 of the Registration Document).

5.5.3.3 **Maritime**

As a significant emitter of greenhouse gas emissions, the marine industry has begun to shift toward greener transport, with less diesel and less gas oil. In April 2018, the 176 member states of the International Maritime Organization agreed on a numerical target for the reduction of greenhouse gas emissions: –50% by 2050 compared to 2008. To date, 70% of ship pollutants are released within 400 km of land[31]. Ships spend much of their time dockside in ports and must keep their engines constantly running, even when parked. The ports and surrounding areas are thus very polluted. About three-quarters of the world's largest cities are located on the coasts, and half of the world's population lives within 60 km of an ocean. Some ports, such as Singapore, have taken steps to reduce their emissions by replacing thermal energy with hybrid or 100% electric power when possible.

Like buses or industrial and commercial vehicles, marine manufacturers offer an electrical range. Pusher boats, small ferries, yachts and passenger boats can now operate in 100% electric mode (batteries used to power the entire ship, to propel and recharge the vessel) or hybrid mode when batteries are used for specific purposes in addition to diesel, like for cargo and fishing boats.

The different uses of battery systems in hybrid vessels are listed below:

- Load variation control: The batteries absorb variations in network load, improving fuel consumption and reducing engine hours.

- Noise reduction: When the thermal motors are switched off, the noise generated by them no longer exists. This allows maintenance teams to work in the engine room without any inconvenience. Noise is also suppressed when ships (for example, a yacht) remain in place.

- Reducing pollutant emissions: The batteries supply power to the vessel so that the engines can be switched off. This results in less pollution in port areas (entry and exit of ships is done only with battery systems).

5.5.3.4 **Agriculture, construction and mining**

Pure electrification is not the only option to achieve emissions reduction targets for construction equipment and agricultural and mining equipment. Hybridization is also an effective and viable approach for many vehicle categories.

After a year of research and development, the Group's engineers developed the new high-power Forsee Pulse solution incorporating lithium-titanium oxide (LTO) cells known for their long life and very high-power characteristics, ideal for hybrid applications. The battery was designed to comply with Kubota's ambitious specifications (see paragraph below), which include the installation of battery systems in various types of vehicles, such as construction, handling and agricultural machinery.

The Group was selected by Kubota, one of the world leaders in industrial engines under 100 HP and also one of the leading manufacturers of off-road vehicles, as a partner for the development of its LTO 48-V battery systems. The Group will equip micro-hybrid engines for Kubota's light construction and agricultural vehicles. This is the first significant transaction for the Group in the fast-growing off-road vehicle market.

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[31] *Centre for International Climate and Environmental Research, University of Oslo (Norway) (2009): Update on emissions and environmental impacts from the international fleet of ships: the contribution from major ship types and ports.*

5.5.3.5 **Urban and light vehicles**

Light vehicles have historically led the way toward electrification, especially in China, from a base of lead-acid batteries that have existed for more than 10 years. Lead-acid battery technology is a recognized environmental pollutant. Its low energy density and limited life span have encouraged the introduction of the more efficient and environmentally favorable lithium-ion technology, the technology sector in which the Group has positioned itself.

Government assistance (Europe, India) for lithium-ion and the exponential increase in the production of lithium-ion batteries have helped to reduce price differentials relative to historical lead technology, in particular when taking the total cost of ownership (TCO) over time. In fact, Asian lead-acid batteries have very limited life cycles. However, lead technology remains dominant in China.

The Group's strategy has focused on light electric mobility on scooters, an emerging market that is more complex than that of the EPAV (electric power-assisted vehicle) market and has a very significant potential in Europe and India.

Significant contracts have been signed, notably with Bosch, Piaggio and with local players in Europe and China, for their domestic needs but also for export to Europe, where the Group has had a commercial presence and after-sales service since its creation. In India, the Group began marketing scooter batteries at the end of 2020 and, as of the date of the Registration Document, has facilities adapted to meet Indian demand through its Pune plant. Furthermore, in July 2021, Omega Seiki Pvt Ltd., an Indian company of the Anglian Omega group, and the Group entered into a strategic partnership for the supply of lithium-ion batteries to all Omega Seiki Mobility three-wheeled commercial vehicle lines. Omega Seiki Mobility electric utility vehicles equipped with the Group's lithium-ion battery system will offer a battery range of 120 km.

EPAV — electric bicycle activity has moved in France and the United States toward the production of custom-made batteries, therefore more specific for bicycle-sharing uses in cities or for leisure purposes. Initially produced at the Group's China site, there is renewed interest in relocating to Europe due to new import tariffs introduced by the European Union; as a result, the Group was able to sign a new order in France for high-value-added products manufactured in Poland.

Applications for two-wheeled vehicles focused on service activities have also emerged, such as last-kilometer logistics and municipal services (police, cleaning, waste collection, postal distribution).

The light mobility application range has recently expanded to three-wheeled vehicles and four-wheeled vehicles, particularly in the following sectors:

- three-wheeled vehicles or e-Rickshaws (particularly in India and neighboring countries, and historically in Europe): public transportation, small taxis, freight transport, municipal services such as mail distribution, cleaning or waste collection;
- four-wheeled vehicles cover the following sub-sectors:
    - unlicensed cars, which are increasingly popular in urban centers and reach a younger customer base with the use of electric power,
    - transport of goods in light or shuttle-type vans,
    - recreational vehicles, such as go-karts, golf carts, buggies, four-wheelers, jet skis,
    - light "off-highway" vehicles for forestry, agriculture and construction activities.

Faced with this variety of applications, the Group provides a product response focused on the GO line but also on the Slim Zen line for the most powerful vehicles. This sector is particularly relevant for the

Group, which can, due to its experience with two-wheeled and heavy vehicles, provide a relevant and differentiated answer to its competitors.

With its high potential for light vehicles, this sector has a firm place in the Group's development strategy and is expected to represent a significant vector of growth in the coming years.

5.5.3.6 Autonomous vehicles and robotics

These applications include automatic-guided vehicles (AGV), autonomous land vehicles (ALV), safety robots, multi-purpose robots and small autonomous shuttles.

The batteries are either integrated or interchangeable depending on the need and type of vehicle.

The logistics industry is increasingly using these vehicles.

5.5.4 Customers

Over the past few years, the Company has developed a broad portfolio of customers in its five market sectors, thereby ensuring a diversification of its business activities.

Most of these customers are now in development, demonstration, or are entering the growth phase. Nevertheless, the Group has enabled some of its customers to benefit from an "early mover" position and benefit from a very strong growth dynamic; this rapid launch among certain customers, particularly in the commercial and light vehicle sectors, has led to a certain concentration of the Group's revenues. Thus, the Group's sales to its top 10 customers represented 84% of the Group's consolidated revenue for the year ended December 31, 2020, and 90% of the Group's consolidated revenues for the half year ended June 30, 2021.

With its sales teams in Europe, Asia (China, Singapore, Japan) and North America, and complemented by Mitsui's global network, the Company now believes it can capitalize on these initial achievements, and successfully approach major buyers in its key markets (for example, Kubota and Kawasaki in Japan).

The Group's commercial activity is very strong in all its sectors and in all geographies. Consequently, the Group should see an increase in the number of customers and in its revenue in the coming years, enabling it to reduce the concentration of its revenue in a limited number of customers.

Light Vehicles and Industrial Tech

The customer portfolio is diversified for this business and also relies on several key customers.

In light mobility, Piaggio and Bosch are two major references.

- **Piaggio:** Partnership established in 2017 with a multi-year contract (based on framework contracts with orders for battery systems for scooters). Forsee Power was selected to develop several batteries for the electric version of the iconic Vespa scooter. A complex and custom-made product given the constraint to not modify the historic Vespa chassis, the development project was a success due to the good coordination of the Forsee Power teams in France and China. The battery is produced in the Group's factory in Zongshan. The Vespa Elettrica is considered a high-end scooter with a range of 100 km and a maximum speed of 75 km/h. In 2020, Piaggio renewed its trust in Forsee Power with the new Piaggio One scooter, designed for younger customers, at an affordable price.

- **Bosch:** Partnership initiated in 2018, notably through the Bosch China subsidiary developing a traction chain for scooters. Several custom batteries have been developed for sale throughout

Asia. Bosch also asked the Group to support it in its business launch in India. The Pune plant was thus able to start production at the end of 2020, due to the contract signed with Bosch.

- **Sodikart** (global player in the field of karting): In 2015, Forsee Power was selected to launch its electric go-karts entertainment and competition range. The results on the track in terms of speed, acceleration and life span were conclusive. After first launching in Europe, Sodikart is now rolling out in the U.S. and China at outdoor centers as well as indoor ones, due to the use of electricity.

- **Kubota:** Kubota represents Mitsui's contribution to the development of the Group's activity through its international network, including its presence in Japan. Kubota has enabled the Group to enter the promising sector of off-highway vehicle hybridization, with a first power product: THE PULSE 0.5.

For industrial tech references, the customer portfolio is broad and diverse but historically recurrent. Some customers have trusted the Group for over 10 years.

- **Hager:** Long-term customer since 2013 in the field of batteries for alarm equipment and smoke detectors. Production is carried out in Poland, with global cooperation between the Hager and Forsee Power teams in France, Germany and more recently in China. This demonstrates the Group's ability to support its historical customers internationally at multiple sites around the world.

- **Somfy:** Customer established in 2019 and strengthened last year through a major contract for roller shutter batteries, which will be deployed in 2021–2022. The Group was thus able to mobilize its teams in France and China to respond adequately to Somfy's requests both globally and locally.

- **Medical**:

    - **O2 Concept and Precision Medical:** These two American companies, major players in the field of breathing aids, have been customers of the Group since 2013. Several batteries for oxygen concentrators have been produced from the Group's factory in China and have been in the product range for almost 10 years. Recently, these customers expressed the wish to be able to receive production from Europe as well, and the Group's Polish site thus integrated production of one in early 2021; this demonstrates the Group's industrial capacity to meet different production localization needs.

    - **GCE-ESAB:** This major player of British origin specializes in the field of ventilators, which have recently been used in the treatment of COVID-19. The Group provides this customer with customized portable batteries for their devices.

Heavy vehicles

The Group has developed a broad portfolio of customers in the field of heavy vehicles, including some industry leaders.

- **Iveco/Heuliez (CNHi Group)**: As a customer of the Group since 2012, the Iveco/Heuliez Group launched its first production electric bus developments in 2014 and chose the Group as of 2015 based on the "off-the-shelf" Flex7 system. As early as 2016, as part of a long-term partnership, the Group launched the development of the Zen range, allowing 350 kWh of battery per 12-meter bus, thus enabling it to meet market requirements in terms of battery life and passenger capacity. Heuliez set a track record for battery life with this system, reaching 527 km in October 2019. Iveco/Heuliez has also capitalized on the Group's wide range, and developed 18-meter articulated buses and fast-load systems for the Dutch market, due to the Group's Flex

and Pulse product ranges. Iveco/Heuliez is also the first Forsee Power customer to have benefited from the Group's battery financing offer.

- **Wrightbus (Bamford Group):** Since 2012, Forsee Power has been supplying Wrightbus with its full range of products (Flex, Pulse, Zen). The relationship with Wrightbus is full of pioneering projects: Deployment of the first bus line with induction opportunity charges in 2013, first double-decker fuel-cell buses in 2016 and first double-decker buses incorporating battery packs into the chassis in 2021. The depth of the Group's offering allows Wrightbus to optimize its vehicle designs, including adoption of the "roof" battery pack formats on its single-decker buses and Slim on its double-decker buses. United by a five-year supply agreement with an exclusivity clause for a period of two years from January 1, 2021, to December 31, 2022, the Group and Wrightbus collaborate beyond the United Kingdom, and are looking toward Asia and North America, where the Group supports it with its financing offers.

- **Alstom:** Forsee Power has been Alstom's partner since 2016. Forsee Power supplied the battery systems of the first demonstrators on the Aptis bus with opportunity charging (Flex7) (this project is expected to be stopped by Alstom by the end of the 2021 financial year if no takers appear for this subsidiary), before being selected in 2018 to supply the high-energy batteries of the serial version for the RATP markets (Alstom being among the three selected suppliers). Forsee Power is also Alstom's supplier for its regional hybrid express train project, which consists of replacing half of the diesel-hybrid engines with a very high-power battery system developed according to railway standards. After a successful test, the high-power battery systems developed by the Group were integrated into the first experimental hybrid TER at the beginning of 2021 for mass production planned for 2022. Designed with the SNCF and in partnership with the Occitanie, Grand Est, Nouvelle-Aquitaine and Centre-Val-de-Loire regions, this new hybrid TER called "Régiolis Hybride" is manufactured by Alstom with a goal of 20% energy savings and reducing greenhouse gas emissions. Régiolis Hybride will benefit in particular from regenerative braking on arrival at the station, allowing charging of the batteries and use of this energy in traction phases. At the end of the tests, Alstom plans to convert between 100 and 200 trains in its fleet to hybrid mode.

- **Caetano Bus:** A partner of Caetano Bus since 2017, Forsee Power supplies its entire range of batteries (Zen, Pulse, Flex). Due to the Zen35 batteries, Caetano has won contracts for all-electric buses in London and Lisbon.

5.5.5 Production (factories)

The Group has four production plants in Europe (France, Poland) and Asia (China, India). This strong industrial anchor, sized to meet the needs of its customers worldwide, allows the Group to locate its battery production as close to its customers' assembly plants as possible, significantly reducing the carbon footprint associated with transportation while also reducing costs and delivery times. These four production plants also provide battery maintenance services in addition to remote diagnostic devices.

5.5.5.1 Major production steps and occupations

The main steps in the Group's battery production process are outlined below:

- Control of line input components and sorting of cells by performance level;

- Stacking process: Assembly of cells together (positioning, laying of bus bars, intercell welding, etc.);

- Stack inspection (module);

- Final assembly of the pack, with qualitative tests at each stage:

- placement of stacks;
- assembly of communication harnesses;
- connection of circuit boards;
- assembly of power harnesses;
- assembly of the PDU (Power Distribution Unit: a unit consisting primarily of electro-mechanical products that manage the opening and closing of the branches, i.e., the current flow, when the appliance is switched on and off, and which measures the current during its use) and BMS (Battery Management System: system consisting of an electronic board that analyzes all information (voltages, temperatures) received from the modules and PDU, and then performs real-time calculations necessary to ensure the battery is functioning and safe);
- closing of packs;
- release inspection and then packaging.

Many engineering occupations are involved in the phase preceding the production and commissioning of battery systems, including:

- Project Manager: Steering the various functions for customer development or internal innovation;
- System Engineer: Responsible for the complete system design and integration within the vehicle; ensures alignment of the specifications (see below) and the tests to be implemented during the development phase;
- Quality Engineer: Guaranteeing compliance with internal and customer quality procedures and defining the controls to be put in place;
- Engineer/Purchasing Manager: Responsible for selecting suppliers, approving them and meeting project cost targets;
- Industrialization/Process Engineer: In charge of production, definition and receipt of production and control means.

Specifications include the technical and quality requirements of the production lines. Quality controls are included at every stage of the production line to ensure the safety of the Group's products. An automated stage of module training allows for volume control and cost control, followed by a final manual assembly of the pack. This set of steps ensures product quality prior to system assembly.

Once in production, a number of occupations are involved:

- Production Quality Engineer: Verifies that the products are correctly tested, in accordance with project and customer definitions;
- Operator: Handles and assembles the various components and ensures the manufacture of the products;
- Line Supervisor: Manages the load of production teams to ensure the speed of the assembly lines;
- Logistics Manager: Responsible for defining production plans and supply of components;

- Maintenance Manager: Responsible for maintenance of the production equipment and the production plant;

- HSE Manager: Responsible for the implementation of safety procedures for the protection of persons and products, and management of environmental aspects related to the production plant and the products and components that are managed there;

- Sales Administration Manager: Responsible for recording orders and invoicing products.

This mastery of industrialization includes expertise validated by the Group's customers in multiple production processes, such as ultrasonic welding, laser welding and spot welding.

Particular attention is paid to quality throughout the industrialization process. The lines ensure the traceability of each cell from validation at line entry to the complete pack. This level of quality is ensured by increased inspection of component inputs and the cell sorting process. The process relies on experts in the integration of in-line testing capabilities and inspection devices.

Manufacturing processes that comply with ISO and AFNOR standards thus guarantee a high level of integrity at every stage of production.

5.5.5.2 **Capacity of the Group's production plants**

To meet the growing demand for the manufacture of battery packs, the Company's strategy is to increase the capacity of its sites by maximizing the use of available areas and then increasing the area either through expansions or changes of site, on different continents in order to have a consistent global presence, in particular close to its primary activities.

As of the date of the Registration Document, the Group has a production capacity of almost 1 GWh, with a total area of 25,000 m². The short-term objective (end 2023) is to have an installed production capacity of 2 GWh, with a total area of 46,000 m². In the longer term, by 2027, the Company plans to achieve a production capacity of 10 GWh, with a production area of almost 95,000 m², involving 900 employees; the Group estimates that achieving this production capacity in 2027 would involve an investment expenditure of around EUR 70 million over the 2021–2027 period.

The increase in equipment capacity is mainly achieved by automating so-called "bottleneck" positions, including cell stacking, as well as edge-of-line quality controls and release inspections. As a result, two automatic stacking lines have already been installed at the Chasseneuil-du-Poitou site, and other automation projects for the manufacture of standard modules are under development. The standardization of modules facilitates automation and enables the capacity production of a component that will subsequently be used in various applications, customizing the battery packs according to the customer's needs. The same is true for lighter mobility batteries, as at sites in China and India, namely through automation of controls and certain welding and cell assembly processes.

The responsibility for assembly line definitions, whether stacking or final assembly of pack, remains with the Group. This makes it possible to easily duplicate line concepts from one site to another, and to retain the know-how of the Group and the teams, based on current developments.

5.5.5.3 **Production plants**

5.5.5.3.1 **Poitiers site (France)**

The Poitiers site has an area of 15,601 m^2, divided into a production area of 9,689 m^2, a storage area of 3,693 m^2 and 2,219 m^2 of office space, social premises and laboratories and employs 200 people.

The Grand Poitiers agglomeration has acquired the site and is carrying out all of the renovation work. The lease signed by the Group prior to completion of the building work, with a maturity date of August

2, 2033, gives it the option to purchase the site at the time it deems appropriate. The Group also benefited from other financial support from the Nouvelle Aquitaine region, the State and the "Federal Mogul" revitalization fund, established by the former owner of the site taken over after mass layoffs, thus enabling support, grants and zero-rate loans to industry, business services and production companies in Chasseneuil-du-Poitou and more broadly in Grand Poitiers.

The Federal Mogul revitalization fund will provide a total subsidy of EUR 250,000, conditional on the creation of at least 100 permanent jobs on the site. The conditions for obtaining this grant were met and the last portion of the grant was received by the Group in March 2021.

Finally, the Group requested a recruitment assistance plan from the Nouvelle Aquitaine region and the State (PAT), which was granted in April 2018. This plan covers a period from March 2018 to September 2022 and allows the Group to benefit from subsidies that are released as job thresholds are reached on the site. The Group gradually obtains the release of these grants based on recruitment and the level of jobs created in the area.

The production capacity of approximately 720 MWh installed at the Chasseneuil-du-Poitou site is equivalent to the current annual European market for electric buses, i.e., the equivalent of 2,300 systems, which are spread over the different technologies of the Group. The capacity will be increased to 1 GWh in 2023. As of the date of the Registration Document, the site has five production lines that break down as follows:

- a manual ZEN 4 line with an annual capacity in 2*8 of 210 systems or 210 buses,
- a manual FLEX 7 line with an annual capacity in 2*8 of 189 systems or 189 buses,
- a manual line and an automatic line for ZEN 35/Zen 42 with an annual capacity in 2*8 of 924 systems or 924 buses,
- a manual line and an automatic line for PULSE 15 line with an annual capacity in 2*8 of 990 systems or 990 buses.

As of the date of the Registration Document, the activities of the Chasseneuil-du-Poitou production plant are subject to declaration under ICPE regulations (see Chapter 9 "Regulatory environment" of the Registration Document).

The production plant is expected to be fully ISO9001, ISO14001 and IATF16949 certified by 2022.

The Group plans to (i) increase its production capacity with new production lines by the end of 2023, (ii) increase its capacity (including its warehouse) for this production plant by the end of 2025 and (iii) construct a new facility to expand the production workshop by the end of 2027.

5.5.5.3.2 **Wroclaw site (Poland)**

The battery manufacturing site in Poland is located in the Wroclaw region whose lease was brought to the Group in 2012 when the French company Ersé was acquired. The Ligota Piekna site has been producing industrial battery packs since 2005 and its lease, which expires on January 31, 2022, is renewable every three years on market terms.

As of the date of the Registration Document, Forsee Power Poland employs 40 people in an area of 2,000 m^2 and produces about 1 million portable battery packs per year for the Light Vehicles and Industrial Tech (LeV & Ind Tech) Business Unit.

The structure of Forsee Power Poland integrates all the functions of a production plant, including industrial methods, quality, supply, logistics and project management. The team benefits from the technical support of the Operations Department at the Group's headquarters in France, but also from the

Zhongshan site in China, which manufactures industrial tech products on a larger scale. In 2019, the Forsee Power Poland site became the after-sales service center in Europe for light mobility products. Finally, an Eastern Europe Sales Manager joined the Group in 2020 to develop regional order-taking. The commercial activity concerning production in Poland is managed by the Light Vehicles and Industrial Tech (LeV & Ind Tech) Business Unit. Inventory management, procurement and customer billing are managed from Forsee Power France's common Enterprise Resource Planning (Navision). Support functions, such as human resources, legal or accounting are outsourced.

Forsee Power Poland has had ISO 9001 certification since 2010. The site also has ISO 14001, 18001, 13485 and TUV Rheinland certifications for the medical sector, SQ 900 D certification for railway and official Panasonic approval as a battery assembler.

In 2021, Forsee Power Poland again produced batteries for Starway electric-assisted bicycles. This contract is part of a trend to relocate battery production to Europe, which will shorten the supply chain and is also favored by some potential anti-dumping measures to be taken by the European Union to deal with Chinese competition. The context of relocating battery production to Europe is thus an interesting opportunity for Forsee Power Poland to increase production volumes and to upgrade to more complex batteries.

The Group plans, for this production plant, to (i) improve its production capacity for battery systems for the Light Vehicles and Industrial Tech (LeV & Ind Tech) business segment by the end of 2023; (ii) expand its production, testing and after-sales service capacity by the end of 2025; and (iii) build additional production lines, workshops and warehouses by the end of 2027.

5.5.5.3.3 **Zhongshan site (China)**

The Group's 6,000 m^2 Chinese site is located in Zhongshan, integrated into the Great Bay area (South China area comprising 11 cities, including Shenzhen, Hong Kong and Guangzhou). It is one of the development zones defined by China to create a zone of high-tech industry and innovation. The Group has two leases covering the site, one for 11 years and the other for five years, both of which expire on February 29, 2024.

This site is the headquarters of Forsee Power Asia-Pacific and incorporates all the support functions for the area. It addresses various markets in the Asia-Pacific region and also in Europe and the United States, depending on market sectors and products.

In addition to the operational functions required for site management, it integrates cross-departmental functions, such as human resources, finance and R&D for the Asia-Pacific region.

China is the world's largest market for electric vehicles. The Group's presence in China offers privileged access to this market as well as to the industrial ecosystem that has been created over the past 10 years (materials, machines and innovation centers).

The site also includes the operational departments necessary for operation of the plant (production, quality, supply, planning, after-sales service, etc.) as well as the functions necessary for the development of new products (programs, R&D, purchasing). It also includes a specific sales department in charge of developing the Chinese market.

The factory in China is able to flexibly produce a wide range of products, including industrial technologies, batteries for light vehicles and batteries for heavy vehicles.

The production space includes:

- three production lines dedicated to industrial tech;
- one production line dedicated to LeV;

- one production line dedicated to heavy transport.

The R&D office includes highly qualified engineers in a wide range of fields and incorporates all the expertise needed to design smart battery systems.

The integration of the R&D center on the production plant enables increased efficiency of *time to market* and the development of innovative products.

In 2019, Forsee Power China joined a truck battery team to support the product roadmap and business development in Asia. As at December 31, 2020, the Group employed 160 people at the Zhongshan site.

A total capacity of 410 MWh is currently installed. Production capacity will be increased to 1 GWh by 2023.

The site is fully certified according to international quality management standards ISO9001 and IATF16949 and environmental management ISO14001 and also has DNV (*Det Norske Veritas*) certification.

With regard to this production plant, the Group plans to (i) develop a new facility with assembly lines and additional offices by the end of 2023, (ii) automate its production lines and develop its logistics and its laboratories by the end of 2025 and (iii) further develop the automation and flexibility of its production lines by the end of 2027.

5.5.5.3.4 **Pune site (India)**

In April 2019, the Indian government issued the "FAME 2" (Faster Adoption and Manufacturing of Hybrid and EV) policy to encourage electrification in the country. A total of INR 100 billion (around EUR 1.24 billion) is expected be used to electrify up to 7,000 buses, 500,000 three-wheelers (both of which are considered public transport) and 1 million two-wheelers.

India is the largest two-wheeled vehicle market in the world (more than 20 million units sold per year).[32]

Beyond the two-wheeled vehicle market, the bus market is growing strongly in India. Of the 7,000 buses to be electrified by 2025, more than 5,500 electric buses have already been approved by the Indian government[33].

The Company intends to position itself in India in the bus and scooter markets.

In order to rapidly expand into the Indian market, the Company has entered into a partnership with one of the leading automotive suppliers in India (Bosch) and with an Indian manufacturer (Minda), as summarized below. More than 1,000 batteries for two-wheeled vehicles will be delivered by the end of the 2021 financial year. In addition, Forsee Power India Private Limited and Mitsui & Co. India PVT. Ltd. entered into a service contract on April 16, 2021, under which Mitsui & Co. India PVT. Ltd. provides support to Forsee Power India Private Limited in order to expand the Group's activities in India (see Chapter 20 "Important contracts" of the Registration Document).

Forsee Power India is located in Pune in the state of Maharashtra. This city is one of the three main centers of the automobile industry in India. This puts the Group very close to its trading partners. Forsee Power India also has an office in the Indian capital of Delhi.

The Pune plant, with an area of 2,000 m^2, is the Group's newest plant in Asia. Established in 2020, it has been fully operational since 2021, when it began producing batteries for LeV activities; it should enable the Group to reach the Indian domestic market. Production and technology were transferred from

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[32] *Source: Apex industry body, the Society of Indian Automobile Manufacturers (SIAM).*
[33] *https://fame2.heavyindustry.gov.in.*

the existing Chinese plant, allowing the Indian plant to quickly enter service. The production space includes two production lines dedicated to LeV.

As part of its establishment in India, the Group entered into a partnership with Minda, an Indian automotive parts manufacturer, in 2020. Under the terms of this agreement, Minda makes its staff and the production lines of its industrial site available to the Company and is a privileged representative to promote the development of the Group's relations with this local market. In return, the Company (i) assumes the production costs (based on actual costs) and provides its partner with technical documentation, the equipment necessary for the production of batteries for LeV activities as well as qualified personnel to establish and validate production processes in accordance with those of the Group, (ii) reimburses its partner for the capital and operating expenses incurred by the partner for the operation of the site and (iii) pays a commission of 15% on the amount of expenditure necessary and sufficient for the production (these expenses having been previously approved by the Group).

Specific products for the Indian LeV market are currently under development. The relevant production assets will be put in place on that date to produce these new types of products.

The Indian factory is also dedicated to serving national customers for the HeV battery market as of 2022–2023. In June 2021, a memorandum of supply agreement with an important Indian mobility player (Omega Seiki) was signed. Under this agreement, more than 5,000 new-generation electric batteries will be delivered by the end of the 2022 financial year.

This production plant employs 30 people (including 3 Group employees and 27 Minda subcontractors). It currently has a total capacity of 120 MWh, and the Group plans to increase this to 200 MWh in 2023.

The production plant is expected to be fully ISO9001 certified in 2022 and IATF16949 certified by 2023.

With regard to this production plant, the Group plans to (i) start production in a new facility by the end of 2023, (ii) increase production and test capacity on Light Vehicles by the end of 2025 and (iii) build a new laboratory and assembly line for Heavy Vehicles by the end of 2027.

5.5.6 Marketing

To support the Group's growth, it relies on a team dedicated to business development, organized by markets and geographical areas. The business development and strategy directorate is organized into four divisions: the heavy vehicle business unit, the light vehicle and industrial tech business unit, international sales and strategic development.

The business units are composed of sales engineers, key account managers and sales managers. Each of the business units relies on after-sales service teams led by the Europe and Asia-Pacific regions.

The international sales division complements the efforts of the business units' teams.

In North America, a commercial director has a multi-product mission across the United States and Canada.

In Central Europe, a sales agent focuses on heavy vehicle customers.

In Eastern Europe, a sales manager based at the Wroclaw site in Poland has a multi-product approach.

In China, a team is dedicated to local business development for all products.

In Singapore, a sales manager is responsible for business development across Southeast Asia with a multi-product approach.

In India, business development relies on the local structure and focuses on the light vehicle segment.

In Japan, the Company established an office in early 2021 and relies on a team of nine people made available by its shareholder Mitsui that addresses the heavy and light vehicle markets.

The Strategic Development division integrates the functions of partnership development, product strategy and service offering.

5.6 Dependency factors

Information related to the Group's dependency factors are included in Chapter 3 "Risk factors" of this Registration Document, and the following sections in particular:

- 3.1.1 "*Risk related to technological developments*;"
- 3.1.3 "*Risk related to the success of the vehicles/products offered by the Group's customers*;"
- 3.1.5 "*Risk related to unfavorable changes in public policies supporting clean energy*;"
- 3.2.3 "*Risk related to the Group's dependence on its main customers*;"
- 3.2.4 "*Risk related to the Group's dependence on its suppliers*;"
- 3.2.7 "*Risk related to IT systems*;"
- 3.3.4 "*Risk related to management teams, including Mr. Christophe Gurtner, and the recruitment and retention of experienced employees*."

5.7 Investments

5.7.1 Main investments made during the past three financial years

The total amount of investments made by the Group during the year ended December 31, 2020, was EUR 6,495 thousand, versus EUR 7,331 thousand during the year ended December 31, 2019, and EUR 7,339 thousand during the year ended December 31, 2018.

The main investments related to:

- the capitalization of development costs for EUR 4,018 thousand in 2020, EUR 2,980 thousand in 2019 and EUR 4,423 thousand in 2018;
- technical facilities for EUR 927 thousand in 2020, EUR 1,163 thousand in 2019 and EUR 1,031 thousand in 2018;
- other property, plant and equipment for EUR 493 thousand in 2020, EUR 337 thousand in 2019 and EUR 520 thousand in 2018.

5.7.2 Main investments in progress

The total amount of investments made by the Group during the half year ended June 30, 2021, was EUR 4,861 thousand compared to EUR 2,869 thousand during the half year ended June 30, 2020. For the half year ended June 30, 2021, the total amount of investments made by the Group in France amounted to EUR 4,439 thousand (financed by cash generated by the Group's business activities and supplemented by the use of available lines of credit) and in the rest of the world to EUR 422 thousand (realized through internal financing).

Investments in progress mainly relate to:

- fixtures and fittings at the Group's various facilities;
- improvements to production lines;
- improvements to information systems, such as the implementation of an Electronic Document Management System (EDMS) and the roll out of quality control software;
- the development of new products, including a range of heavy vehicle batteries using VDA modules: this project consists of developing a new range of batteries composed of standardized VDA-type modules. These batteries are intended for the electromobility markets (excluding private cars) where demand is driven by French and European customers, in particular IVECO Heuliez. The project includes a development phase and the adaptation of the Group's industrial tools to mass production at the Chasseneuil-du-Poitou facility. The aim is to offer Group customers the products which are best adapted to their needs, in terms of power, capability and energy, while maintaining an attractive price. The project has a total budget of EUR 3.6 million and is subsidized in the amount of EUR 1,348 million by the French state as part of the *France Relance* stimulus program.

In July 2021, the Group continued its growth in the rail battery systems market with the purchase out of bankruptcy of the assets attached to an autonomous branch of Holiwatt, a company specializing in rail energy storage and fast-charging systems established in Ecully, near Lyon. This acquisition was made after Holiwatt entered into insolvency on June 2, 2021. The Group offered to acquire all property, plant and equipment and intangible assets (with the exception of trademarks other than "POWER LIC" which was acquired), component inventories, finished products and current contracts; warranties over equipment already installed by Holiwatt were not assumed. In exchange, Forsee Power offered an acquisition price of EUR 700,000 and the integration of 36 employees (with a guarantee that they would not be dismissed for economic reasons within two years of the sale of the assets acquired). This bid was accepted by the Lyon Commercial Court on July 21, 2021, with immediate effect (see Section 6.1.3 of the Registration Document).

5.7.3 Main future investments

Future capital expenditure will mainly relate to the increase in the Group's production capacity, with a target of reaching 10 GWh by 2027. The gradual addition of new production lines at all of the Group's facilities to achieve this capacity will also be accompanied by expenditure relating to fixtures and fittings at these facilities (infrastructure, IT, etc.) as well as new equipment required for the quality control of these products (laboratories, test equipment, etc.).

At the same time, the Group intends to pursue its efforts to develop new products and continue its research, in order to roll out its continuous product improvement plan at a satisfactory pace. These efforts, which are a response to market expectations, will allow the Group to maintain a high-quality product offering across its various market sectors in the years ahead.

Regarding the purchase out of bankruptcy of the assets attached to the autonomous branch of activity of Holiwatt, the Group will focus in 2022 on revitalizing sales and accelerating development for customer projects, but based exclusively on the existing portfolio of "products". The Group intends to launch projects to develop new products in tandem. To this end and according to its forecasts, the Group will first need to finance its plan to revitalize sales up to EUR 9 million over the first 24 months, and then, secondly, support growth with another EUR 9 million over the subsequent 24 months to ensure this division reaches break–even first operationally and then financially (see Section 6.1.3 of the Registration Document).

5.7.4 Information regarding shareholdings

Information regarding shareholdings is available in Section 6.1 of the Registration Document, in Notes 1 and 5 to the Group's financial statements for the years ended December 31, 2020, December 31, 2019, and December 31, 2018, and in Notes 3 and 4 to the Group's condensed interim consolidated financial statements for the half year ended June 30, 2021.

5.8 Sustainable development policy

The Group was founded to develop reliable energy technologies to support the energy transition in the transport market. To do so, the Group has partnered with equipment suppliers from across the globe to supply their battery systems in their goal of transitioning to "zero emission" mobility. For example, in 2020, 24% of CO_2 emissions were generated by the transport market.[34]

The Group strives to apply a sustainable development policy to all of its activities in social, environmental and economic terms. The Group has included societal and environmental requirements in its strategy that together respond to the challenge of sustainable development.

Within this context, the Group's Corporate Social Responsibility (CSR) commitment focuses on three areas: (1) the introduction of measures and contributions aimed at limiting climate change, (2) value creation for its employees and communities and (3) the adoption of more responsible consumer behavior. These three objectives are closely tied to the fundamental principle of transparent and strong governance.

The Group's Executive Committee determines the Group's sustainable development strategy. This strategy is led by the Head of Communications, Public Affairs and Sustainable development, who is also a member of the Executive Committee. In 2020, the committee set the following 10 objectives for 2025 and drew up a strategic plan mapping the key steps to achieving these objectives:

1. absenteeism rate: 4.49% in 2020 with a target of 3.8% in 2025;

2. accident severity rate: 0.17 in 2020 with a target of 0 in 2025;

3. the percentage of women represented on the Board of Directors: 0% in 2020 with a target of 40%-60% in 2025;

4. the percentage of women represented on Management Boards: 26% in 2020 with a target of 40%-60% in 2025;

5. the introduction of a supplier Code of Conduct: present in 2020 (target achieved);

6. the percentage of suppliers that have signed the Code of Conduct: 76.6% in 2020 with a target of 100% in 2025;

7. the weight of waste per kWh produced: this target will be qualified in 2022, as the volume of waste must be significantly reduced in the production process (from the purchase of components to delivery to the end customer);

8. the waste recycling rate: 73% in 2020 with a target of 100% in 2025;

9. the share of air transport in the transport of components purchased: 27.69% in 2020 with a target of 5% in 2025;

[34] *CNRS Intergovernmental Panel on Climate Change 2019.*

10. the share of renewable energy in energy consumption: 15.61% in 2020 with a target of 50% in 2025.

Each 2025 objective is monitored by a member of the Executive Committee who is responsible for achieving the objective in question. The Executive Committee also reviews the Group's sustainable development performance twice a year. The Group has also committed, with external and internal stakeholders, to assessing the relevant financial, ethical, environmental and social aspects that may have an impact on the Group's operations.

The Group supports the United Nations Sustainable Development Goals (SDGs) and contributes to nine of them (3, 5, 7, 8, 9, 11, 12, 13 and 16). For each of these goals, the Group contributes as follows:

SDG 3: Good health and well-being

- Promote a strong HSE (Health, Safety and the Environment) culture;
- Establish a responsible supply chain that promotes safe working conditions;

SDG 5: Gender equality

- Recruit and develop;
- Promote diversity and inclusion;
- Ensure an ethical work environment;
- Establish a responsible supply chain that promotes diversity and inclusion;

SDG 7: Affordable and clean energy

- Develop efficient and sustainable technologies;
- Propose financing solutions to accelerate the energy transition;

SDG 8: Decent work and economic growth

- Promote labor relations;
- Establish a responsible supply chain that promotes decent working conditions;

SDG 9: Industry, innovation and infrastructure

- Develop efficient and sustainable technologies;

SDG 11: Sustainable cities and communities

- Develop efficient and sustainable technologies;
- Take action to reduce our carbon footprint;

SDG 12: Responsible consumption and production

- Extend the life cycle of batteries with second life;
- Take action to reduce the carbon footprint;

- Develop environmental management procedures;
- Reduce consumption and optimize energy efficiency;
- Manage waste and improve recycling rates;
- Establish a responsible supply chain that promotes responsible consumption;

SDG 13: Climate action

- Develop efficient and sustainable technologies;
- Extend the life cycle of batteries with second life;
- Propose financing solutions to accelerate the energy transition;
- Take action to reduce carbon footprints;
- Establish a responsible supply chain that promotes climate-responsible behavior;

SDG 16: Peace, justice and strong institutions

- Ensure an ethical work environment;
- Establish a responsible supply chain that promotes ethics;

The Group has also been a signatory of the United Nations Global Compact since June 2020 and provided this body with an update on its progress in June 2021, in the form of a document equivalent to what is stated in this section of the Registration Document which indicates the Group's sustainability roadmap and progress at the end of 2020.

In June 2020, the Group published and shared its Code of Conduct with all of its suppliers. The main purpose of this Code is to ensure strict adherence and compliance with the Code which includes a set of principles that are in line with the Group's sustainable development objectives in terms of work, human rights, the environment and governance. As at December 31, 2020, 76.6% of the Group's suppliers had signed the Group's Code of Conduct. The objective is to reach 100% by 2025, with the introduction of inspection audits as of 2022 to ensure compliance with the principles set out in this Code.

Moreover, to create an ethical and transparent work environment, the Group has introduced several rules and guidelines for employees and other external stakeholders. The Group's Code of Conduct is shared with all employees in France, China, Poland and India. Group employees are required to sign and comply with the Code of Conduct. In addition to all of the Group's internal policies and procedures, this Code also includes a summary of the Group's values and commitments. During the year ended December 31, 2020, the Group drafted several recommendations relating to the anti-corruption policy, the IT security policy and introduced personal data protection procedures.

Finally, the Group's environmental, social and governance (ESG) practices and performances are assessed on an annual basis by its shareholders and some of its customers. These assessments consist of completing a questionnaire on sustainability themes as well as the Group's sustainability roadmap and its progress toward achieving its objectives.

In 2020, the Group was awarded a silver medal by EcoVadis for its Corporate Social Responsibility (CSR) commitment and performance. This rating places the Group in the top 25 companies assessed by EcoVadis and in the top nine companies in the sector. The Group obtained an overall score of 60/100, broken down as follows:

- Environment: 70/100
- Human and social rights: 60/100
- Ethics: 50/100
- Responsible procurement: 40/100.

This strategy was confirmed in July 2021 by EthiFinance's OneTrack rating, for which the Group obtained a score of 72%, placing it in the "advanced+" category.

5.8.1 Introduction of measures and contributions aimed at limiting climate change

With more than 25 years' experience in batteries, the Group develops technologies capable of meeting the power and energy needs of vehicles ranging from buses to scooters. Its innovation approach is primarily based on eco-design, which sets extended life cycle, superior performance and higher safety standard objectives.

After their first use in a vehicle, the Group's battery systems still have 80% of their power capacity, even after 10–15 years of use. The Group is also developing its batteries for the purposes of the circular economy (see Section 5.5.1.3 of the Registration Document).

The assembly of battery packs represents less than 25% of a battery's carbon footprint (excluding use of the product). Although the impact on the overall carbon footprint is limited, the Group is committed to introducing measures to reduce its own carbon footprint.

Scope 1: Direct greenhouse gas emissions from Group facilities

In France, the Group has completed the installation of the new cutting-edge insulation system at its Chasseneuil-du-Poitou facility. The insulation complies with RT 2012 standards to limit heating and air conditioning consumption in the absence of polluting molecules and combustion as is the case with oil or gas radiators. This has resulted in a significant reduction in the Group's carbon footprint. The structure also benefits from optimal access to daylight in order to limit the use of artificial lighting.

Scope 2: Indirect greenhouse gas emissions related to energy consumption

The Group encourages its employees to use "zero emission" modes of transport. In China, the Group provides a shuttle service and in Europe an increasing number of employees travel by bike, in particular in Paris.

With the global COVID-19 pandemic and related lockdowns, remote working for office employees became standard practice in 2020. The Group adapted to these exceptional circumstances by organizing remote working and providing guidelines on working from home to its employees. As it limited travel, remote working was another means of reducing Scope 2 emissions.

Scope 3: Other indirect emissions

The cells used to manufacture battery systems are sent to the Group's manufacturing facilities mainly from Japan, South Korea and China. These represent a major share of sourced components and contribute significantly to Scope 3 emissions.

As part of its 2025 roadmap, the Group has committed to optimizing transport by road, rail and sea, which are less energy-intensive than air transport. In order to reach its 2025 objective of reducing the use of air transport for the purchase of components to no more than 5%, the Group has introduced a new initiative called "The Railway Shipping Project" aimed at using the railway to ship goods from South Korea in the years to come.

As of 2022, the Group will calculate its carbon footprint on an annual basis and set reduction targets in line with a greenhouse gas reduction scenario of 1.5°C by 2100.

Moreover, the Group has set a renewable energies target of 50% of its energy consumption by 2025. In 2020, renewable energies accounted for 15.61% and the final target should be achieved by installing renewable energy generation equipment at its facilities and by negotiating an appropriate share of renewable energies with its energy suppliers.

5.8.2 **Value creation for employees and the communities in which the Group operates**

As of the date of this Registration Document, the Group was present in seven countries and employed 519 persons. Since its creation, the Group has undergone extremely rapid change, welcoming people from a wide range of backgrounds who share the same vision of emission-free sustainable mobility. Each year since 2017, the Group has surveyed its employees across the world to assess their level of satisfaction and draw up improvement plans for each facility to better meet their needs.

Employee recruitment and training

During the 2020 financial year, the Group hired 72 people on permanent contracts, mainly at its French production plant where operations were launched in 2018 and which continues to grow. With its systematic approach of long-term collaboration, the Group hires people who are compatible with its project. It then trains them to operate its production line, with particular attention paid to electrical accreditation.

Promoting diversity and inclusion

The Group is committed to providing an inclusive working environment, which values diversity and respect at all levels. In this respect, the Group promotes the employability and integration of women, older people, young graduates and the disabled throughout the year, by organizing international days and programs. It also welcomes students to share its vision of company life and its businesses.

Although the percentage of women in the Group's workforce was 43% in 2020, the representation of women within its management committees was just 26%. The Group has set a target of women representing 40% of members in these committees by 2025. The Group has also set a target rate of 30% for its Board of Directors by 2025.

Promoting labor relations

The management team also pays close attention to employees' quality of life in the workplace. Since 2017, the Group has conducted an annual satisfaction survey of its employees, which achieved a response rate of 86.5% in 2020 (compared to 74.2% in 2019) and a rate of satisfaction of 62.8% (compared to 64% in 2019).

The rate of satisfaction was down slightly in 2020, mainly due to the COVID-19 crisis and the impact that this had on team morale and the reduction of in-person meetings and discussions.

The survey has around 80 questions, split into 14 themes and helps the Group draw up action plans for each facility and thus improve general satisfaction, in particular in terms of working conditions, a clear understanding of the strategy, communications and management methods and the application of the Group's values of respect, innovation, operational excellence and customer care. The aim is not only to be a leader in the battery systems for electromobility market, but also to be an exemplary employer offering a motivating workplace in order to build team loyalty.

The internal magazine, *Watt's Up*, is also published twice a year in digital and paper form and is available to all Group employees. The magazine includes Group news, innovations, health and safety campaigns, market news and updates on the Group's progress in terms of its annual roadmap.

In Poland, meetings that bring together all employees are organized twice or three times a year. In China, quarterly meetings are organized with union representatives.

Improvement plans are discussed in detail within the Group and are implemented the following year. In December 2020, a meeting was organized with the employee representatives for the Ivry and Chasseneuil-du-Poitou facilities to discuss quality of life in the workplace, the corporate environment and any problems encountered by employees. Following this meeting, a special committee was set up to regularly address issues and propose solutions. Fatigue awareness training for managers was introduced for example.

Promoting a strong HSE (Health, Safety and Environment) culture

To protect the health and safety of its employees, the Group has been implementing training materials and programs aimed at developing the operational excellence of its employees. Each Group facility is therefore introducing an HSE program supported by monthly events and poster campaigns. The Group carries out regular audits of all of its production plants. For example, training has been provided covering ISO standards and welding in Poland.

Within this framework, the Group has set two objectives for 2025: an absenteeism rate of 3.8% (compared to 4.5% in 2020) and an accident severity rate of 0 (compared to 0.17% in 2020).

Several training sessions were canceled in France during the 2020 financial year due to the COVID-19 pandemic. However, the Group has defined the criteria for the current financial year and has increased the number of training sessions across all of its facilities.

5.8.3 **Adopting more responsible consumer behavior**

From procurement to delivery, in its offices or at its production plants, the Group is committed to permanently reducing its ecological footprint.

Developing management procedures

The Group is gradually implementing management systems to measure, manage and limit its impact on the environment. Two of the Group's four manufacturing facilities (Zhongshan in China and Wroclaw in Poland) are ISO14001 certified. In France, the certification process is expected to be completed during the 2022 financial year.

Reducing the consumption and optimizing the energy efficiency of facilities

The Group aims to move away from disposable materials wherever it operates. China had already banned single-use plastics in 2020 and the Group has taken similar measures in France and Poland. For example, in September 2020, the Group participated in the Sido robotics show paper-free. All marketing materials (brochures, product sheets, etc.) were digital and downloadable via QR codes.

Moreover, the Group has also reduced its digital waste by using less cloud storage and digitalizing Group documents so that everyone has access via the intranet, from a computer or a smartphone, including operators. By sharing documents rather than storing them on servers, the Group has therefore reduced the energy consumption of its server rooms. A campaign dedicated to limiting the number of emails sent was also carried out on a global scale.

Moreover, the production of the Group's battery systems does not require water for the manufacturing process, therefore limiting the Group's water consumption.

Finally, the Group is also committed to developing the use of renewable energies in its production process. It has therefore set a target of 50% of renewable energies for its energy consumption in its 2025 roadmap.

Waste management and improving recycling rates

In order to limit its environmental footprint, the Group must reduce waste from its production processes. For this reason, the Group has decided to favor purchases with a reduced volume of packaging and potential waste to facilitate the development of reuse options and it encourages partnerships with its suppliers to optimize packaging materials.

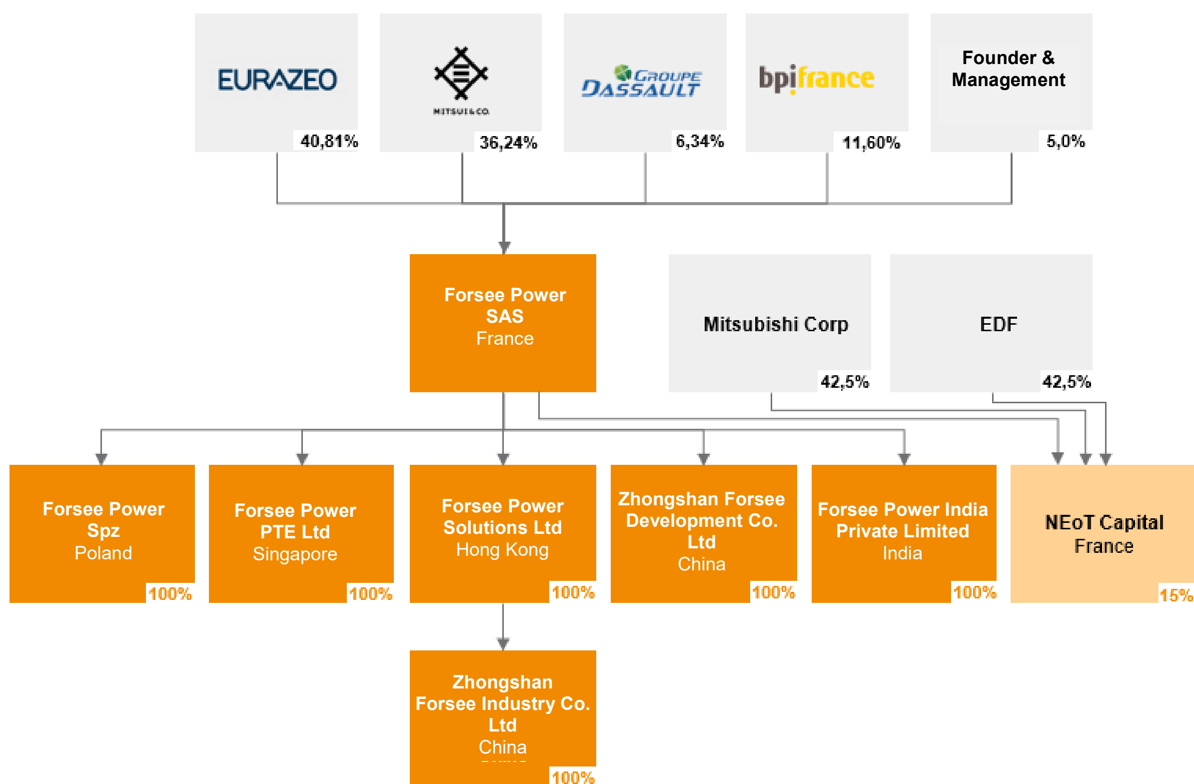
Finally, as waste sorting is a key part of recycling efficiency, the Group's facilities are equipped with a sorting system in their production areas, in order to streamline and optimize processes. The recycling of lithium cells and batteries is managed with dedicated partners (including the SNAM in France), in accordance with applicable regulations and in a systematic manner. The Zen 35 product, for example, currently has a recycling rate of 73% and this performance is expected to improve in the years ahead due to investments and innovation in recycling.

The Group's objective by 2025 is to reach a recycling rate for production waste (excluding organic waste) of 100% and reduce the amount of waste per kWh produced.

6. ORGANIZATIONAL CHART

6.1 Organization of the Group

The simplified organizational chart below presents the legal organization of the Group and its main subsidiaries at the date of the Registration Document.



** NEoT is not a consolidated entity within the Group.*
*** The above percentages reflect the ownership of share capital.*

Prior to the settlement and delivery of Company shares as part of their admission to trading on the regulated market of Euronext Paris, all preferred shares issued by the Company (see Paragraph 19.1.1 "History of the share capital" in the Registration Document) will be converted into new ordinary shares, on the basis of one new ordinary share for each preferred share converted.

6.2 Major Company subsidiaries

The principal direct and indirect subsidiaries of the Company are described below:

- Zhongshan Forsee Power Industry Co., Ltd. is a company under Chinese law, with share capital of USD 2,880,000, whose registered office is located on the 1st and 2nd floors at No. 39 Gongye Da Dao Zhong, Industry District, Xiaolan Town, Zhongshan, in the People's Republic of China, registered under number 91442000754511 19XY in the Zhongshan Administration for Market Regulation. Zhongshan Forsee Power Industry Co., Ltd. is a company engaged in the production of battery systems.

- Forsee Power India Private Ltd. is a company under Indian law, with share capital of INR 1,000,000, whose registered office is located at 4th floor, Worldmark 3, Asset 7, Aerocity, NH-8, Delhi, South West Delhi, Delhi, India, 110037, registered under number

U51909DL2020FTC365683 in the New Delhi Trade and Companies Register. Forsee Power India Private Ltd. is a company engaged in the production of battery systems.

- Forsee Power Spz is a company under Polish law, with share capital of PLN 50,000, whose registered office is located at ul. Prosta 27a, 55–114 Ligota Piękna, Poland, registered under number 0000256591 in the National Court Register. Forsee Power Spz is a company engaged in the production of battery systems.

- Zhongshan Forsee Power Development Co., Ltd. is a company under Chinese law, with share capital of EUR 120,000, whose registered office is located on the 1st floor at No. 39 Gongye Da Dao Zhong, Industry District, Xiaolan Town, Zhongshan, in the People's Republic of China, registered under number 91442000MA52PUYC0T in the Zhongshan Administration for Market Regulation. Zhongshan Forsee Power Development Co., Ltd. is a company engaged in the research and development of products made by the Group.

- Forsee Power PTE Ltd. is a company under Singapore law, with share capital of SGD 10,000, whose registered office is located at 1 George Street, No. 10–01, One George Street, Singapore (049145), registered under number 201838879C in the Singapore Trade and Companies Register. Forsee Power PTE Ltd. is a company engaged in design and engineering consulting services in the field of energy management and clean energy systems.

- Forsee Power Solutions Ltd. is a company under Hong Kong law, with share capital of HKD 1, whose registered office is located at Flat/RM 2806, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, registered under number 58025949-000-03-18-0 in the Hong Kong Trade and Companies Register. Forsee Power Solutions Ltd. is an intermediate holding company that owns equity interest in Zhongshan Forsee Power Industry Ltd. Co.

- NEoT Capital (a non-consolidated Group entity) is a *société par actions simplifiée* (simplified joint-stock company) under French law, with share capital of EUR 3,767,420.00, whose registered office is located at 49 rue de Ponthieu, 75008 Paris, France, registered under number 821 239 670 in the Paris Trade and Companies Register. NEoT Capital is a company engaged in financing within the renewable energy and electric mobility sectors, in which the Company holds 15% of the share capital and voting rights. Mitsubishi Corporation and EDF Développement Environnement hold a combined 85% of the share capital and voting rights.

  On December 13, 2016, EDF Développement Environnement, Mitsubishi Corporation and the Company entered into a shareholders' agreement among themselves for the purpose of agreeing on certain terms and conditions of governance of NEoT Capital and conferring on themselves certain rights and obligations as shareholders of NEoT Capital. This shareholders' agreement provides as follows:

  - *Chief Executive Officer*: Following the ordinary shareholder meeting called to approve the financial statements for the year ended December 31, 2020, the Chief Executive Officer is proposed by EDF Développement Environnement and approved by the other shareholders.

  - *Management*: Mitsubishi Corporation has the right to propose the appointment of one member to the management team of NEoT Capital.

  - *Board of Directors*: The Board of Directors of NEoT Capital shall consist of five members, including:

    - two directors appointed on the proposal of EDF Développement Environnement;

- o two directors appointed on the proposal of Mitsubishi Corporation;
- o one director appointed on the proposal of the Company.

In addition, EDF Développement Environnement, Mitsubishi Corporation and the Company each have the right to appoint a non-voting member to the Board of Directors.

- *Strategic decisions:* Certain decisions must be submitted to the Board of Directors for approval by a majority of three-fifths or four-fifths of the members of the Board of Directors, as appropriate. In addition, certain specific resolutions shall require the approval of more than 51%, at least 75% or a unanimous vote of the shareholder meeting, as appropriate.

- *Financing*: EDF Développement Environnement, Mitsubishi Corporation and the Company have undertaken to provide financing for NEoT Capital in the form of capital and/or shareholder loans in the amount of their respective equity interest in the share capital. Shareholder loans bear interest at the maximum tax-deductible rate referred to in Article 39-1-3° of the French Tax Code.

- *Withdrawal by Mitsubishi Corporation*: Mitsubishi Corporation has the right to offer the shares it holds to the other shareholders of NEoT Capital at their original value with a 30% discount. However, the other shareholders are not required to acquire the shares held by Mitsubishi Corporation.

- *Duration of the agreement*: The agreement took effect on December 13, 2016 for a term of 20 years. At the end of the initial 20-year period, the agreement will be automatically renewed for a period of five years, unless one of the parties notifies the other parties and NEoT Capital otherwise.

- *Prohibited disposal:* No disposals of NEoT Capital shares may be made to a limited list of competing entities.

- *Right of pre-emption*: Any proposed assignment of shares is subject to a right of pre-emption in favor of the other shareholders.

- *Tag-along right:* In the event of a transfer of shares in NEoT Capital, the other shareholders have the right to jointly sell all of their shares under the same conditions as those proposed for the contemplated transfer.

- *Drag-along clause*: In the event that one or more shareholders representing more than 80% of the share capital of NEoT Capital decides to accept a cash-only offer by a third party for 100% of the shares of NEoT Capital, they shall have the right to demand the transfer of all shares and claims held by all other shareholders to the acquiring third party, under the same conditions.

- *Change of control*: In the event of a change of control of a shareholder, such shareholder will be required to (i) transfer to the other shareholders all shares and claims of NEoT Capital held by such shareholder or (ii) acquire from the other shareholders all shares and claims of NEoT Capital held by them.

  Furthermore, the Company may be required to sell all of its shares in NEoT Capital to the other NEoT Capital shareholders in the event that the Company undergoes a change of control, within the meaning of Article L. 233-3 of the French Commercial Code, in favor of a limited list of competing entities.

6.3 Recent acquisitions and asset sales

In July 2021, the Group continued its growth in the rail battery systems market with the purchase out of bankruptcy of the assets attached to the autonomous branch of Holiwatt—formerly Centum Adetel Transportation—a company specializing in rail energy storage and fast-charging systems established in Ecully, near Lyon. This acquisition was made after Holiwatt entered into insolvency on June 2, 2021. The Group offered to acquire all property, plant and equipment and intangible assets (with the exception of trademarks other than "POWER LIC" which was acquired), component inventories and finished products, current contracts, without assuming the guarantees provided for equipment already installed by Holiwatt. In return, Forsee Power has offered an acquisition price of EUR 700,000 and the integration of 36 employees (with a guarantee that they would not be dismissed for economic reasons within two years of the sale of the assets acquired), as well as the acquisition of the paid leave and time off earned by those employees for EUR 297 thousand and EUR 26 thousand respectively. In addition, under the terms of this offer, which were accepted by the Lyon Commercial Court on July 21, 2021, with immediate effect, the Group agreed to a five-year lock-up clause for the patents acquired, except in the event of intra-group sales, mergers or partial contributions of assets between the Company and one or more entities over which it has majority control. As of the date of the Registration Document, Holiwatt owns a stock of 3,000 pieces of on-board and railside equipment. For example, Holiwatt launched its first regenerative braking system in 2012 and, starting in 2015, fitted the streetcar systems in Nice and Taiwanese city Kaohsiung with their battery and railside fast-charging systems, enabling the networks to operate without overhead lines. Previously, the Group had entrusted Holiwatt with developing technology for Alstom, which was paid for in full by the Company.

In 2022, the focus will be on boosting sales and accelerating development for customer projects, based exclusively on the existing "products" portfolio. The Group intends to launch projects for the development of new products in tandem. In order to achieve this objective, the Group will first need to finance its revitalization plan of up to EUR 9 million over the first 24 months, and then, secondly, support growth with another EUR 9 million over the subsequent 24 months to ensure this division breaks even operationally and then financially.

The EIB has granted the Company its prior consent dated June 29, 2021 to acquire Holiwatt provided that the conditions listed below are met: (i) the Company does not assume the liabilities related to Holiwatt's assets and employees, (ii) the acquisition price is less than or equal to EUR 900,000 and (iii) the acquisition of Holiwatt is in line with the Company's business and development plan.

7. REVIEW OF THE FINANCIAL POSITION AND RESULTS

The following discussions must be read together with the entire Registration Document, including the Group's condensed interim consolidated financial statements for the half year ended June 30, 2021, and the Group's IFRS consolidated financial statements for the financial years ended December 31, 2020, 2019 and 2018, as they are provided in Section 18 of the Registration Document.

Certain historical information included in the financial statements for the year ended December 31, 2018, used for comparisons in the consolidated financial statements for the year ended December 31, 2019, has been restated in terms of the audited consolidated financial statements at December 31, 2018. These restatements concern the reclassification of financial instruments. They are detailed in Section 7.1.4 ("Factors affecting the comparability of the consolidated results") of the Registration Document.

The Group's condensed interim consolidated financial statements for the half year ended June 30, 2021, were established in accordance with IAS 34 — the standard of the IFRS as adopted in the European Union on interim financial information and the Group's consolidated financial statements for the financial years ended December 31, 2020, 2019 and 2018 were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The limited review report of the statutory auditors on the condensed interim consolidated financial statements for the half year ended June 30, 2021, appears in Section 18.2.2, and the audit reports of the Statutory Auditors on the Group's consolidated financial statements for the financial years ended December 31, 2020, 2019 and 2018 appear in Section 18.3 of the Registration Document.

The figures indicated in EUR thousands in the tables and analyses provided in this section have been rounded off. As a result, the totals do not necessarily match the sum of the figures rounded separately. Likewise, the sum of the percentages, which have been calculated from rounded figures, may not total 100%.

7.1 Overview

7.1.1 Introduction

The Group designs and manufactures smart battery systems for electric vehicles. As a "zero emissions" mobility specialist, the Group believes that this business activity can contribute to mitigating climate change.

Since 2011, the Group has developed expertise in high-energy and high-power storage solutions for light mobility and heavy vehicles. From the outset, the Group has developed battery systems with the objective that they can be operated in the future as part of a second life in stationary energy storage or network back-up, associated with renewable energy generation, such as solar panels. The Company also aims to support its customers in managing the end of life and the recovery of components, such as electrochemical cells or steel, in partnership with operators in the recycling industry. The Group has thus carried out several second-life pilot projects to anticipate the return of the first series of products in a few years' time (starting in 2025) in accordance with applicable regulations (making the Group responsible for collecting sold batteries under certain conditions defined by European Directive 2006/66/EC of 6 September 2006, on batteries and accumulators and waste batteries and accumulators (as amended by Directive 2013/56/EU of the European Parliament and of the Council of 20 November 2013, and Directive (EU) 2018/849) for which the Group is responsible for end-of-life management) (see Chapter 9 "Regulatory Environment" of the Registration Document).

The Group was formed after several acquisitions that regrouped the business activities of Uniross Batteries (formerly Alcatel Saft) in 2011, Ersé in 2012 and Dow Kokam France (formerly Société de Véhicules Electriques – SVE) in 2013.

The Group notes that its expertise, name recognition, organization and its operational production tool in four countries has allowed it to meet the needs of its customers for several years, and it believes that the ongoing efforts that it deploys and intends to continue to deploy will allow it to increase its business in the two business segments in which it is present, i.e.:

- The Heavy Vehicles (HeV) (or transport and storage) segment, which covers the market for solutions adapted to the development of vehicles with electric or hybrid motorization for various means of transport (buses, commercial and "last kilometer" vehicles, trams, trains, trucks and marine) and the market for stationary storage (residential, commercial and industrial). Stationary storage is not part of the first life, but rather of the second life.

- The Light Vehicles and Industrial Tech (LeV & Ind Tech) (or portable and mobility) segment, which covers the light electric mobility market as well as other electric applications (e-scooters, two- to four-wheeled light vehicles, e-bikes, medical equipment, Internet of Things, home automation, robotics and professional tools).

For more information on the Group's history, development, business model and the evolution of capacities, please see Chapter 5 "Overview of Activities" in the Registration Document.

7.1.2 **Principal factors with a material impact on the Group's results**

Certain key factors and certain events and transactions have had, and could continue to have, an impact on the Group's business, financial position and results.

The risk factors that could have an impact on the Group's activities are described in Sections 3 "Risk factors" and 5 "Overview of activities" of the Registration Document.

The factors described below have recently had, and could continue to have, a significant impact on the Company's results.

(i) <u>Ability to retain existing customers</u>

The portion of existing customers was 96% of the Group's consolidated revenue at June 30, 2021, 98% at December 31, 2020, 94% at December 31, 2019, and 94% at December 31, 2018.

A significant percentage of the Group's revenue was recorded with a limited number of strategic customers. The contribution of the top 10 customers to the Group's revenue was 90% at June 30, 2021, and 83% at December 31, 2020, 81% at December 31, 2019, and 76% at December 31, 2018. The customer with which the Group recorded the largest revenue for the year ended December 31, 2020, represents 47% of the Group's consolidated revenue and the second-largest 14%.

As a result, the relations that the Group maintains with its customers are at the center of its business plan and materially impact the Group's revenue. These commercial relations are not all formalized by framework agreements and, when framework agreements have been signed, the agreements also contain clauses that allow each of the parties to end the relationship under some circumstances and subject to specific procedures.

As the level of business conducted by the company with its key customers is significant, any change in relations with these entities thus affects the Group's financial position, results and outlook.

The Group's success also depends on the willingness of its current customers to continue to use its battery systems and integrate its batteries in their product ranges. As the Group's customers expand their product ranges, the Group hopes to become the main supplier for their fleets. To ensure the acceptance of its products, the Group must constantly develop and introduce more powerful batteries with longer lifespans.

For more details on the importance of the strategic customers, please see Section 3.2.3 of the Registration Document.

(ii) Ability to win new customers

The proportion of new customers was 4% at June 30, 2021, 2% at December 31, 2020, 6% at December 31, 2019, and 6% at December 31, 2018 of the Group's consolidated revenue.

The Group's success and its ability to increase its revenue and subsequently become profitable depends, in part, on its ability to identify target customers, to attract new customers with its strategy and to convert these contacts into large orders or develop its relations with current customers. Therefore, on the basis of its current estimated order backlog, the Group is planning a gradual diversification of its customer base.

For more details, please see Section 3.2.3 of the Registration Document.

(iii) Change in the order backlog

The Company's order backlog is an important indicator. Indeed, the size and development of the order backlog significantly affect the business activity and performance of the Group.

The Group's order backlog for the period up to December 31, 2027 totals, as of the date of the Registration Document, approximately EUR 1.0 billion, primarily with certain strategic customers of the Group, such as Iveco/Heuliez, Piaggio, Wrightbus, CaetanoBus and Alstom.

The order backlog contains the indications of firm orders from customers, which are included in the order backlog with a probability of 100%, as well as the expressions of specific interests and advanced negotiations with the customers for whom the Group is the sole supplier, which are reflected in the order backlog at corresponding weighted probability rates (between 50% and 75%). The order backlog also reflects the business activities for which the Group has received (i) a request for quotation or for which the Group is in bilateral negotiations and to which management has assigned a probability of at least 50% and (ii) outstanding orders from historical customers for which the Group regularly receives purchase orders and which have been assigned a probability of at least 50% by management. The definition of order backlog used by the Group for operational purposes does not correspond to a standard accounting aggregate that conforms to a single and generally accepted definition.

As at June 30, 2021, 4% (i.e., EUR 40,082 thousand) of the order backlog was contracted (firm and irrevocable orders with a probability of 100%), while 96% was weighted (70% for which the Group is the customer's sole supplier and 26% for which the Group has business in progress with the customer).

As at December 31, 2020, 5% (i.e., EUR 49,823 thousand) of the order backlog was contracted (firm and irrevocable orders with a probability of 100%), while 95% was weighted (70% for which the Group is the customer's sole supplier and 25% for which the Group has business in progress with the customer).

The order backlog is based on projections of real purchases discussed with customers, but these projections do not constitute binding purchase commitments. Moreover, the evaluation of the probability for conversion of the order backlog into firm orders may not be appropriate. In addition, lithium-ion battery cells generally have a limited lifespan. If customers do not convert their projections into firm orders, the Group might have a larger number of battery cells in stock, which could lead to reduced warranty periods or impairment of the value of the inventory. As a result, the order backlog might not generate the corresponding future revenue. Accordingly, actual sales could be significantly lower than the order backlog suggests on the date of the Registration Document.

(iv) Fluctuations in foreign exchange rates

The Group's consolidated financial statements are presented in euros. However, in each of the countries in which it conducts its business, the Group generally incurs expenses and sometimes makes sales in local currencies. Consequently, these transactions must be converted into euros during the preparation of the financial statements. For the income statement, this translation is made at the average rate for each period in question. For the balance sheet, this translation is made using the foreign exchange rates applicable on the reporting date of the balance sheet.

The Group is exposed to a foreign exchange risk due to its transactions with the shareholdings in China and Poland. The Group is thus exposed to foreign exchange risk on the U.S. dollar (USD), Yuan (RMB) and, to a lesser extent, the Polish Zloty (PLN), the Hong Kong dollar (HKD), the Indian Rupee (INR) and the Singapore dollar (SGD).
The inflows generated in currencies other than the euro are primarily in the U.S. dollar (USD) and represented less than 20% of total inflows at December 31, 2020.

In the first half of 2021, the Group established a currency hedge on the U.S. dollar (USD) to hedge a portion of anticipated purchases from its main supplier in dollars. Fluctuations in foreign exchange rates can have an impact on the value in euros of the Group's revenue, expenses and results (refer to Section 3.4.3 "Credit and/or counterparty risk" of the Registration Document).

(v) The impact of the COVID-19 pandemic

The COVID-19 pandemic affected the Group's business activities during the year ended December 31, 2020, with a particularly significant impact in the months of March to May 2020, a period during which the lockdown measures established by the public authorities in the countries in which the Group conducts its activities were the most stringent.

Thus, the Group was forced to limit production at some of its sites because of local restrictions on movements or lockdown. The Group therefore had to face an interruption of production from its Chinese plant in Zhongshan between late January 2020 and early March 2020, which impacted its sales volumes. Similarly, production at the French plant located in Chasseneuil-du-Poitou was shut down from mid-March to late March 2020, and was only able to resume partial operation on its main production lines in early April 2020 before resuming full operation in mid-May 2020. During this same period, production in Poland and China was particularly high for the medical segment, with the delivery of battery systems for respirators, defibrillators and oxygen concentrators. Finally, the launch of the plant in India in 2021 was delayed for the same reasons.

These measures also impact sales and inventory volumes, primarily because of the logistical difficulties encountered. In order to secure its supplies of battery cells, which are in large part purchased in Asia, and other components, the Company generally sends its purchasing orders in batches to its main suppliers several months in advance. Thus, firm orders with its largest supplier, the Korean company LG Energy Solution, are sent six months in advance. Significant growth in business, close to what had been seen in 2019, had been planned and budgeted for financial year 2020, and therefore generated the transmission of purchase orders sized accordingly to suppliers at the beginning of 2020. The net slowdown in business activity because of COVID-19 beginning in March therefore generated a temporary surplus in the inventory of cells and components.

During March 2020, April 2020 and May 2020, the Group recorded a drop in its sales of battery systems of 15%, 39% and 20%, respectively from the same period in 2019, a direct consequence of the lockdown measures resulting from the COVID-19 pandemic. Indeed, the orders that should have been delivered during the lockdown could not be. They were delayed, thus causing a gap in revenue.

The Group then recorded a strong recovery in its business activities with the progressive lifting of the lockdown measures beginning in June 2020, which resulted in an increase in its volumes in June 2020

(82%), July 2020 (73%), August 2020 (8%), September 2020 (32%) and December 2020 (92%) over the same period in 2019.

The new lockdown measures decided in the fall of 2020 then had less of an impact on the Group's business activities than the lockdown in the spring of 2020, with a decrease in its volumes of battery system sales impacting consolidated revenue by 34% and 13% in October and November 2020, and an increase of 92% in December 2020 over 2019.

The Group's business activities recorded a solid performance during the half year ended June 30, 2021, with an increase in its sales volumes of 34% over June 30, 2020 for its battery systems, demonstrating that the lag in sales resulting from the pandemic was almost entirely absorbed and, second, that the Group's activities returned to growth.

(vi) Acquisitions

The Group was formed after several acquisitions from the activities of Uniross Batteries (formerly Alcatel Saft) in 2011, Ersé in 2012 and Dow Kokam France (formerly Société de Véhicules Electriques – SVE) in 2013. In recent years, the Group completed targeted creations that made a strong contribution to the growth of its business activities (see, in particular, Section 5.7 "Investments" of the Registration Document). More recently, in July 2021, Forsee Power consolidated the assets of the Holiwatt company (formerly Centum Adetel Transportation) which was in receivership. This acquisition has enabled Forsee Power to incorporate more than 20 years of railway know-how and a range of energy storage systems and power converters and auxiliary converters (CVS).

As part of its expansion strategy (discussed more fully in Section 5.3 of the Registration Document), the Group intends to pursue its development in the future by making targeted and potentially significant acquisitions in strategic countries in order to expand its geographic footprint and enhance its offerings, which could have a positive impact on its business, financial position, results and outlook.

In contrast, the profits expected or made from future acquisitions may not be realized within the time frames and at the levels expected, which could have a material adverse effect on the Group's business, financial position, results and outlook.

(vii) Provisions

Allocations to (and reversals, if any, of) provisions have affected and will structurally continue to affect the Group's results. The primary provisions for risks and charges, which totaled EUR 7,512 thousand at June 30, 2021, and EUR 6,640 thousand at December 31, 2020, are detailed below:

- The provision for after-sales service (AS) representing EUR 2,906 thousand at June 30, 2021 (EUR 2,476 thousand at December 31, 2020) is intended to cover the risks of future after-sales service costs for the Company because of its liability on the products sold. This statistically calculated provision is adjusted on the basis of the service costs actually incurred by the Company during the financial year.

- The EUR 1,566 thousand provision for recycling at June 30, 2021 (EUR 1,000 thousand at the end of December 2020) covers the future estimated costs for recycling the battery systems sold by the Company, for which it has a take-back commitment, whether contractual or (in any case) regulatory. It is calculated as a function of the number of relevant systems sold, and valued on the basis of the external recycling costs for different types of batteries. The company regularly updates these external recycling costs in order to take into account improvements in the processing costs in this relatively recent industrial stream.

- The provision for inventory risks booked in the financial statements for the year ended December 31, 2020 for EUR 1,901 thousand (unchanged at June 30, 2021) concerns a specific risk identified on the inventories of the Zen 4 and Flex 7 product ranges. These two products,

which are present in inventory in the form of components, cells and finished products, correspond to product ranges that have been marketed longest, on which the Company anticipates a risk that it will not be able to sell the entire inventory, or will have to grant exceptional price cuts in order to move them. These lines are, in effect, partially competing with other products launched more recently by the company. The risk was assessed by the management of the company on each of the product ranges and provisioned accordingly. This provision was reclassified as an impairment of inventory in respect of June 30, 2021 and 2020. This reclassification is detailed in Section 7.1.4 "Factors affecting the comparability of the consolidated results" of this Registration Document).

- The other provisions, representing a total of EUR 3,165 thousand at June 30, 2021 (EUR 3,165 thousand at December 31, 2020), correspond to the valuation of other risks, such as risks of customer penalties, disputes, the provision for retirement benefits and other expenses deemed probable and provisioned accordingly by the Company.

(viii) Price changes and control of structural costs

Heavy electric vehicles, light electric vehicles and energy storage may be subject to declines in selling prices due to rapidly changing technologies, industry standards and end-user preferences. Consequently, the Group's customers could expect the Group, as a supplier, to reduce its costs and lower the price of its battery systems to lessen the negative impact on their margins.

Moreover, the flexibility of the design of the Group's battery systems allows manufacturing at a steady pace, which allows the Group to provide battery systems at attractive and competitive prices.

The cost of the battery cells depends in part on the prices and availability of the raw materials, such as lithium, nickel, cobalt and/or other metals.

The prices of these materials fluctuate and the available supply may be unstable depending on market conditions and global demand, particularly because of the increase in the global production of electric vehicles and energy storage products.

In addition, because of (i) the limited number of manufacturers, (ii) the long time frames needed by these same manufacturers to boost their production capacities, and (iii) the growth in demand that is faster than the growth in supply in the battery market, tensions arise on the supply of the cells and key components used in the manufacture of the battery systems. These tensions generally result in an increase in purchase prices that can degrade margins.
Consequently, if the Group is unable to pass along these price increases while controlling its planned expenses and structural costs, this change in prices could have an adverse effect on its profitability.

7.1.3 Main income statement items

The main income statement items, which the Group's management uses to analyze its consolidated results, are described below:

Revenue

Revenue is essentially composed of sales of goods (battery systems) for the Group's various market segments and, to a lesser extent, of engineering and development services provided to the Company's customers during the design phase (information on the customers and products that require this service is detailed in Chapter 5 of the Registration Document).

In addition, revenue is generated by other activities, which essentially consist of operational reinvoicing between the Company and third parties (sub-leasing and personnel costs).

The Group recognizes the sale of goods in accordance with IFRS 15. Revenue is valued on the basis of the transfer of control. The Group does not have any commitments for return or recovery of goods. In addition, the contracts do not provide for returns of battery systems. Once the products are delivered and billed, the transfer of control is irreversible. Revenue for which collection is not probable is not recognized in the financial statements for the period in which the transaction is completed.

The revenue generated by services is recognized as soon as these services are considered to be completed; in other words, when the contract conditions are considered to have been met.

Other operating income and expenses

Other operating income and expenses represent significant events that have occurred during the period that could distort the interpretation of the company's performance. This item essentially includes inventoried production, operating subsidies, transfers of charges, the income from the disposal of fixed assets and other income and expenses including essentially other non-current income and expenses.

External services and consumables purchased

External services and consumables purchased essentially represent the purchase of battery cells and components required for the production of finished products, fees related to research and development activities, as well as transport costs for the supply of components and the shipment of battery systems.

Other costs included leasing costs and rental expenses for the premises occupied by the Group's sites, maintenance and repair expenses for sites and equipment, remuneration of intermediaries (certified accountants, auditors, attorneys, tax services, etc.) as well as sales expenses (participation in trade shows, digital advertising, travel, etc.).

Employee expenses

Employee expenses include salaries, social security expenses, the Tax Credit for Competitiveness and Employment (CICE), equity interest, provisions for retirement benefits and the expense related to share-based payments (IFRS 2).

Taxes and related payments

This item relates to the taxes levied on salaries.

Net depreciation, amortization, provisions and impairment

This item consists of:

- depreciation and impairment expense on property, plant and equipment (for industrial equipment and offices);

- amortization and impairment expense on intangible assets (R&D essentially). Management has identified development projects leading to the improvement or creation of a product and/or a technology that is used by one or more customers. These projects and the allocated expenses are regularly analyzed by Management on the basis of the information obtained over the period. Management assesses the amortization periods for development projects on the basis of internal feedback about the lifespan of the technologies developed on current divisions (between five and seven years) beginning on the estimated project end date. Expenses incurred that do not meet the criteria for activation of development costs, and expenses related to research costs, are recognized in the income statement.

  The expenses incurred for development costs must be recorded as intangible assets when the conditions defined by IAS 38 are met:

- The technical feasibility of and capacity to complete the intangible asset so that it will be available for use or sale;
- The intention to complete, ability to use or sell the asset, and availability of financial resources;
- It is probable that future economic benefits from the asset will flow to the entity;
- The cost of the asset can be reliably measured.

The development costs incurred are related to the improvement of the product or technology that will be used by one or more customers. The Group determines eligible expenses on a regular basis through a Project Monitoring Committee. These are mainly time spent, the project start date and the estimated project end date (SOP Date).

Amortization periods for development projects are established from internal feedback on the lifespan of the technologies developed for the current divisions. The amortization period chosen for all projects is five years from the estimated project end date.

Expenses that do not respect activation criteria of development costs, and expenses related to research costs, are recognized in the income statement.

- Allocations to provisions for depreciation and for risks and charges net of reversals. These primarily correspond to provisions for inventory impairment and integration of customer risks, but also provisions for battery recycling and the after-sales service guarantee. The Company's inventory is composed of purchased parts (battery cells, components), semi-finished products and finished products. Valuation of the inventory includes forwarding costs, customs duties, shipping costs on purchase and the costs of production labor. The provision for impairment of inventory is calculated from an analysis of the cells, components and finished products that may not be able to be used in the future and, therefore, possibly scrapped. Low-turnover cells and components, as well as certain finished products, are thus depreciated following a detailed review based on the risk assessed. The aforementioned provisions are detailed in Section 7.1.2 of the Registration Document.

Financial result

The Group's financial result essentially represents the financial expenses paid, such as financial fees on bank overdrafts, borrowings, finance leases, factoring, but also the costs for bank services.

It also includes the following items:

- financial expense from debts on leased assets (application of IFRS 16);
- the change in the fair value of financial instruments related to hedges on cash flows;
- the valuation at amortized cost from the loan from the EIB;
- foreign exchange gains and losses.

The cost of net debt consists of the financial expenses paid minus the financial income received.

Income tax

There is no tax consolidation group within the Group as at June 30, 2021, and December 31, 2020.

The income tax expense represents the sum of the current income tax and the deferred income tax. The income tax expense is calculated in accordance with the tax laws in force, or in force at the reporting date in the countries in which the Company and its subsidiaries operate. The tax receivables related to

carry back on current tax are presented in the "Other non-current assets" if payment will occur more than 12 months after the reporting date and are discounted to present value.

The corporate real estate contribution (*Contribution foncière des entreprises* (CFE)), assessed on the rental value of property liable for real estate taxes, is analyzed by the Group as an operating expense.

The corporate tax on value-added (*Cotisation sur la valeur ajoutée des entreprises*, CVAE), based on the added value of the statutory financial statements, is analyzed by the Group as income tax.

7.1.4 **Factors affecting the comparability of the consolidated results**

Change in the Scope of Consolidation

Creations:

In the context of its international development, the Group created:

- a subsidiary, FORSEE POWER INDIA, in India in 2020;
- a subsidiary, Zhongshan Development Ltd.Co, in China in 2019; and
- a Singapore subsidiary in 2018, FORSEE POWER PTE. LTD.

On the date of the Registration Document, these new companies have no impact on the comparability of the financial years. The Indian subsidiary formed in 2020 generated business activity only in the first half of 2021, without impact on the comparability of the financial years.

Acquisitions and disposals:

The Group completed no acquisition or disposal during financial years 2018, 2019 and 2020.

Change in the method of consolidation

Not applicable.

Reclassification of financial instruments

At December 31, 2019, accounting presentation reclassifications for certain financial instruments were made in the consolidated financial statements:

- Receivables financing transactions (factor)

  The IFRS consolidated financial statements had always presented receivables assigned to a factor as trade receivables, as a contra entry for a financial debt reported net of holdbacks. However, given the development of the transactions related to receivables financing transactions, some accounts related to these were not treated homogeneously.

  All trade receivables assigned to the different factors (HSBC and BNP) were reconstituted to be reported as financial debt, minus holdbacks and the non-financed portion of the receivables assigned.

- EIB Share Subscription Warrants (*bons de souscription d'actions* (BSA)) (BSA $_{\text{EIB A}}$)

  The previously published financial statements presented the BSA $_{\text{EIB A}}$ issued on March 15, 2018, by the company for the benefit of the EIB as an equity instrument, that is to say without impact as long as the instrument does not unwind.

The BSA $_{EIB A}$ are settled by the delivery of a number of shares which is not fixed, and moreover include a put option which can be redeemed with the EIB.

Consequently, the BSA $_{EIB A}$ cannot be considered an equity instrument and have been classified and measured as a derivative liability in the financial statements as at December 31, 2019, and December 31, 2018.

The change in fair value of the derivative between the issue date and December 31, 2018, was recognized as financial result. The value of the derivative corresponds to the cost of the option in the event of the exercise of these BSA $_{EIB A}$.

The debt component of the EIB loan issued was reported at amortized cost at December 31, 2018.

The items of the financial statements at December 31, 2018 impacted by this change in reporting are presented in accordance with IAS 8 below:

In EUR thousands	December 31, 2018 published	Factor reclassification	Derivative on BSA $_{EIB A}$	Deferred taxes	December 31, 2018 restated
Non-current assets	17,119	0	0	(2)	17,117
Current assets	38,861	547	0	0	39,408
Total Assets	**55,980**	**547**	**0**	**(2)**	**56,525**
Shareholders' equity	2,852	0	(552)	(2)	2,298
Liabilities	53,128	547	552	0	54,228
Non-current liabilities	28,488	0	552	0	29,041
Current liabilities	24,640	547	0	0	27,187
Total Liabilities	**55,980**	**547**	**0**	**(2)**	**56,525**

The income statement at December 31, 2018, is affected in the amounts of EUR (552) thousand in financial expenses and EUR (2) thousand in deferred tax expense.

These reclassifications impact the statement of cash flows of December 31, 2018, at the level of uncalculated items.

In financial year 2020, the Company renegotiated the receivables assignment contract signed with HSBC to allow a transfer of the risks of late payments, unpaid invoices, and foreign exchange risks and a limitation of the factor's remedies in the event of non-payment of the guaranteed receivables.

The receivables assigned to the factor HSBC, which previously appeared on the consolidated balance sheet, no longer appear as from the year ended December 31, 2020.

Translation of financial statements established in foreign currencies

Since January 1, 2021, the financial statements of foreign subsidiaries have been translated using the closing rate method, given the maturity of the development of those equity interests, which now mainly use the local currency as the functional currency of their economic environment.

Financial statements prepared in foreign currencies were translated using the historical rate method until December 31, 2020. Local foreign currencies (the Yuan in China and the Zloty in Poland) were not

predominantly used in previous financial years as functional currencies for those entities, given the volume of internal transactions between those entities and the rest of the Group that uses the euro.

This change in the functional currency in the economic environment of equity interests that prepare financial statements in foreign currencies is applied prospectively from the date of the change in currency, i.e., January 1, 2021, in accordance with paragraph 35 of IAS 21 on transactions denominated in foreign currency, and is not affected by IAS 8 on changes in accounting methods.

The change in the functional currency of subsidiaries that prepare financial statements in foreign currencies has the following impact on the translation reserve as at January 1, 2021:

in EUR thousands	At January 1, 2021
Impact on the change in the translation reserve for the translation of non-monetary assets from historical rates to the rate at the date of change in the functional currency	49
Impact of reclassification from retained earnings to translation reserve of the translation of monetary assets at the exchange rate of the functional currency	144
Total impact of change in functional currencies	**193**

The change in the functional currency impacts the statement of financial position by a decrease of EUR 49 thousand in net fixed assets (non-monetary assets) with an offsetting entry to the translation reserve for the amount corresponding to the difference between the historical rates applied to the various fixed assets and their depreciation, and the conversion rate at the date of the change. Since monetary assets have always been translated at the closing rate in previous years, the translation difference recognized in financial result in previous periods has been reclassified in the amount of EUR 144 thousand from “retained earnings from previous periods” to the translation reserve.

Changes in accounting presentation

The comparative consolidated financial statements for the year ended December 31, 2020 have been restated from the consolidated financial statements published for the year ended December 31, 2020 to reflect the reclassification of EUR 1,901 thousand in impairment of inventories presented as a provision for risk in the published financial statements.

The items of the financial statements for the year ended December 31, 2020 impacted by this restatement are presented in accordance with IAS 8 below:

in EUR thousands	December 31, 2020 published	Reclassification	December 31, 2020
Non-current assets	**35,804**		**35,804**
Goodwill	1,523		1,523
Intangible assets	12,060		12,060
Property, plant and equipment	16,731		16,731
Non-current financial assets	4,398		4,398
Other non-current assets	600		600
Deferred tax assets	492		492
Current assets	**58,649**	**(1,901)**	**56,749**
Inventories	30,184	(1,901)	28,284
Trade receivables	14,180		14,180

Other current assets	3,013		3,013
Current financial assets			
Cash and cash equivalents	11,273		11,273
Total Assets	**94,454**	**(1,901)**	**92,553**
Equity	**(32,406)**		**(32,406)**
Equity attributable to owners of the parent company	**(32,406)**		**(32,406)**
Share capital issued	2,999		2,999
Issue premiums	991		991
Translation reserves	(1)		(1)
Reserves*	(6,983)		(6,983)
Net income	(29,412)		(29,412)
Non-controlling interests			
Liabilities	**126,859**	**(1,901)**	**124,959**
Non-current liabilities	**103,656**	**(1,901)**	**101,755**
Non-current financial liabilities	87,456		87,456
Employee benefits	227		227
Provisions for risks and charges	8,314	(1,901)	6,413
Other non-current liabilities	3,197		3,197
Derivative financial instruments	4,457		4,457
Deferred tax liabilities	5		5
Current liabilities	**23,204**		**23,204**
Current financial liabilities	4,864		4,864
Provisions for risks and charges	0		0
Accounts payable	9,786		9,786
Other current liabilities	8,554		8,554
Total Equity and Liabilities	**94,454**	**(1,901)**	**92,553**

There are no other changes in accounting presentation during the period compared to the financial statements published for the year ended December 31, 2020. The accounting presentation is applied consistently over the periods presented.

The consolidated statement of net income (loss) and other items of comprehensive income is presented separately in two statements, namely a consolidated income statement and a consolidated statement of other items of comprehensive income, taking into account changes during the period in profits and losses recognized directly in equity. The previous consolidated financial statements presented a single statement of net income (loss) and other items of comprehensive income due to the absence of significant transactions recognized directly in equity.

7.1.5. **Principal changes to revenue**

Not applicable.

7.1.6. **Seasonality**

Seasonality does not have a material impact on the Company's business.

7.1.7. **Principal changes in the conditions for application of standards**

Recognition of deferred tax assets for deficits that can be carried forward

Deferred tax assets related to tax loss carryforwards are recognized if Management has sufficient visibility about the recovery of these losses under the tax rules for charging and deferral.

Deferred tax assets related to tax loss carryforwards have been recognized out of prudence in the amount of the estimated charge against provisional future tax profits for the next three financial years. At December 31, 2020, all deferred tax assets were neutralized.

7.1.8. **First-time application of standards**

First application of IFRS 15 and IFRS 9

Financial year 2018 marked the first application of the aforementioned standards:

IFRS 15 on the recognition of revenue: IFRS 15 replaces IAS 18 "Revenue from ordinary activities" and IAS 11 "Construction contracts" and establishes a five-step model that applies to all contracts signed with customers. The application of this new standard has not generated any material impact on the financial information reported.

IFRS 9 on financial instruments: the application of the new IFRS 9 had no material impact on the comprehensive income and consolidated financial position for the periods reported. The loss expected on receivables was valued by Management as being non-material, given the quality of the Group's customer portfolio.

The Group also set up foreign exchange hedging instruments on the U.S. dollar (USD) beginning in the first half of 2021.

First application of IFRS 16

Financial year 2019 was marked by the first application of IFRS 16 on lease agreements.

The Group applied IFRS 16 using the simplified retrospective method. In this respect, no restatement of the financial statements reported before the date of application of the standard and presented for comparison was done. In the context of the transition, the principal simplification measures provided by IFRS 16 and used by the Group were the following:

- exclusion of contracts with a term of 12 months or less and low-value contracts;
- application of the standard only to contracts previously identified as lease agreements under IAS 17;
- right of use equal to the carrying amount of the asset if IFRS 16 had been applied on the effective date of the contract;
- use of the residual duration of the contract on the date of transition to determine the discount rate on the transition date;
- exclusion of the initial direct costs from the valuation of the right of use on the date of the first application.

Rents under contracts excluded from the scope of IFRS 16 are recognized directly as operating expenses. The discount rates applied on the date of transition are based on the Group's marginal borrowing rate to which a spread is applied to take into account the durations of the lease agreements. The weighted average margin debt rate on January 1, 2019, was 3.61%.

Thus, the impacts of the first-time application of IFRS 16 on the Group's consolidated financial statements at January 1, 2019, are the following:

in EUR thousands	December 31, 2018 restated	Application of IFRS 16	January 1, 2019
Property, plant and equipment — Gross value	8,165	3,910	12,074
Depreciation, amortization and impairment	(4,294)	(1,616)	(5,910)
Total net value,	**3,870**	**2,294**	**6,164**
Deferred tax assets	3,838	127	3,965
Other current assets	6,868	(26)	6,842
Total Assets	**14,576**	**2,395**	**16,971**

in EUR thousands	December 31, 2018 restated	Application of IFRS 16	January 1, 2019
Equity	2,852	(316)	2,536
Non-current financial liabilities	25,034	2,711	27,745
Total Equity and Liabilities	**27,886**	**2,395**	**30,281**

For the year ended December 31, 2019, the consolidated net income (loss) of the Group is impacted by the restatement of rental expenses for EUR 749 thousand, the recognition of interest expense for EUR (99) thousand and amortization expenses for rights to use for EUR 610 thousand. Debt increased by EUR 2,711 thousand at January 1, 2019.

For the year ended December 31, 2019, the net disbursement associated with lease agreements and classified as "Cash from financing activities" amounted to EUR 650 thousand for repayment of the debt principal on assets leased.

Please see Note 6.3.1 "First-time application of IFRS 16 to lease agreements" to the consolidated financial statements at December 31, 2019.

7.1.9. **Segment presentation**

The Group reports its segment information on the basis of the financial information presented to the Group's management in its internal reporting, which it analyzes on a regular basis to make decisions relating to the allocation of resources to the business segments and the evaluation of their performance. The Group's reporting has two business segments, Light Vehicles and Industrial Tech (LeV & Ind Tech) and Heavy Vehicles (HeV), previously named smart life and smart transport & mobility in the financial statements for the years ended December 31, 2019, and 2018. These segments are defined in Section 7.1.1 of the Registration Document.

These business segments are analyzed by geographic region, and revenue by geographic region is determined based on customer location. The geographic regions are detailed below:

- **France**

  The revenue generated in this region is recorded with customers located in France, primarily in the bus market. In the year ended December 31, 2020, Group activities generated revenue of EUR 44,186 thousand in France, representing 71% of the Group's consolidated revenue.

- **Europe (outside France)**

  The revenue generated in this area is recorded with European customers, particularly in the United Kingdom, Italy and Portugal in the bus and two-wheel markets. In the year ended December 31, 2020, Group activities in this region generated revenue of EUR 12,532 thousand, representing 20% of the Group's consolidated revenue.

- **Asia**

  In 2011, the Group completed the acquisition of the Uniross company, whose offering consists of the design, production and sale of complete energy storage systems: battery, loading and charging control electronics, for markets ranging from portable terminals, robotics, home automation, bikes and electric vehicles, and which has an assembly plant in Zhongshan, China. This site includes production, research and development, and after-sales service operations.

  At the end of financial year 2020, the Group announced the installation of a new structure in India. With this new structure, it intends to position itself locally in the bus and scooter markets. The site has been fully operational since March 2021 and includes the local production at Pune, sales, integration and after-sales service. The expenses incurred and/or planned at this site are described in Section 5.5.5.3.4 of the Registration Document.

  Revenue in this region is recorded with customers located in China, primarily in the two-wheel market. In the year ended December 31, 2020, the Group's activities in Asia generated revenue of EUR 3,526 thousand, representing 6% of consolidated revenue.

- **United States**

  The revenue generated in this region is recorded with customers mainly located in the United States in the medical equipment and Internet of Things businesses (Light Vehicles and Industrial Tech (LeV & Ind Tech) business segment). In the year ended December 31, 2020, Group activities in this region generated revenue of EUR 1,675 thousand, representing 3% of the Group's consolidated revenue.

- **Rest of the world**

  In the year ended December 31, 2020, Group activities in this region generated revenue of EUR 141 thousand, representing less than 1% of the Group's consolidated revenue.

Factors that have a material impact on the profitability of a business segment

The Group evaluates the performance of each of its business segments as part of its internal reporting on the basis of the revenue of the segment in question.

The Group does not identify factors that impact the business segments individually. Please see the "Principal factors with a material impact on consolidated results" described in Section 7.1.2 of the Registration Document.

In addition, the margin differences between the two business segments are currently not very significant. However, the sales cycle is longer in the Heavy Vehicles (HeV) segment as a result of longer investments and developments because they depend on public orders.

7.2. Main performance indicators

The Group uses revenue (see above) and EBITDA as the main performance indicators. These performance indicators are regularly tracked by the Group to analyze and evaluate its businesses and their trends, measure their performance, prepare earnings forecasts and make strategic decisions.

Definition of EBITDA

The Group considers EBITDA, a non-accounting measure, to be a performance measure.

The reconciliation of this aggregate with the IFRS financial statements is presented in the following tables:

In EUR thousands	June 30, 2021	June 30, 2020	December 31, 2020, restated(1)	December 31, 2019	December 31, 2018, restated
Operating income	**(10,154)**	**(9,592)**	**(19,373)**	**(22,768)**	**(20,736)**
Amortization and impairment of intangible assets	(980)	(1,050)	(2,123)	(849)	(307)
Amortization of rights of use on property, plant and equipment	(620)	(639)	(1,283)	(610)	0
Amortization and depreciation of property, plant and equipment	(571)	(520)	(1,036)	(855)	(752)
Net depreciation of assets	124	(647)	(2,904)	(268)	(3)
EBITDA	**(8,107)**	**(6,736)**	**(12,027)**	**(20,186)**	**(19,674)**

(1) The comparative consolidated financial statements for the year ended December 31, 2020, have been restated in relation to the consolidated financial statements published for the year ended December 31, 2020, to reflect the reclassification in impairment of inventory of EUR 1,901 thousand previously recorded as a provision for risk in the published financial statements. This restatement is detailed in Section 7.1.4. of the Registration Document.

7.3. Results of operations

7.3.1. Results of operations for the half years ended June 30, 2021, and 2020

7.3.1.1. Revenue

The Group's consolidated revenue amounted to EUR 37,171 thousand in the first half of 2021, representing an increase of EUR 9,518 thousand, or 34%, compared to the first half of 2020. This increase is explained by the strong growth of the Heavy Vehicles (HeV) business segment (+EUR 9,275 thousand or 46%) resulting from the increase in deliveries of battery packs for historical customers in the bus business, and the increase in revenue from the Light Vehicles and Industrial Tech

(LeV & Ind Tech) business segment (+EUR 242 thousand or 3%), which is explained in particular by the increase in sales of battery packs for two- and three-wheelers.

The change in revenue by business segment and geographic area is detailed in the following table.

(In EUR thousands)	June 30, 2021	June 30, 2020	Change
France			
Heavy Vehicles (HeV)	27,529	14,622	+12,907
Light Vehicles and Industrial Tech (Lev & Ind Tech)	2,415	2,672	–257
Total	**29,945**	**17,293**	**+12,652**
As %	***81%***	***62%***	
Europe			
Heavy Vehicles (HeV)	1,996	5,643	–3,647
Light Vehicles and Industrial Tech (Lev & Ind Tech)	1,753	2,124	–371
Total	**3,749**	**7,767**	**–4,018**
As %	***10%***	***28%***	
Asia			
Heavy Vehicles (HeV)	-	3	–3
Light Vehicles and Industrial Tech (Lev & Ind Tech)	2,597	1,514	+1,083
Total	**2,597**	**1,517**	**+1,080**
As %	***7%***	***5%***	
United States			
Heavy Vehicles (HeV)	-	30	–30
Light Vehicles and Industrial Tech (Lev & Ind Tech)	832	990	–158
Total	**832**	**1,020**	**–188**
As %	***2%***	***4%***	
Rest of the world			
Heavy Vehicles (HeV)	48	-	+48
Light Vehicles and Industrial Tech (Lev & Ind Tech)	-	56	–56
Total	**48**	**56**	**–8**
As %	***0%***	***0%***	
TOTAL	**37,171**	**27,653**	**+9,518**
Heavy Vehicles (HeV)	**29,573**	**20,298**	+9,275
Light Vehicles and Industrial Tech (Lev & Ind Tech)	**7,597**	**7,355**	+242

The Heavy Vehicles (HeV) business segment remained the largest contributor to the Group's consolidated revenue (80% in the first half of 2021 compared with 73% in the first half of 2020).

Revenue in this segment amounted to EUR 29,573 thousand in the first half of 2021, an increase of EUR 9,275 thousand, or 46%, compared to the first half of 2020. This is mostly due to:

- strong growth in revenue in France (+EUR 12,907 thousand), mainly from the historical customer Iveco/Heuliez;

- partially offset by the decline in revenue in Europe (–EUR 3,647 thousand), mainly due to a one-off drop in some orders from its customer Caetano in Portugal combined with a delay in the delivery of certain products in the United Kingdom.

The Light Vehicles and Industrial Tech (LeV & Ind Tech) business segment accounted for 20% of Group revenue in the first half of 2021 (compared with 27% in the first half of 2020).

Revenue in this segment amounted to EUR 7,597 thousand, up EUR 242 thousand or 3% compared with the first half of 2020, due to increased deliveries of battery packs for two-wheelers. This increase primarily reflects:

- the revenue increase in Asia (+EUR 1,083 thousand), a direct consequence of increased sales of battery packs for two-wheelers in China (Piaggio and Bosch);

- partially offset by the decline in revenues in Europe (–EUR 371 thousand) and in France (–EUR 257 thousand) due to lower sales of battery packs for other small vehicles.

7.3.1.2. **Current operating income and current operating expenses**

The table below presents the Group's current operating expenses and current operating income, in absolute value and as a percentage of revenue, for the periods indicated.

	Half years ended June 30				
	2021		2020		
	EUR thousands	% of revenue from sales	EUR thousands	% of revenue from sales	% Change
Revenue from sales	**37,171**	-	**27,653**	-	**34**
Other operating income and expenses	(177)	0	(742)	(3)	(76)
Purchases, net of inventory variation	(33,212)	(89)	(24,960)	(90)	33
Employee expenses	(10,593)	(28)	(8,413)	(30)	26
Taxes	(471)	(1)	(479)	(2)	(2)
Depreciation and amortization	(2,171)	(6)	(2,210)	(8)	(2)
Provisions and depreciation	(824)	(2)	(442)	(2)	58
Operating income (EBIT)	**(10,154)**	(27)	**(9,592)**	**(35)**	**6**

Other operating income and expenses

Other operating income and expenses amounted to EUR (177) thousand in the first half of 2021, compared to EUR (742) thousand in the first half of 2020. This item mainly corresponds to transfers of charges and foreign exchange gains and losses. As a percentage of revenue, other operating income and expenses fell from 3% in the first half of 2020 to less than 1% in the first half of 2021, mainly due to transfers of charges and the positive impact of net foreign exchange gains and losses. This change is mainly due to higher costs related to the capital increase that have been capitalized between the two periods.

External services and consumables purchased

in EUR thousands	June 30, 2021	June 30, 2020
Consumables purchased	(28,877)	(21,029)
Fees, external services	(1,772)	(1,562)
Leases, maintenance & insurance	(499)	(282)
Transportation, travel and & conference expenses	(965)	(1,183)
Studies and research costs	(648)	(611)
Postal & telecommunications expenses	(133)	(127)
Subcontracting	(269)	(150)
Other	(48)	(19)
External services and consumables purchased	**(33,212)**	**(24,960)**

External services and consumables purchased rose in the first half of 2021 by 33% from the previous half year, an increase of EUR 8,252 thousand to total EUR 33,212 thousand in the first half of 2021. This increase was mainly driven by:

- the increase in consumables purchased of EUR 7,848 thousand (+37% compared to the first half of 2020), mainly due to the increase in business activity and partly due to the rise in the price of certain components, mainly cells, as a result of market conditions;

- a EUR 217 thousand increase in rental, maintenance and insurance costs, mainly due to the increase in maintenance costs of EUR 169 thousand for the Chasseneuil-du-Poitou plant;

- a EUR 210 thousand increase in external fees and services, due in part to the subcontracting contract in India for EUR 123 thousand and to the use of external service providers in France.

As a percentage of revenue, external services and consumables purchased remained stable, with a decrease from 90% in the first half of 2020 to 89% in the first half of 2021. This is explained by the slower growth of certain items (fees, external services and leases, maintenance and insurance) than the increase in business activity, which was partially offset by a slight increase in the prices of certain components.

Employee expenses

Employee expenses rose by EUR 2,180 thousand, an increase of 26% compared with the first half of 2020, mainly due to the increase in the number of employees in France (+15 employees) with the recruitment of engineers and employees in management positions and the increase in the number of employees in China (+15 employees) corresponding mainly to operators (workers), in line with the increase in business activity.

The Company had also benefited from exceptional measures in connection with the COVID-19 pandemic in the first half of 2020 (partial activity in the first half of 2020 in France and exemption from social security contributions from February to December 2020 in China), which was not the case in the first half of 2021.

Finally, the annual increase in salaries in China of 5.5% on average also explains the increase in this item over the period.

As a percentage of revenue, employee expenses went from 30% of revenue in the first half of 2020 to 28% in the same period in 2021. This is the result of a slower increase in this item in relation to the increase in revenue.

Taxes and related payments

Taxes and related payments were stable, going from EUR (479) thousand in the first half of 2020 to EUR (471) thousand in the first half of 2021. As a percentage of revenue, taxes and related payments fell from 2% of revenue in the first half of 2020 to 1% in the first half of 2021.

Net depreciation, amortization, provisions and impairment

This item was stable, going from EUR (2,651) thousand in the first half of 2020 to EUR (2,872) thousand in the first half of 2021. Its contribution as a percentage of revenue declined to 8% of revenue in the first half of 2021 compared to 10% in the first half of 2020.

A provision of EUR 1,901 thousand was recorded in the second half of 2020, which was reclassified as an impairment loss in the first half of 2021 (this reclassification is described in Section 7.1.4 “Factors affecting the comparability of the consolidated results” of this Registration Document), to cover the decrease in the net realizable value of inventories for the Zen 4 and Flex 7 ranges. These two products, which are present in inventory in the form of components, cells and finished products, correspond to product ranges that have been marketed the longest, with respect to which Management anticipates a risk that it will not be able to sell the entire inventory, or will have to grant exceptional price cuts in order to move them. These lines are, in effect, partially competing with other products launched more recently by the Group.

Operating income

Based on the factors presented above, the Group’s operating income decreased by EUR 562 thousand in the first half of 2021 compared to the first half of 2020, a decrease of 6%, from EUR (9,592) thousand in the first half of 2020 to EUR (10,154) thousand in the first half of 2021 .

Financial result

The Group’s financial result fell by EUR 3,947 thousand, from EUR (2,430) thousand in the first half of 2020 to EUR (6,377) thousand in the first half of 2021, as a direct consequence of the increase of EUR 1,197 thousand in gross financial debt costs which amounted to EUR (3,151) thousand in the first half of 2021, compared with EUR (1,954) thousand in the first half of 2020, and the increase in financial expenses of EUR 2,750 thousand, which amounted to EUR (3,226) thousand in the first half of 2021, compared with EUR (476) thousand in the first half of 2020.

The increase in the cost of gross financial debt is mainly due to the increase in the Group’s financial debt, which is related to the significant financing obtained in 2020 with its subsequent impact. These arrangements include the convertible bond subscribed by the shareholders of BPI and Eurazeo (formerly Idinvest), and the grant of state-guaranteed loans from BNP Paribas, HSBC and Bpifrance, and the Atout loan from Bpifrance (refer to Section 8 for more details and to Note 7 of the condensed interim consolidated financial statements).

The increase in other financial expense is mainly due to the change in fair value of derivatives.

Income tax expense

The change in the income tax expense is the result of deferred tax. Deferred tax assets related to tax loss carryforwards are recognized if Management has sufficient visibility on the recovery of these losses under the tax rules for charging and deferring.

Thus, the tax expense totaled EUR 238 thousand in the first half of 2021 compared with EUR 3,568 thousand in the first half of 2020. The theoretical tax amounted to a positive tax position of EUR 4,133 thousand in the first half of 2021 versus a positive tax position of EUR 3,186 thousand in the first half of 2020.

The differences between the theoretical tax charge (i.e., a positive tax position in the first half of 2021 and 2020) and the actual tax charge of EUR 238 thousand in the first half of 2021 and EUR 3,568 thousand in the first half of 2020 are the result, in the first half of 2020, of the impact of deferred taxes on unrecognized prior tax losses for EUR 3,121 thousand and the impairment of tax losses previously recognized in the balance sheet for EUR 3,918 thousand; and of the impact of deferred taxes on unrecognized tax losses in the amount of EUR 3,284 thousand in the first half of 2021.

Net income (loss)

Based on the factors presented above, the net income (loss) of the consolidated entity amounted to EUR (16,769) thousand in the first half of 2021 versus EUR (15,590) thousand in the first half of 2020, an increase in losses of EUR 1,179 thousand over the first half of 2021.

7.3.2. **Results of operations for the years ended December 31, 2020 and 2019**

7.3.2.1. Revenue

The Group reports its segment information on the basis of the financial information presented to the Group's management in its internal reporting, which it reviews regularly in order to make decisions on the allocation of resources to the segments and assess their performance. The Group's reporting comprises two business segments, Light Vehicles and Industrial Tech (LeV & Ind Tech) and Heavy Vehicles (HeV), which are further divided into five geographical areas. These segments are defined in Section 7.1.1 of the Registration Document.

The change in revenue by business segment and geographic area is detailed in the following table.

In EUR thousands	December 31, 2020	December 31, 2019	Change
France			
Heavy Vehicles (HeV)	38,341	22,001	+16,340
Light Vehicles and Industrial Tech (LeV & Ind Tech)	5,846	5,093	+753
Total	**44,186**	**27,095**	**+17,091**
As %	***71%***	***54%***	
Europe			
Heavy Vehicles (HeV)	9,171	6,721	+2,450
Light Vehicles and Industrial Tech (LeV & Ind Tech)	3,361	9,890	–6,529
Total	**12,532**	**16,611**	**–4,079**
As %	***20%***	***33%***	
Asia			
Heavy Vehicles (HeV)	6	6	-
Light Vehicles and Industrial Tech (LeV & Ind Tech)	3,520	3,888	–368
Total	**3,526**	**3,894**	**–368**
As %	***6%***	***8%***	
United States			
Heavy Vehicles (HeV)	30	2	+28

Light Vehicles and Industrial Tech (LeV & Ind Tech)	1,645	2,662	–1,017
Total	**1,675**	**2,663**	**–988**
As %	***3%***	***5%***	
Rest of the world			
Heavy Vehicles (HeV)	20	-	+20
Light Vehicles and Industrial Tech (LeV & Ind Tech)	121	79	+42
Total	**141**	**79**	**+62**
As %	***0%***	***0%***	
TOTAL	**62,060**	**50,342**	**+11,718**
Heavy Vehicles (HeV)	**47,568**	**28,730**	+18,838
Light Vehicles and Industrial Tech (LeV & Ind Tech)	**14,492**	**21,612**	–7,120

The Group's consolidated revenue totaled EUR 62,060 thousand in 2020, an increase of EUR 11,718 thousand or 23%. This increase was driven by the growth of the Heavy Vehicles (HeV) business segment, resulting from the increase in sales of batteries for hybrid or electric vehicles, a direct consequence of the momentum to replace fleets in metropolitan areas (shift to hybrid or electric), while revenue in the Light Vehicles and Industrial Tech (LeV & Ind Tech) business segment was down 33%, a direct consequence of lockdown measures due to the COVID-19 pandemic. Orders that should have been delivered during lockdown could not be due to the situation of certain customers. Such deliveries were delayed, causing a shift in revenue (which is recorded at the time of delivery).

The Heavy Vehicles (HeV) business segment remained the largest contributor to the Group's consolidated revenue (77% in 2020 compared with 57% in 2019).

Revenue recorded by this segment was EUR 47,568 thousand in 2020, an increase of EUR 18,838 thousand (a 66% increase) over 2019. This change is primarily the result of:

- the sharp increase in revenue in France (+EUR 16,340 thousand), primarily driven by the sales of battery systems for the bus market, a direct result of the growth in existing customers (Iveco/Heuliez, Wrightbus, Alstom Aptis); and
- the increase in revenue in Europe (+EUR 2,450 thousand), resulting mainly from the full-year contribution of the contract signed in 2019 with Bamford Bus in the United Kingdom, which partially offset the decline in orders from Caetano in the Heavy Vehicles (HeV) business segment in Europe.

The Light Vehicles and Industrial Tech (LeV & Ind Tech) business segment represented 23% of Group revenue in 2020 (versus 43% in 2019).

The revenue from this segment was EUR 14,492 thousand, a decline of EUR 7,120 thousand (a 33% decrease) from 2019 because of the slowdown in business inherent to the COVID-19 pandemic, which generated shifts in activities on certain contracts. The downturn primarily reflects:

- the drop in revenue in Europe (–EUR 6,529 thousand), a direct consequence of the lockdown measures due to the COVID-19 pandemic. Indeed, the orders that should have been delivered during the lock-down could not be. They were postponed, thus causing a shift in revenue;

- the decline in revenue in the United States (–EUR 1,017 thousand), mainly the result of the COVID-19 pandemic that heavily impacted this business segment and of the Buy American Act, which limits the purchase of certain components and/or materials not manufactured on American soil.

  These effects were partially offset by the EUR 753 thousand increase in revenue from this business segment in France.

7.3.2.2. Operating income

The following table shows the elements that form the Group's operating income, in absolute value and as a percentage of revenue, for the periods indicated.

	Years ended December 31				
	2020		2019		
	EUR thousands	% of revenue	EUR thousands	% of revenue	% Change
Revenue	**62,060**	**-**	**50,342**	**-**	**23**
Other operating income and expenses	4,224	7	1,409	3	200
External services and consumables purchased	-57,993	-93	-51,635	-103	12
Employee expenses	-18,200	-29	-17,343	-34	5
Taxes	-867	-1	-584	-1	48
Amortization	-4,443	-7	-2,315	-5	92
Provisions and net impairment	-4,155	-7	-2,642	-5	57
Operating income (EBIT)	**-19,373**	**-31**	**-22,768**	**-45**	**-15**

Other operating income and expenses

Other operating income and expenses totaled income of EUR 4,224 thousand for the year ended December 31, 2020, up from EUR 1,409 thousand for the year ended December 31, 2019, an increase of +200%. As a percentage of revenue, other operating income and expenses rose from 3% for the year ended December 31, 2019, to 7% for the year ended December 31, 2020.

The increase for the period primarily reflects the recognition in 2020 of a portion of the consumption of raw materials and inventory variations in China (totaling EUR 2,816 thousand) as other expenses; they should have been recognized in "external services and consumables purchased." This had no material impact over the period.

External services and consumables purchased

This item can be analyzed as follows:

in EUR thousands	**December 31, 2020**	**December 31, 2019**
Consumables purchased	(50,287)	(41,575)
Fees, external services	(3,447)	(2,696)
Leases, maintenance & insurance	(795)	(995)
Transportation, travel and & conference expenses	(2,233)	(3,008)
Studies and research costs	(1,583)	(3,340)
Postal & telecommunications expenses	(261)	(169)
Subcontracting	(327)	(80)
Foreign exchange gains and losses on purchases	982	268

Other	(43)	(40)
External services and consumables purchased	**(57,993)**	**(51,635)**

External services and consumables purchased for the year ended December 31, 2020 were up 12% over the previous financial year, representing an increase of EUR 6,358 thousand to total EUR 57,993 thousand at December 31, 2020. This increase was primarily driven by:

- the increase of EUR 8,712 thousand (+21%) in consumables purchased. The costs of the acquisition of cells and other components used in the manufacture of the battery systems are recognized in purchases of goods, included in the item "Consumables purchased" on the Group's income statement. The increase of 21% is directly tied to the increase in revenue (+23%) in connection with the business activity and the price effect of certain components (including the cells in particular). This impact is partially offset by:

- the decrease of EUR 1,757 thousand in research costs, a direct consequence of the decline in business activity related to the COVID-19 pandemic; and

- the classification of a portion of the consumption of raw materials and inventory variations in China as "other expenses" for EUR 2,816 thousand, as discussed above.

As a percentage of revenue, external services and consumables purchased dropped from 103% for the year ended December 31, 2019, to 93% for the year ended December 31, 2020.

These changes are consistent with the acceleration of Group activities and are in line with the increase in revenue (+23%). The period is also marked by a progressive improvement in the gross margin, explained by a weaker dollar (mechanical translation effect) and the decrease in the price of the LG cells in dollars (mechanical translation effect).

The cost of battery cells depends in part on the prices and availability of raw materials, such as lithium, nickel, cobalt and/or other metals.

Costs of raw materials rose because of the increase in production costs and higher demand in the electric vehicles market.

The prices of these materials fluctuate, and the available supply can be unstable depending on market conditions and global demand, particularly as a result of the increase in world production of electric vehicles and energy storage products (see Section 7.1.2 (viii) for a description of the conditions in the cell market and the general impact on the Company's cost structure).

Employee expenses

The increase of EUR 857 thousand in employee expenses (+5%) over the year ended December 31, 2019, is principally the result of the increase in compensation over the financial year, which was up EUR 327 thousand from the year ended December 31, 2019. This change is due to the reduction in the number of operators in China, who are workers operating on production lines (–22 full-time equivalent workers (FTE)), which was partially offset by an increase in the number of engineers and managers in France (+7 FTE). The increase in payroll reflects the fact that the salary of engineers recruited in China is higher than the cost of operators.

As a percentage of revenue, salary and expenses dropped from 34% in the year ended December 31, 2019 to 29% for the year ended December 31, 2020. This is the result of a slower increase in employee expenses in relation to the increase in revenue.

Taxes and related payments

Taxes and related payments were up EUR 283 thousand for the year ended December 31, 2020 compared to the year ended December 31, 2019, a 48% increase, to total EUR 867 thousand for the year ended December 31, 2020, which primarily reflects the increase in taxes levied on salaries, a direct consequence of the payroll increase in France discussed above. As a percentage of revenue, taxes and related payments increased from 1.2% of revenue for the year ended December 31, 2019, to 1.4% at December 31, 2020.

Net amortization, provisions and depreciation

This item increased by EUR 3,640 thousand from EUR (4,957) thousand at December 31, 2019, to EUR (8,597) thousand at December 31, 2020. This increase was primarily driven by the increase in amortization and depreciation of property, plant and equipment and intangible assets in the amount of EUR 2,190 thousand, most of which is the result of the activation of development expenditures for EUR 1,905 thousand to allow the Company to boost its production capacity and improve its production tool in its different plants. They essentially represent personnel costs. For more detail on the criteria for the recognition development expenditures, please see Section 7.1.3 of the Registration Document.

These costs were increased by:

- the increase in amortization of the rights of use under the Group's lease agreements, which rose from EUR (610) thousand at the end of 2019 to EUR (1,283) thousand at the end of December 2020, an increase of +EUR 673 thousand, resulting from the signature of new lease agreements for the plants;

- the EUR 778 thousand increase in provisions for risks and charges, which totaled EUR (3,152) thousand at December 31, 2020 versus EUR (2,374) thousand at December 31, 2019, which corresponded mainly to the provision for battery recycling and the provision on inventory (see Note 8.10 of the 2020 consolidated financial statements); and

- the increase of EUR 735 thousand in net depreciation of assets primarily represents the accelerated impairment of an intangible asset ("Zen 4" battery system, which was considered to have become obsolete more quickly than anticipated) in 2020.

Operating income

Based on the factors discussed above, the Group's operating income increased by EUR 3,395 thousand at December 31, 2020, from December 31, 2019, an increase of 15%, from EUR (22,768) thousand at December 31, 2019, to EUR (19,373) thousand at December 31, 2020.

Financial result

The Group's financial result fell by EUR 2,535 thousand, from EUR (3,776) thousand for the year ended December 31, 2019, to EUR (6,311) thousand for the year ended December 31, 2020, a direct consequence of the increase in the cost of gross financial debt of EUR 3,037 thousand, which totaled EUR (5,251) thousand for the year ended December 31, 2020 versus EUR (2,214) thousand for the year ended December 31, 2019.

This was essentially driven by the increase in the Group's financial debt, related to the new significant financing obtained over the period. These arrangements include the convertible bond issued to shareholders BPI and Eurazeo (formerly Idinvest), and the grant of state-guaranteed loans from BNP Paribas, HSBC and Bpifrance, and the Atout loan from Bpifrance (refer to Section 8 for more details and to Note 2 of the 2020 consolidated financial statements).

Income tax expense

The change in the income tax expense is the result of deferred tax. Deferred tax assets related to tax loss carryforwards are recognized if Management has sufficient visibility on the recovery of these losses under the tax rules for charging and deferring.

Thus, the tax expense totaled EUR (3,728) thousand for the year ended December 31, 2020 compared with EUR 197 thousand for the year ended December 31, 2019. The theoretical tax amounted to a positive tax position of EUR 6,806 thousand for the year ended December 31, 2020 versus a positive tax position of EUR 7,432 thousand for the year ended December 31, 2019.

The differences between the theoretical tax liability (i.e., a positive tax position in 2020 and 2019) and the actual tax liability of EUR 10,534 thousand for the year ended December 31, 2020, and EUR 7,236 thousand for the year ended December 31, 2019, is the result of the impact of the deferred tax on unrecognized prior tax losses for EUR 9,917 thousand for the year ended December 31, 2018 and EUR 6,542 thousand for the year ended December 31, 2019, because of the absence of prospects for profit in the coming three years.

Indeed, in response to the recommendations of the AMF and the European Securities and Markets Authority (ESMA), since December 31, 2020, the Group has limited the deferred tax assets on tax loss carryforwards of the tax entities for which the expected prospects of recovery exceed three years.

Net income (loss)

Based on the factors discussed above, the Group recorded a net loss of EUR (29,412) thousand for the year ended December 31, 2020, versus a net loss of EUR (26,347) thousand for the year ended December 31, 2019, an increase in losses of EUR 3,065 thousand for the year ended December 31, 2020.

7.3.3. **Results of operations for the years ended December 31, 2019 and 2018**

Accounting presentation reclassifications for certain financial instruments were made in the consolidated financial statements (refer to Section 7.3.2 “Results of operations for the years ended December 31, 2020 and 2019”).

7.3.3.1. Revenue

The Group reports its segment information on the basis of the financial information presented to the Group’s management in its internal reporting, which it reviews regularly in order to make decisions on the allocation of resources to the segments and assess their performance. The Group’s reporting comprises two business segments, Light Vehicles and Industrial Tech (LeV & Ind Tech) and Heavy Vehicles (HeV), divided into five geographical areas.

The change in revenue by segment and geographic area is detailed in the following table.

In EUR thousands	December 31, 2019	December 31, 2018 Restated	Change
France			
Heavy Vehicles (HeV)	22,001	3,610	+18,391
Light Vehicles and Industrial Tech (LeV & Ind Tech)	5,093	4,316	+777
Total	**27,095**	**7,926**	**+19,169**
As %	***54%***	***34%***	
Europe			

Heavy Vehicles (HeV)	6,721	3,485	+3,236
Light Vehicles and Industrial Tech (LeV & Ind Tech)	9,890	5,268	+4,622
Total	**16,611**	**8,753**	**+7,858**
As %	***33%***	***38%***	
Asia			
Heavy Vehicles (HeV)	6	-	+6
Light Vehicles and Industrial Tech (LeV & Ind Tech)	3,888	2,762	+1,126
Total	**3,894**	**2,762**	**+1,132**
As %	***8%***	***12%***	
United States			
Heavy Vehicles (HeV)	2	5	–3
Light Vehicles and Industrial Tech (LeV & Ind Tech)	2,662	3,379	–717
Total	**2,663**	**3,384**	**–721**
As %	***5%***	***15%***	
Rest of the world			
Heavy Vehicles (HeV)	**-**	**214**	–214
Light Vehicles and Industrial Tech (LeV & Ind Tech)	79	118	–39
Total	**79**	**332**	**–253**
As %	***0%***	***1%***	
TOTAL	**50,342**	**23,157**	**+27,185**
Heavy Vehicles (HeV)	**28,730**	**7,315**	+21,415
Light Vehicles and Industrial Tech (LeV & Ind Tech)	**21,612**	**15,842**	+5,770

Group consolidated revenue totaled EUR 50,342 thousand in 2019, an increase of EUR 27,185 thousand. This growth was primarily driven by the acceleration of the Heavy Vehicles (HeV) business segment, in particular the bus market in France and Europe. Please see Chapter 5 of the Registration Document for more details on the new markets, new products and new customers. Please see Section 7.1.2 "Principal factors with a material impact on the Group's results."

The Heavy Vehicles (HeV) business segment represented 57% of the Group's consolidated revenue in 2019 (up from 32% in 2018).

Revenue recorded by this business segment amounted to EUR 28,730 thousand in 2019, an increase of EUR 21,415 thousand. This growth is primarily the result of:

- the sharp increase in revenue in France (+EUR 18,391 thousand), primarily driven by the growth of existing customers in the bus market, mainly Iveco/Heuliez in France (+EUR 16,506 thousand); and
- the increase in revenue in Europe (+EUR 3,236 thousand), essentially driven by increased sales to its customer Caetano in Europe for +EUR 3,300 thousand in the bus market.

The Light Vehicles and Industrial Tech (LeV & Ind Tech) business segment represented 43% of the Group's consolidated revenue in 2019 (down from 68% in 2018).

Revenue from this segment totaled EUR 21,612 thousand in 2019, an increase of EUR 5,770 thousand (+36%) over 2018. This improvement primarily reflects:

- the increase in revenue in Europe (+EUR 4,622 thousand), mainly driven by increased sales to the customer Piaggio for EUR 4,414 thousand, which was partially offset by a decline of EUR 584 thousand in the revenue from the customer Unu Motor;

- the revenue growth in France (+EUR 777 thousand), carried mainly by the increase in sales to the customer Sodikart for +EUR 729 thousand;

- the increase in revenue in Asia (+EUR 1,126 thousand), primarily the result of an increase in sales to Bosch for +EUR 646 thousand.

  These effects are partially offset by the decline of EUR 717 thousand in revenue from this business segment in the United States, the result of the downturn in medical business in this segment, a direct consequence of the impact of the Buy American Act, especially on public orders.

7.3.3.2. Current operating income and current operating expenses

The table below presents the current operating expense and operating income of the Group, in absolute value and as a percentage of revenue, for the periods indicated.

	Years ended December 31				
	2019		2018 restated		
	EUR thousands	% of revenue	EUR thousands	% of revenue	% Change
Revenue	**50,342**	**-**	**23,157**	**-**	**117**
Other operating income and expenses	1,409	3	-504	-2	-380
External services and consumables purchased	-51,635	-103	-27,850	-120	85
Employee expenses	-17,343	-34	-12,663	-55	37
Taxes	-584	-1	-368	-2	59
Amortization	-2,314	-5	-1,059	-5	119
Provisions and net impairment	-2,642	-5	-1,444	-6	83
Operating income (EBIT)	**-22,767**	-45	**-20,731**	**-90**	**10**

Other operating income and expenses

Other operating income and expenses totaled income of EUR 1,409 thousand at December 31, 2019, compared to an expense of EUR 504 thousand at December 31, 2018, representing 3% of revenue for the financial year ended December 31, 2019, compared to (2)% for the year ended December 31, 2018.

The change observed between 2018 and 2019 primarily reflects the increase in stored production (+EUR 3,063 thousand) related to the increase in business, which was partially offset by the impact of individually insignificant non-recurring expenses of +EUR 865 thousand.

External services and consumables purchased

The table below presents “External services and consumables purchased” for the periods indicated:

in EUR thousands	December 31, 2019	December 31, 2018
Consumables purchased	(41,575)	(18,570)
Fees, external services	(2,696)	(2,039)
Leases, maintenance & insurance	(995)	(2,039)
Transportation, travel and & conference expenses	(3,008)	(2,483)
Studies and research costs	(3,340)	(1,800)
Postal & telecommunications expenses	(169)	(173)
Subcontracting	(80)	(819)
Foreign exchange gains and losses on purchases	268	91
Other	(40)	(18)
External services and consumables purchased	**(51,635)**	**(27,850)**

External services and consumables purchased were up 85% at December 31, 2019 over the previous financial year, an increase of EUR 23,785 thousand to total EUR (51,635) thousand at December 31, 2019. This increase was primarily driven by:

- The increase of EUR 23,005 thousand in consumables purchased (+124%). The costs for the acquisition of cells and other components used in the manufacture of the battery systems are recognized in goods purchased, included in the item “Consumables purchased” on the Group’s income statement. The 124% jump is primarily the result of the increase in revenue (117%) and the price effect on certain components (cells, in particular);

- The increase in research costs for EUR 1,540 thousand, a direct consequence of the increase in business.

These effects were partially offset by the drop of EUR 1,044 thousand in “Leases, maintenance & insurance,” explained by the first-time application of IFRS 16 in 2019.

As a percentage of revenue, external services and consumables purchased, declined from 120% at December 31, 2018 to 103% at December 31, 2019.

This increase is directly tied to the acceleration in business over the period and the increase in consumption for battery systems production.

Employee expenses

The increase of EUR 4,680 thousand in employee expenses, an increase of 37% over the previous financial year, is primarily the result of the increase in compensation for the year ended December 31, 2019, which rose by EUR 3,552 thousand compared to the year ended December 31, 2018.

Faced with the acceleration in business, the Group recruited new hires, raising the number of employees from 340 to 468 during the year ended December 31, 2019. These hires are also intended to support the future growth anticipated by the Group.

As a percentage of revenue, employee expenses dipped from 55% in the year ended December 31, 2018 to 34% for the year ended December 31, 2019. This decline is the result of a volume effect offset by a cost effect: primarily an increase in the number of operators distributed between France and China.

Taxes and related payments

Taxes and related payments were up EUR 216 thousand at December 31, 2019, over December 31, 2018, an increase of 59%, to total EUR (584) thousand at December 31, 2019, which is primarily explained by the increase in the taxes levied on salaries, a direct result of the payroll changes in France. As a percentage of revenue, taxes and related payments fell slightly from 1.6% of revenue at December 31, 2018, to 1.2% at December 31, 2019.

Net amortization, provisions and depreciation

This item increased by EUR 2,450 thousand, from EUR (2,507) thousand at December 31, 2018, to EUR (4,957) thousand at December 31, 2019. This increase was essentially driven by:

- the increase in amortization and depreciation of property, plant and equipment and intangible assets in the amount of EUR 910 thousand, most of which is the result of the activation of development expenditures to allow the Company to boost its production capacity and improve its production tool in its different plants; these mainly represent personnel costs;

- the recognition at December 31, 2019 of amortization of the rights of use related to lease agreements in the amount of EUR 610 thousand following the application of IFRS 16 (refer to Note 6.3.1 of the 2019 consolidated financial statements); and

- the increase of EUR 929 thousand in net allocations to provisions for risks and charges, which totaled EUR (2,374) thousand at December 31, 2019, versus EUR (1,445) thousand at December 31, 2018. They primarily represent the provisions for battery recycling, the provision for after-sales guarantee and the provision on inventories. The increase for the period is primarily due to the increase in the after-sales service provision related to the increase in revenue.

Operating income

Based on the factors reported above, the Group's operating income rose by EUR 2,032 thousand at December 31, 2019, over December 31, 2018, an increase of 10%, from EUR (20,736) thousand at December 31, 2018, to EUR (22,768) thousand at December 31, 2019.

Financial result

Accounting presentation reclassifications for certain financial instruments were made in the consolidated financial statements that impacted financial result at December 31, 2018 in the amount of EUR 552 thousand in financial expense (see Section 7.1.4 "Factors affecting the comparability of consolidated results") that led to a restatement of the audited financial result at December 31, 2018.

The Group's financial result declined by EUR 1,720 thousand, from EUR (2,056) thousand at the end of December 2018 to EUR (3,776) thousand at year-end 2019. This is primarily due to:

- the increase of EUR 930 thousand in the cost of financial debt, which resulted from the availability of the third tranche of the loan signed with the EIB; and

- the change in fair value of derivatives and the impact of the effective interest rate (EIR) for +EUR 575 thousand.

Details of the Group's indebtedness are given in Chapter 8 "Group cash and equity" of the Registration Document.

Income tax expense

The change in the income tax expense is the result of deferred tax. Deferred tax assets related to tax loss carryforwards are recognized if Management has sufficient visibility on the recovery of these losses under the tax rules for charging and deferring.

Thus, at December 31, 2019, the Group recorded a positive tax position of EUR 197 thousand against a tax liability of EUR (405) thousand at December 31, 2018. The theoretical tax amounted to a positive tax position of EUR 7,432 thousand at December 31, 2019, versus a positive tax position of EUR 7,597 thousand at December 31, 2018.

The differences between the theoretical tax expense and the actual tax expense of EUR 7,236 thousand at December 31, 2019 and EUR 8,002 thousand at December 31, 2018, result from the impact of the deferred tax on unrecognized prior tax losses for EUR 6,542 thousand at December 31, 2019, and for EUR 7,362 thousand at December 31, 2018, because of the absence of the prospects for profit in the following three years.

Net income (loss)

Based on the factors discussed above, the Group recorded a net loss of EUR 26,347 thousand at December 31, 2019, versus a net loss of EUR 23,197 thousand at December 31, 2018, a decline of EUR 3,150 thousand.

8. GROUP CASH AND EQUITY

8.1. Overview

This section presents information on the Group's shareholders' equity, liquidity and sources of financing.

The discussion of equity, liquidity, sources of financing and cash flows in this section of the Registration Document is based on the Group's financial information and should be read in conjunction with the consolidated financial statements presented in Chapter 18 "Financial Information" of the Registration Document.

The Group's principal financing needs include its working capital requirements, capital expenditure (particularly in connection with its development and acquisition strategy (see Section 5.3 and Section 5.7 "Investments" of the Registration Document)), loan repayments and interest payments.

The Company was mainly financed by:

- capital increases: the Company received a total of EUR 30.5 million through the founders' contribution and capital increases (see paragraph 8.2.1.2 "Capital increases" below);
- financing with the EIB (European Investment Bank) (the "**EIB**"):
  - a financing agreement entered into on December 18, 2017 (the "**2017 EIB Loan Agreement**"), with the first tranche of EUR 7.5 million made available in March 2018, the second tranche of EUR 7.5 million in October 2018 and the third and final tranche of EUR 5 million in December 2019. This EUR 20 million of financing was accompanied by the issuance of 6,857 BSA $_{EIB\ A}$ on March 15, 2018 (see Section 19.1.4.1 of the Registration Document).
  - a EUR 50 million five-year financing agreement entered into on December 21, 2020 with the EIB (the "**2020 EIB Loan Agreement**") through the provision of financing in four tranches of EUR 21.5 million, EUR 8.5 million, EUR 10 million and EUR 10 million respectively (see paragraph 8.2.1.5 "Bank financing" below). This financing imposes financial and other covenants (detailed in Section 8.3 below).
- French state-guaranteed loans (see "Other bank financing" below in Section 8.2.1.5 "Bank financing");
- other short-term loans and lines of credit (see "Other bank financing" below in Section 8.2.1.5 "Bank financing");
- factoring agreements (see Section 8.2.1.6 "Factoring" below).

Please refer to the following information on the Group's cash flows in conjunction with the Group's condensed interim consolidated financial statements for the half years ended June 30, 2021, and June 30, 2020, and the Group's consolidated financial statements for the financial years ended December 31, 2020, 2019 and 2018, as set forth in Chapter 18 "Financial Information" of the Registration Document, which have been the subject of a limited review by the Statutory Auditors for the half year ended June 30, 2021, and audit reports by the Statutory Auditors, respectively, included in Sections 18.2.2 and 18.3 of the Registration Document.

Based on the updated cash flow forecasts, the Group believes that it will be able to meet its liquidity needs during the 12-month period following the date of this Registration Document and to make interest payments on its financial debt during that period. For more details, please refer to the liquidity risk described in Section 3.4.1 of the Registration Document.

8.2. Information on the capital, liquidity and sources of financing of the Group

8.2.1. **Financial resources and liabilities**

8.2.1.1. **Net cash**

The Group's net cash was EUR 4,195 thousand at June 30, 2021, EUR 11,273 thousand at December 31, 2020, compared with EUR 2,914 thousand at December 31, 2019, and EUR 12,076 thousand at December 31, 2018. An analysis of changes in cash flow is provided in Section 8.2.4 "Group consolidated cash flows" below.

The Group uses its cash and cash equivalents to finance its current operating needs but also its capital expenditures on property, plant and equipment and intangible assets, in particular for the development of innovative battery systems and to a lesser extent for research costs. Most of the Group's cash is denominated in euros (EUR).

The Group's ability to generate cash from its operating activities in the future will depend on its future operating performance, which in turn will depend to some extent on economic, financial, competitive, market, regulatory and other factors, many of which are beyond the Group's control.

8.2.1.2. **Capital increases**

The Company recognized a capital increase of EUR 10 million (issue premium included) on December 21, 2018 with the acquisition of a stake in the SPI Fund - *Sociétés de projets industriels*. This fund is managed by Bpifrance on behalf of the French government as part of the future investment program.

A second cash capital increase of EUR 4 million (issue premium included) was carried out on March 13, 2019 through the issuance of 10,550 new class C3 preference shares to the SPI Fund - *Sociétés de projets industriels*.

Other capital increases (decided by the extraordinary shareholder meeting of December 18, 2019) were recognized on December 26, 2019, for a total amount (issue premium included) of EUR 16.7 million, paid up through (i) the contribution of EUR 2.5 million from shareholders of Eurazeo (formerly known as Idinvest) and Mitsui, (ii) the conversion of EUR 5.2 million in convertible bonds issued in July 2019 (OC3 and OC4), (iii) the conversion of EUR 4.5 million in Mitsui accounts payable and (iv) the conversion of EUR 4.5 million in Eurazeo (formerly known as Idinvest) shareholder current accounts.

Related parties controlling the Group have in the past provided financial support for its development for example through several cash injections into shareholders' current accounts by one or more funds managed by Eurazeo at an average rate close to 10% (the "Current Account Contribution Agreements"). These current account contributions were intended to finance the Company's working capital requirements in the course of its business. Financial debt relating to related parties amounted to EUR 6.8 million at December 31, 2020, EUR 6.1 million at December 31, 2019, and EUR 10.4 million at December 31, 2018.

The Current Account Contribution Agreements have been replaced, upon payment of the interest due under the OC 5 as indicated below, by a current account contribution agreement dated September 28, 2021 entered into with the funds managed by Eurazeo (the "Single Current Account Contribution Agreement"). The current account contributions granted by the funds managed by Eurazeo under the Single Current Account Contribution Agreement will bear interest at a rate of 0.5% per year (if the Company's shares are settled and delivered in connection with their admission to trading on the regulated market of Euronext Paris before May 31, 2022). The contributions, which are subordinated pursuant to the subordination agreement entered into with the European Investment Bank on June 3, 2021, in connection with the 2020 EIB Loan Agreement, will remain blocked until the earlier of (i) the

authorization of the European Investment Bank to proceed with the repayment of such amounts and (ii) the repayment by the Company of all debts owed to the European Investment Bank.

In addition, on September 28, 2021, the Company's shareholders conducted capital transactions in order to:

(i) transfer all outstanding OC 5 (as described in Section 8.2.1.4 of the Registration Document) to Mitsui & Co., Ltd.; the acquired OC 5 being fully converted by Mitsui & Co., Ltd. into 76,923 ADPC3.[35] Following this conversion, there are no longer any convertible bonds outstanding;

(ii) pay the interest due to the holders of the OC 5 by recording the amounts due in the shareholders' current account;[36]

(iii) reserve a capital increase in cash of EUR 2,142,400 (issue premium included) for the SPI Fund – *Sociétés de Projets Industriels*, issuing 3,296 new ordinary shares at a subscription price of EUR 650 per share (see Section 19.1.7 of the Registration Document). The capital increase was subscribed by offsetting receivables through the capitalization of the current account of the SPI Fund – *Société de Projets Industriels* in the amount of EUR 2,142,400.

On September 29, 2021, a capital increase in cash of EUR 9,148,000 (issue premium included) reserved for funds managed by Eurazeo was carried out, through the issuance of 14,074 new ordinary shares at a subscription price of EUR 650 per share (see Section 19.1.7 of the Registration Document). The capital increase was subscribed by offsetting receivables through the capitalization of the current accounts of the funds managed by Eurazeo in the amount of EUR 9,148,000. This transaction enabled the Group to repay almost all of the amounts due under the Single Current Account Contribution Agreement.

Following the capital increases through the capitalization of shareholders' current accounts on September 28 and 29, 2021, the SPI Fund – Sociétés de Projets Industriels holds a receivable from the Company of EUR 115,401.27, which has been recorded in its shareholders' current account, and the funds managed by Eurazeo hold a receivable from the Company of EUR 208,852.85, which has been recorded in their respective shareholders' current accounts, as detailed below:

Eurazeo Funds	Amount of debt recorded in the Company's financial statements (in euros)
FPCI Electranova Capital	44,490.40
FPCI Electranova – Idinvest Smart City Venture Fund	42,661.60
FCPI Idinvest Patrimoine N°4	1,411.88
FCPI Idinvest Patrimoine N°5	180.24
FCPI Idinvest Patrimoine N°6	8,320.10

[35] Upon conversion, each OC 5 entitled the holder to a number of ADPC3 determined on the basis of a conversion ratio calculated, at the date of conversion, as follows: X = 76.923/79.122.
[36] The interest due on the OC 5 was paid on September 28, 2021, by recording in the shareholders' current account (i) the sum of EUR 2,228,759.51 in the name of the SPI Fund – *Sociétés de Projets Industriels* and (ii) the sum of EUR 2,054,102.62 in the name of funds managed by Eurazeo.

FCPI Objectif Innovation Patrimoine N°7	736.52
FCPI Objectif Innovation Patrimoine N°8	300.80
FCPI Objectif Innovation Patrimoine N°9	6,192.88
FIP Régions & Industries	1,609.13
FCPI Idinvest Patrimoine 2015	3,403.56
FCPI Idinvest Patrimoine 2016	2,949.87
Idinvest Innov FRR France	19,640.34
Idinvest Growth Secondary S.L.P	76,955.53
TOTAL	208,852.85

A second shareholders' current account contribution agreement was signed on September 28, 2021 between the Company and the SPI Fund - *Sociétés de Projets Industriels*, in order to organize the terms and conditions of the contribution of EUR 115,401.27. This contribution, which is subordinated pursuant to the subordination agreement concluded with the European Investment Bank on June 3, 2021, in connection with the 2020 EIB Loan Agreement, will remain blocked until the earlier of (i) the authorization of the European Investment Bank to proceed with the repayment of such sums and (ii) the repayment by the Company of all debts owed to the EIB.

In connection with the above transactions, the Company obtained on September 28, 2021, the necessary European Investment Bank approval to amend the terms and conditions of the OC 5 held by the SPI Fund - *Sociétés de Projets Industriels* and the funds managed by Eurazeo, in order to facilitate their sale to Mitsui & Co., Ltd. (the "EIB Approval").

8.2.1.3. **Financial debt**

Certain historical information included in the financial statements for the year ended December 31, 2018, and used for comparative information in the consolidated financial statements for the year ended December 31, 2019, has been restated from the audited consolidated financial statements at December 31, 2018. These restatements concern the reclassification of financial instruments detailed in Section 7.1.4 of the Registration Document.

Net financial debt

The Group's net financial debt can be summarized as follows:

in EUR thousands	June 30, 2021	December 31, 2020	December 31, 2019	December 31, 2018 restated
Bonds	29,720	28,727		
Borrowings from the EIB	19,185	18,765	18,107	12,522
Borrowings from BPI	0	0	19	149
BPI Atout loan (Covid liquidity support)	5,000	5,000		
State-guaranteed loan from BPI	5,000	5,000		
State-guaranteed loan from BNP	6,427	6,263		

State-guaranteed loan from HSBC	6,427	6,263		
Debt on right of use - non-current	8,918	9,289	1,815	
Deposits and securities received	56	56	56	20
Related-party liabilities	7,100	6,821	6,162	10,416
Debt related to trade receivables financing		1,382	9,238	4,033
Interest accrued on financial liabilities	3,845	3,856	1,080	321
Debt on right of use - current	905	896	674	
Short term credit line			4,500	6,000
Fair value hedges related to currency risk	-29			
Accrued interest not due - liabilities	13	3	10	6
Bank loans (cash liabilities)				
Total gross financial debt & related items	**92,117**	**92,321**	**41,661**	**33,467**
Cash and cash equivalents	**4,195**	**11,273**	2,913	12,075
Total net financial debt	**87,922**	**81,048**	**38,748**	**21,392**

Financial debt maturities

The financial debt maturity schedule as at June 30, 2021, is as follows:

in EUR thousands	June 30, 2021	at 1 year	1 to 5 years	more than 5 years	Covenant
Bonds	29,270			29,270	no
Borrowings from EIB	19,185			19,185	yes
BPI Atout loan (Covid liquidity support)	5,000		5,000		no
BPI state-guaranteed loan	5,000		5,000		no
BNP state-guaranteed loan	6,427		6,427		no
HSBC state-guaranteed loan	6,427		6,427		no
Debt on leased assets	8,918		3,514	5,404	no
Deposits and sureties received	56			56	no
Related-party liabilities	7,100		7,100		no
Debt for financing trade receivables					no
Long-term financial debt	**87,382**		**33,467**	**53,915**	
Accrued interest on financial debt	3,845		3,845		no
Debt on leased assets	905	905			no
Fair value hedges related to currency risk	(29)	(29)			
Short-term credit line					no
Accrued interest not yet due	13	13			no
Short-term financial debt	**4,735**	**889**	**3,845**		
Gross financial debt and similar	**92,117**	**889**	**37,313**	**53,915**	

8.2.1.4. **Financing through convertible and non-convertible bonds**

In early July 2019, the Company issued EUR 5 million in convertible bonds to Eurazeo (formerly known as Idinvest) (OC 3 of EUR 3 million) and BPI (OC 4 of EUR 2 million). These bonds were converted into shares in December 2019.

In 2020, the Company issued EUR 30 million in OC 5 convertible bonds to the SPI Fund - *Sociétés de Projets Industriels* (EUR 15 million) and Eurazeo (formerly known as Idinvest) (EUR 15 million) in February and May. They have a maturity of five years at an annual interest rate of 10% (although the rate was reduced to 0.5% as of September 28, 2021). These bonds had not been converted into shares as at June 30, 2021, and were fully converted into 76,923 ADPC3 on September 28, 2021. Upon conversion, each OC 5 entitled the holder to a number of ADPC3 determined on the basis of a conversion ratio, calculated as follows: X = 76,923/79,122.

8.2.1.5. **Bank financing**

2020 EIB Loan Agreement

On December 21, 2020, the Company and the EIB entered into the 2020 EIB Loan Agreement, in which the EIB agreed to provide the Company with long-term financing of EUR 50 million divided into four tranches as follows: (i) a Tranche A for a maximum principal amount of EUR 21.5 million (which was drawn by the Company in June 2021), (ii) a Tranche B for a maximum principal amount of EUR 8.5 million, (iii) a Tranche C for a maximum principal amount of EUR 10 million and (iv) a Tranche D for a maximum principal amount of EUR 10 million, which, subject to the satisfaction of the conditions precedent for their availability (detailed below), will be available until the third anniversary of the date of signature of the 2020 EIB Loan Agreement. These tranches are repayable in full at maturity on the fifth anniversary of their respective dates of availability. The purpose of this financing is, in particular, to refinance a previous loan under the 2017 EIB Loan Agreement (for an amount of EUR 20 million (in three tranches)) and to finance an investment program relating to an innovative battery system that is part of sustainable energy transition projects in France and Poland.

In accordance with the conditions precedent to the drawing down of Tranche A of the 2020 EIB Loan Agreement, the Company issued 3,500 $BSA_{EIB\ C}$, the terms and conditions of which are detailed in Section 19.1.4.1 of the Registration Document. It should be noted that the EIB still holds $BSA_{EIB\ A}$ issued upon the provision of the first tranche of the 2017 EIB Loan Agreement, as detailed in Section 19.1.4.1 of the Registration Document.

This financing has conditions and restrictions that are detailed below in Section 8.3 of the Registration Document. The drawdown of each tranche of the 2020 EIB Loan Agreement is subject to conditions precedent, in particular the issuance of share subscription warrants ($BSA_{EIB\ A}$, $BSA_{EIB\ B}$, $BSA_{EIB\ C}$ and $BSA_{EIB\ D}$), the terms and conditions of which for warrants existing at the date of the Registration Document are detailed in Section 19.1.4.1 of the Registration Document.

Derivative financial instruments

The table below presents the Company's derivative financial instruments at June 30, 2021, and December 31, 2020, 2019 and 2018.

	Date of issuance	**Number of instruments**	**June 30, 2021** *(in EUR thousands)*	**December 31, 2020** *(in EUR thousands)*	**December 31, 2019** *(in EUR thousands)*	**December 31, 2018** *(in EUR thousands)*
$BSA_{EIB\ A}$ for EIB	March 15, 2018	6,857	5,139	2,984	2,986	2,577
Derivative on OC 5	Issuance of the first tranche on February 28, 2020 and issuance of the second tranche on May 20, 2020	123,957	938	1,473	0	0
$BSA_{EIB\ C}$ for EIB	June 4, 2021	3,500	2,273	0	0	0
Total		**134,314**	**8,350**	**4,457**	**2,986**	**2,577**

On March 15, 2018, the Company issued 6,857 share subscription warrants ($BSA_{EIB\ A}$) to the EIB for the grant of EUR 20 million in financing. Each $BSA_{EIB\ A}$ gives the right to subscribe to one ordinary share of the Company (subject to the adjustments mentioned in the terms and conditions of these $BSA_{EIB\ A}$) at an exercise price of EUR 10.[37] These $BSA_{EIB\ A}$ are presented and valued as a derivative liability for the following reasons:

[37] It should be noted that, in the event that new shares are issued by the Company (the "Adjustment Event"), the Company undertakes to (i) issue new $BSA_{EIB\ A}$ to the holders of $BSA_{EIB\ A}$ or (ii) adjust the exercise ratio of the $BSA_{EIB\ A}$ to ensure that the equity interest of the holders of the $BSA_{EIB\ A}$ in the profits of the Company remains the same as it would have been in the

- These BSA $_{EIB\ A}$ do not fulfill the condition of an equity instrument insofar as settlement of the warrants cannot be converted into a fixed number of company shares;

- These $BSA_{EIB\ A}$ carry a put option that allows the EIB to be reimbursed in cash for the fair value of the shares not received.

The change in the fair value of the derivative is recognized as net income. The value of the derivative corresponds to the cost of the option in the event of the exercise of these BSAs.

A derivative instrument was recognized on the OC 3 and OC 4 bonds issued on July 4, 2019, and converted into capital on December 18, 2019.

A derivative instrument was recognized for the OC 5 bonds, the first tranche of which was issued on February 28, 2020, and the second tranche on May 20, 2020.

On June 4, 2021, the Company issued 3,500 $BSA_{EIB\ C}$ to the EIB under a loan agreement for the drawdown of Tranche A in an amount of EUR 21,500 thousand. Each $BSA_{EIB\ C}$ grants the right to subscribe to one common share of the Company (subject to the adjustments stipulated in the terms and conditions of these $BSA_{EIB\ C}$) at an exercise price of EUR 10.[38]

Other bank financing

In 2020, the Company received bank financing in the amount of EUR 25 million through:

- State-guaranteed loans (SGLs), in order to secure its cash flow needs, particularly in the context of the postponement of its projects and to handle the consequences of the COVID-19 pandemic. These amount to EUR 20 million and are distributed as follows: (i) two state-guaranteed loans divided equally between HSBC and BNP Paribas for an amount of EUR 7,500 thousand each at the respective overall effective rates of 1.69% and 2.14%, solely for its operational needs in France (HSBC) and for the financing of the Company's cash position to support its business activity in France (BNPP); and (ii) an innovation support loan (SGL) granted by Bpifrance for an amount of EUR 5,000 thousand at the overall effective rate of 2.35%. In accordance with the laws applicable to state-guaranteed loans, these loans had an initial maturity of one year from the date they were made available. They are not subject to any financial covenants. The Company has opted for repayment of all its SGLs over the longest period. Thus, the three SGLs benefited from an additional period of one year for repayment of capital, and the capital will be straight-line amortized until 2026.

  The state-guaranteed loan (SGL) concluded with BNP Paribas was also amended on March 19, 2021, with the principal purpose of establishing a new rate of 0.75% from the initial due date

absence of the Adjustment Event (the "Adjustment Undertaking"). However, the Adjustment Undertaking shall not be applicable in the event that the issuance of new shares meets all of the following conditions listed: the capital increase is carried out (i) to finance the growth of the Company; (ii) on the basis of a price per share equal to at least EUR 379.16 (issue premium included); and (iii) the EIB and Eurazeo (formerly known as Idinvest Partners) are diluted by the capital increase in the same proportions. In this respect, the capital increase that will take place when the Company's shares are admitted to trading on the regulated market of Euronext Paris will not represent an Adjustment Event.

[38]Note that if new shares are to be issued by the Company (the "Adjustment Event"), the Company undertakes to (i) issue new $BSA_{EIB\ C}$ for the benefit of $BSA_{EIB\ C}$ holders or (ii) adjust the exercise ratio for the $BSA_{EIB\ C}$ so that the equity interest of holders of $BSA_{EIB\ c}$ in the Company's profits remains the same as it would have been in the absence of the Adjustment Event (the "Adjustment Commitment"). However, the Adjustment Undertaking shall not be applicable in the event that the issuance of new shares meets all of the following conditions listed: the capital increase is carried out (i) to finance the growth of the Company; (ii) on the basis of a price per share equal to at least EUR 379.16 (issue premium included); and (iii) the EIB and Eurazeo (formerly known as Idinvest Partners) are diluted by the capital increase in the same proportions. In this respect, the capital increase that will take place when the Company's shares are admitted to trading on the regulated market of Euronext Paris will not represent an Adjustment Event.

(June 4, 2021) of this state-guaranteed loan (SGL) and adjusting the repayment frequency to quarterly payment dates in accordance with the terms and conditions in the contract.

The representations and warranties made by the Company under these agreements, as well as the events of early repayment stipulated therein, are in line with market standards for this type of loan (state-guaranteed loans — SGLs) and relate mainly to the Company's solvency, the preservation of its assets, compliance with the terms of the agreement in question, its purpose and the specific terms and conditions for the granting of the state-guaranteed loans.

- the EUR 5 million Atout loan granted by Bpifrance at an overall effective interest rate of 5%. This loan has a one-year grace period with respect to principal, which shall then be repaid quarterly from August 31, 2021, to May 31, 2025; it does not impose any financial covenants. The representations and undertakings of the Company under this agreement as well as the events of early repayment are similar to the PGE referred to above.

The Company had set up a short-term line of credit of EUR 6 million at the Euribor rate +3% with BNP Paribas in October 2018 to finance the working capital requirements of its customer HEULIEZ/IVECO. A first tranche of EUR 1.5 million was repaid in 2019. This credit line was repaid in full in 2020. Refer to Section 8.2.4.3 "Group consolidated cash flows for the financial years ended December 31, 2020, December 31, 2019, and December 31, 2018" for more information on the short-term lines of credit.

Finally, in 2021, the Company obtained three new lines of credit of EUR 3 million each, at a rate of 2%, accompanied by a 130% pledge on inventory. These agreements are subject to special conditions and general conditions. The general terms and conditions include "classic" immediate acceleration clauses, including the requirement to have shareholders' equity equal to at least 50% of the share capital no later than nine months after the date of the closing of the annual financial statements.

Refer to Section 8.2.4.3 "Group consolidated cash flows for the financial years ended December 31, 2020, December 31, 2019, and December 31, 2018" for more information on the short-term lines of credit.

8.2.1.6. **Factoring**

As part of its business activity, the Group has entered into factoring agreements with BNP Paribas Factor, HSBC Factoring France and Banco Santander to accelerate the collection of trade receivables and cash inflows by providing financing secured by trade receivables.

EUR thousands	Half year ended June 30	Year ended December 31			January 1, 2018
	2021	2020	2019	2018	
Assignment of receivables without recourse	2,421	2,086	0	0	0
Assignment of receivables with recourse	0	1,520	15,172	6,293	5,573
Total assigned receivables	**2,421**	**3,607**	**15,172**	**6,293**	**5,573**

Non-recourse factoring program

In late 2020, the Group renegotiated its factoring contracts and has a non-recourse factoring program, i.e., with a transfer of the risks of late payment, unpaid amounts, foreign exchange, and a limitation of the factor's recourse in the case of non-payment of guaranteed receivables.

As the renegotiated factoring contract transfers to the factor the contractual rights to cash flows and almost all the associated risks and benefits, the trade receivables assigned and mobilized without recourse are derecognized, pursuant to IFRS 9, from "Trade receivables" in the consolidated balance sheet, with the exception of the security deposits maintained in the item "Financial assets."

The non-recourse factoring contract (HSBC Factoring France contract) covers an outstanding amount, for an indefinite period, limited to EUR 3,500 thousand, divided between EUR 3,300 thousand for receivables denominated in euros (EUR) and EUR 200 thousand for receivables denominated in U.S. dollars (USD) and an outstanding amount covering the export market for USD 700 thousand.

The amount of the receivables assigned without recourse (HSBC contract) which are no longer presented on the balance sheet was EUR 2,421 thousand as at June 30, 2021 (EUR 2,086 thousand as at December 31, 2020).

The outstanding amount financed by non-recourse factoring is presented in Note 7.6 of the condensed interim consolidated financial statements.

Recourse factoring program

The trade receivables assigned and mobilized with credit institutions without transfer of the credit risk are maintained in the financial statements in "Trade Receivables."

The cash from assigned receivables transferred to the factoring companies is recognized in financial debt net of reserves and deposits held by the factoring company.

The Group holds a single recourse factoring contract as at December 31, 2020 (BNP Paribas Factor contract) for an outstanding amount limited to EUR 3,550 thousand for an indefinite period. Since June 30, 2021, the Company has ceased to discount its receivables under this contract.

The amount of the receivables assigned with recourse (BNP contract), which are presented on the balance sheet, is null as at June 30, 2021, following the closing of the contract in June 2021 (EUR 1,520 thousand as at December 31, 2020).

The outstanding amount of receivables financed by recourse factoring is presented in Note 7.6 of the condensed interim consolidated financial statements.

Factoring contract including in a customer's reverse factoring program

A factoring contract included in a reverse factoring program of a customer (Heuliez Bus-IVECO and Case NewHolland following the merger of these companies) with a banking institution (Banco Santander) was set up with variable discount payment terms depending on the maturity of the receivable on the date of assignment to the factor.

This factoring contract has no recourse at the moment of the discount, i.e., with transfer of the risks of late payment, unpaid amounts, foreign exchange and a limitation of the factor's recourse in the event of non-payment of guaranteed receivables; under IFRS 9, this leads to the derecognition of the trade receivables on presentation for the discount to the factor.

This factoring is for an unlimited period and without a ceiling on the receivables of the customer Heuliez-Iveco (Case New Holland Group). No invoice with a due date after December 31, 2020 was discounted.

Under the factoring contract included in a customer's reverse factoring program, as at June 30, 2021, the Group has discounted EUR 5,047 thousand of receivables with Banco Santander for which the due date is after June 30, 2021 (no receivables had been assigned as at December 31, 2020).

The outstanding amount of receivables financed by the factoring included in a reverse factoring program is presented in Note 7.6 of the condensed interim consolidated financial statements.

8.2.1.7. **Right-of-use liability**

The Group applied IFRS 16 using the simplified retrospective method. For this reason, no restatement of the financial statements published prior to the date of application of the standard and presented in comparison is made (the first-time application of IFRS 16 to lease agreements is detailed in Section 7.1.8 of the Registration Document).

As a result, the right-of-use liability amounted to EUR 9.8 million at June 30, 2021, EUR 10.2 million at December 31, 2020 and EUR 2.4 million at December 31, 2019. The increase in this rental debt is explained by the commencement of the lease on completion (BEFA) for the Chasseneuil-du-Poitou site in 2020 for EUR 8.3 million.

8.2.2. **Off-balance sheet commitments and contractual obligations**

See Note 10.2 to the Group's consolidated financial statements for the year ended December 31, 2020 and Note 9.3 to the condensed interim consolidated financial statements for the half year ended June 30, 2021.

June 30, 2021:

FORSEE POWER SAS granted "assets liabilities" guarantees to some of its shareholders when they acquired shares in the Company and/or made additional investments in the Company (see Notes 4.3.12.1 and 8.9.3.1 to the consolidated financial statements as at December 31, 2020). If a representation in the guarantee proved to be inaccurate, the company undertook to indemnify the loss suffered by the affected shareholders, at the discretion of the shareholder in question, through either a payment or a reserved issuance of shares via the exercise of the BSA G (which were cancelled on September 28, 2021). No call of guarantee has ever been made by the shareholders as of the date of the Registration Document, and a large majority of the guarantees made are now expired and may no longer result in indemnification. The maximum amount of the indemnification, if any, that could be called under the guarantees still in force is capped at EUR 7.8 million (corresponding to the cap on the guarantees granted in 2017 for the benefit of Mitsui and 2018 for the benefit of Mitsui and BPI). This cap remains theoretical at the date of the Registration Document because a large majority of the matters covered by these guarantees have expired (only damages arising from breaches of tax[39], anti-corruption[40] or environmental[41] representations remain covered until the end of the applicable statute of limitations period plus 30 days).

Finally, the guarantees granted by the Company in December 2019 and February 2020 (for a total indemnity undertaking of approximately EUR 10.9 million), detailed below, expired on July 1, 2021.

December 31, 2020:

FORSEE POWER SAS granted four guarantees to some of its shareholders when they acquired shares in the Company and/or made additional investments in the Company (see Notes 4.3.12.1 and 8.9.3.1 to the consolidated financial statements at December 31, 2020). If a representation in the guarantee proves to be inaccurate, the company has undertaken to indemnify the loss suffered by affected shareholders through a payment, a reserve issuance of shares via the exercise of the BSA G (which were cancelled on September 28, 2021), or a capital increase subscribed to by the shareholders by offsetting the claim that they have against the company for the loss suffered. The maximum amount of the indemnification

[39] For tax matters, the statute of limitations is three years for most taxes. The statute of limitations for tax purposes has been reached for almost all the tax matters covered by the guarantee granted in 2017 to Mitsui and will be reached at December 31, 2021, for almost all of the tax matters covered by the guarantee made in 2018 to BPI.

[40] For corruption/illegality, the statute of limitations can be as much as 20 years. However, with respect to the guarantee made to BPI in 2018, the maximum period to call the guarantee was limited to a period of 10 years from December 21, 2018.

[41] In environmental matters, the statute of limitations may be as much as 30 years from the date on which the damage was discovered or the date of the consolidation of the initial or aggravated damage. However, with respect to the guarantee granted to BPI in 2018, the maximum period to call the guarantee is limited to a period of 10 years from December 21, 2018.

that could be owed by the company is capped at EUR 18.7 million. The last two guarantees granted by the Company in December 2019 and February 2020 (for a total indemnity undertaking of approximately EUR 10.9 million) expired on July 1, 2021. Moreover, the cap on guarantees granted in 2017 and 2018 to Mitsui and BPI therefore amounted to approximately EUR 7.8 million. This cap remains theoretical at the date of the Registration Document because many of the matters covered by these warranties have expired (only damages arising from breaches of tax, anti-corruption or environmental representations remain covered until the end of the applicable statute of limitations plus 30 days). These statute of limitations periods are detailed in the paragraph “June 30, 2021” above.

December 31, 2019:

In July 2019, FORSEE POWER SAS signed a pledge agreement with Heuliez BUS for components as security for the principal, interest, costs and related expenses of the advance payment made by Heuliez BUS for the orders. At December 31, 2019, the value of the components pledged was EUR 2.7 million. This amount was settled in 2020.

On December 31, 2019, FORSEE POWER SAS granted three guarantees to some of its shareholders when they acquired shares in the Company and/or made additional investments in the Company (see Notes 4.3.12.1 and 8.9.3.1 to the consolidated financial statements at December 31, 2019). If a representation in the guarantee proves to be inaccurate, the company has undertaken to indemnify the loss suffered by affected shareholders through a payment, a reserve issuance of shares via the exercise of the BSA G (which were cancelled on September 28, 2021), or a capital increase subscribed to by the shareholders by offsetting the claim that they have against the company for the loss suffered. The maximum amount of indemnification that could be owed by the company is capped at EUR 11.7 million.

December 31, 2018:

None.

8.2.3. Comments on the main balance sheet items

Certain historical information included in the financial statements for the year ended December 31, 2018, and used for comparative information in the consolidated financial statements for the year ended December 31, 2019, has been restated from the audited consolidated financial statements at December 31, 2018. Likewise, certain historical information included in the financial statements for the year ended December 31, 2020, and used for comparative information in the condensed interim consolidated financial statements for the half year ended June 30, 2021, has been restated from the audited consolidated financial statements as of December 31, 2020.

These restatements are detailed in Section 7.1.4. of the Registration Document.

(In EUR thousands)	June 30, 2021	December 31, 2020 restated	December 31, 2019	December 31, 2018 restated	Change June 30, 2021 - December 31, 2020	Change December 31, 2020 - December 31, 2019	Change December 31, 2019 - December 31, 2018
Non-current assets	**33,903**	**35,804**	**25,173**	**17,117**	**– 1,901**	**+ 10,631**	**+ 8,056**
Including intangible assets	12,831	12,060	10,131	7,645	+ 771	+ 1,929	+ 2,486
Including property, plant and equipment	16,891	16,731	8,570	3,870	+ 160	+ 8,161	+ 4,700
Including financial assets	1,009	4,398	723	215	– 3,389	+ 3,675	+ 508
Current assets	**48,631**	**56,749**	**50,354**	**39,408**	– 8,118	+ 6,395	+ 10,946
Including inventories	24,414	28,284	18,170	10,040	– 3,870	+ 10,114	+ 8,130
Including trade receivables	13,128	14,180	25,519	12,685	– 1,052	– 11,339	+ 12,834
Including financial assets	3,785	-	-	-	+ 3,785	-	-
Including cash and cash equivalents	4,195	11,273	2,913	12,075	– 7,078	+ 8,360	+ 9,162
Total Assets	**82,535**	**92,553**	**75,527**	**56,525**	**– 10,018**	**+ 17,026**	**+ 19,002**
Equity	**(49,065)**	**(32,406)**	**(3,441)**	**2,297**	**– 16,659**	**+ 28,965**	**– 5,738**
Non-current liabilities	**107,046**	**101,755**	**35,286**	**29,041**	**+ 5,291**	**+ 66,469**	**+ 6,245**

Including financial liabilities	88,112	87,456	26,158	23,010	+ 656	+ 61,298	+ 3,148
Including Derivative financial instruments	8,350	4,457	2,986	2,577	+ 3,893	+ 1,471	+ 409
Current liabilities	**24,554**	**23,204**	**43,682**	**25,187**	**+ 1,350**	**– 20,478**	**+ 18,495**
Including financial liabilities	4,005	4,864	15,502	10,458	– 859	+ 10,638	+ 5,044
Including accounts payable	11,897	9,786	19,832	9,975	+ 2,111	– 10,046	+ 9,857
Total Equity and Liabilities	**82,535**	**92,553**	**75,527**	**56,525**	**– 10,018**	**+ 17,026**	**+ 19,002**

Change between December 31, 2020 and June 30, 2021

As at June 30, 2021, non-current assets had decreased by EUR 1,901 thousand. Most of this change is due to the decrease of EUR 3,389 thousand in non-current assets resulting primarily from the reclassification of the cash pledge as "current financial assets" (–EUR 3,785 thousand), described below. This impact is partially offset by the increase of:

- EUR 771 thousand in intangible assets over the period, attributable to the capitalization of research and development costs;

- EUR 733 thousand in other non-current assets, mainly due to the recognition at June 30, 2021, of advances paid to suppliers of fixed assets for +EUR 1,323 thousand, previously classified as receivables ("advances paid to suppliers").

As at June 30, 2021, current assets amounted to EUR 48,631 thousand compared with EUR 56,749 thousand as at December 31, 2020, a decrease of EUR 8,118 thousand (–14%), that is primarily due to:

- the decrease of EUR 3,870 thousand in inventories from December 31, 2020 as a result of significant deliveries of battery packs over the second quarter;

- the decline of EUR 1,052 thousand in receivables compared with December 31, 2020 due to greater use of the Santander reverse factoring contract;

- the decrease in cash and cash equivalents (see Section 8.2.4.3 of the Registration Document).

These effects are partially offset by the recognition as at June 30, 2021, of a cash pledge in other current financial assets for EUR 3,785 thousand (in non-current financial assets as at December 31, 2020). The Group held a first-demand guarantee in the amount of USD 7,000 thousand with a banking institution for a foreign supplier until December 31, 2021. This first-demand guarantee is secured by a cash pledge for USD 4,500 thousand. As this cash is not immediately available, this cash pledge is not presented in "Cash" but in "Financial assets" in accordance with IAS 7 (see Note 3.3.10 of the condensed interim consolidated financial statements).

Changes in equity between December 31, 2020 and June 30, 2021, are detailed in Note 7.9 to the condensed interim consolidated financial statements.

Non-current liabilities increased by EUR 5,291 thousand compared with December 31, 2020, corresponding in particular to the increase in derivatives on financial instruments for EUR 3,893 thousand because of their revaluation and the increase of EUR 872 thousand in provisions for risks and charges related to the discounting of the provisions for after-sale service and recycling, net of the costs for the period;

Current liabilities, meanwhile, increased by EUR 1,350 thousand compared to financial year 2020, which is mainly due to:

- a decrease in current financial liabilities of EUR 859 thousand compared to the previous year (see Section 8.2.1 and Section 8.2.4.3).

- an increase of EUR 2,111 thousand in accounts payables, resulting primarily from an increase in accounts payables of EUR 892 thousand related to the purchase of components for the production of battery packs and an increase of EUR 1,220 thousand in advances and deposits received.

Change between December 31, 2018, 2019 and 2020

Non-current assets increased by EUR 10,631 thousand as at December 31, 2020, an increase of 42% compared to the previous financial year, mainly due to:

- the increase in intangible assets of EUR 1,929 thousand over the period is the result of the capitalization of research and development costs;

- the increase of EUR 8,161 thousand in property, plant and equipment is mainly explained by the increase in rights of use on buildings of EUR 7,649 thousand, corresponding to the new Chasseneuil-du-Poitou site;

- the net impact of the application of IFRS 16, amounting to EUR 2,297 thousand for 2019 and EUR 7,049 thousand for 2020 (for more information, please see Chapter 7 of the Registration Document.)

Current assets amounted to EUR 56,749 thousand at December 31, 2020 compared to EUR 50,354 thousand at December 31, 2019, an increase of 16%, which is mainly due to:

- the 56% increase in inventories over the period, representing an increase of EUR 10,114 thousand compared with 2019. The COVID-19 pandemic slowed down business activity in the second quarter of 2020, and the Company was not able to immediately sell off inventories relating to supplier orders that were placed, sometimes six months in advance, given the usual lead times with the relevant suppliers prior to the pandemic;

- the decrease of EUR 11,339 thousand in receivables as at December 31, 2020 due to a less use of the factoring in 2020 than in 2019. Indeed, a substantial increase in invoicing occurred in the second half of 2019 during which EUR 15,172 thousand in assigned receivables were reconsolidated at closing;

- the increase in cash and cash equivalents (see Section 8.2.4.3 of the Registration Document).

Changes in equity between December 31, 2018 and December 31, 2020, are detailed in Note 8.9 to the consolidated financial statements for the years ended December 31, 2018, 2019 and 2020.

Non-current liabilities increased by EUR 66,469 thousand as at December 31, 2020 compared to December 31, 2019, or 188%, which corresponds in particular to the increase of EUR 61,298 thousand in financial liabilities (see Section 8.2.1 and Section 8.2.4.3).

Current liabilities recorded a decrease of EUR 20,478 thousand at December 31, 2020 compared to 2019, which primarily represents:

- a decrease in current financial liabilities of EUR 10,638 thousand compared to the previous year (see Section 8.2.1 and Section 8.2.4.3);

- a decrease in accounts payable of EUR 10,046 thousand resulting from the negative change in "Trade receivables — Advances and prepayments" of EUR 7,818 thousand. This change is primarily related to the decrease in advances received in 2020 compared to 2019 due to a better financial position in 2020.

8.2.4. **Group consolidated cash flows**

8.2.4.1. **Presentation and analysis of the main categories of use of the Group's cash**

Financing of working capital requirements

Working capital requirements correspond mainly to the value of net inventories increased by net trade receivables and other current assets and decreased by accounts payable and other current liabilities (see Note 8.17 to the Group's consolidated financial statements for the years ended December 31, 2020, 2019 and 2018 and Note 7.17 to the Group's condensed interim consolidated financial statements for the half year ended June 30, 2021).

The change in working capital requirements amounted to EUR 7,252 thousand for the half year ended June 30, 2021, EUR (7,714) thousand in the year ended December 31, 2020, EUR 3,367 thousand in the year ended December 31, 2019, and EUR (5,064) thousand for the year ended December 31, 2018. Changes in working capital requirements are described in Section 8.2.4.3 below.

Capital expenditures

The Group's capital expenditures represent research and development costs as well as purchases of property, plant and equipment and intangible assets necessary to (i) develop new products, or (ii) increase the Group's production capacity and launch new plants. They correspond to the item "Acquisitions of fixed assets (net of liabilities)" in the consolidated cash flow statement.

The Group's capital expenditures for the half year ended June 30, 2021, and the years ended December 31, 2020, 2019 and 2018 amounted to EUR 4,861 thousand (13% of revenue), EUR 6,495 thousand (10% of revenue), EUR 7,331 thousand (15% of revenue) and EUR 7,339 thousand (32% of revenue), respectively.

For more information on the Group's historical, current and future capital expenditures, see Section 5.7 "Investments" of the Registration Document.

Interest payment and repayment of financial debts

The Group's financial debt is detailed above in Section 8.2.1.3 of the Registration Document. Net financial result is detailed in Section 7.3 of the Registration Document.

8.2.4.2. **Group's consolidated cash flow for the half years ended June 30, 2021, and June 30, 2020**

Cash flow from (used in) operating activities

The table below presents cash flow from (used in) operating activities for the half years ended June 30, 2021, and June 30, 2020:

in EUR thousands	June 30, 2021	June 30, 2020
Net income	(16,769)	(15,590)
Depreciation, amortization and provisions	2,996	2,004
Amort. of loan issuance costs		
(Gain)/Loss on disposal	193	144
Share-based payments	247	224
Items calculated on deferred income	0	
Change in derivative financial instrument	2,693	82
Subsidies transferred to net income		
Income tax expense (income)	238	3,568
Tax expense paid		

Gains/Losses related to change in fair value and to effective interest rate method	778	329
Reversal of the benefit granted on SGL in net income	(7)	(2)
Prepaid expenses on leased real estate	(117)	(2)
Net financial expense	3,151	2,430
Impact of foreign exchange hedges	(29)	
Net change in other receivables		
Exchange rate impact on pledge of cash	(122)	
Reversals of deferred income and shares of subsidies presented in net income, and other calculated items	451	128
Cash flow from operations before cost of net financial debt and tax	**(6,297)**	**(6,685)**
Change in grants	**0**	**0**
Change in corporate tax receivables and payables (excl. research tax credit — CIR)	(1)	(18)
Tax payable (expense) or income	0	(24)
Tax expense paid	**(1)**	**(42)**
Inventories	3,999	(9,774)
Trade receivables	1,130	4,601
Other receivables	1,443	(2,872)
Accounts payable	415	(336)
Other liabilities	264	1,361
Change in working capital requirement (WCR)	**7,252**	**(7,020)**
Cash flow from (used in) operating activities (A)	**953**	**(13,747)**

Cash flow from (used in) operating activities amounted to EUR 953 thousand for the half year ended June 30, 2021, and EUR (13,747) thousand for the half year ended June 30, 2020.

The improvement of EUR 14,700 thousand in cash from (used in) operating activities between the first half of 2021 and the first half of 2020 is the result of the change in the working capital requirements, which is primarily related to the change in inventory levels over these periods. The Company had, in fact, increased its inventory in the first half of 2020 by EUR 9,774 thousand, while it reduced it during the first half of 2021 by EUR 3,999 thousand. The significant stocking performed in the first half of 2020 was directly related to the sudden drop in business activity at the very beginning of the COVID-19 pandemic. The inventory reduction in the first half of 2021 reflects both a strong level of business activity and the return to a more normalized situation compared with the situation at the beginning of the COVID-19 pandemic.

In addition, following the strengthening of its cash position in 2020 as a result of the financing received in the form of convertible bonds (EUR 30 million), state-guaranteed loans (EUR 20 million) and the Atout loan (EUR 5 million), the Company had taken steps with its main suppliers and credit insurance agencies to increase payment deadlines. More specifically, the Company set up a first demand guarantee for USD 7 million with the help of its banking partner HSBC for its largest supplier, LG Energy Solution, thus enabling an improvement of 75 days in the payment term with that supplier. These measures had already proven successful over financial year 2020 and continued to positively impact account payable in the first half of 2021.

Cash flow from (used in) investing activities

The table below presents cash flow from (used in) investing activities for the half years ended June 30, 2021, and 2020:

in EUR thousands	June 30, 2021	June 30, 2020
Acquisition of fixed assets (net of liabilities and advances paid)	(4,861)	(2,869)
Investment subsidy for an R&D project	337	
Pledge on cash		
Asset disposals (net of receivables)	0	0
Proceeds from financial assets	8	(0)
Entry into scope of consolidation		
Cash flow from (used in) investing activities (B)	**(4,515)**	**(2,869)**

Cash flow from (used in) investing activities amounted to EUR (4,515) thousand for the half year ended June 30, 2021, and EUR (2,869) thousand for the half year ended June 30, 2020.

The level of acquisitions of fixed assets (net of debt and advances paid) rose between June 30, 2021, and June 30, 2020, due to the increase in business activity. These acquisitions mainly relate to research and development expenses, as well as expenses that enabled the Company to increase its production capacity or improve its production facilities in its various plants.

Cash flow from (used in) financing activities

The table below shows cash flow from (used in) financing activities for the half years ended June 30, 2021, and 2020:

in EUR thousands	June 30, 2021	June 30, 2020
Subscription to BSA Warrant C issuance	4	0
Expenses paid on capital issues	0	(86)
Change in other financial liabilities	10	0
Research tax credit (CIR) and operating subsidy received	0	0
Debt issues	21,500	55,000
Short-term credit line for WCR financing	0	(4,500)
Loan repayments	(20,000)	0
Debt repayments on leased real estate	(444)	(295)
Factoring financing	(1,381)	(4,329)
Payment of EIB loan issuance costs	(108)	0
Payment of IPO issuance costs	(250)	
Change in financial liabilities with related parties	278	388
Financial expenses paid	(3,162)	(1,559)
Cash flow from (used in) financing activities (C)	**(3,553)**	**44,619**
Impact of currency translation rates	38	(5)
Change in cash (A) + (B) + (C)	**(7,078)**	**28,000**

Cash flow from (used in) financing activities amounted to EUR (3,553) thousand for the half year ended June 30, 2021, and EUR 44,619 thousand for the half year ended June 30, 2020.

As at June 30, 2021, cash flow from (used in) financing activities primarily reflects (i) the drawdown of the first tranche of the EIB loan signed in December 2020 for EUR 21,500 thousand and the repayment of the EIB loan issued in 2017 and 2018 for EUR (22,105) thousand, including EUR 20,000 thousand in capital and EUR 2,105 thousand in capitalized interest; (ii) the impacts of the factor financing (described above in Section 8.2.1.6) for EUR (1,381) thousand; and (iii) the financial expenses paid for EUR (3,162) thousand. Financial result on the income statement includes capitalized financial expenses that will not be paid until maturity, which explains the difference with the line financial expenses paid. These capitalized expenses relate in part to the EIB loan, convertible bonds and state-guaranteed loans capitalized in 2021.

As at June 30, 2020, cash flow from (used in) financing activities related mainly to (i) loan issues of EUR 55,000 thousand, including the subscription — by shareholders BPI and Eurazeo (formerly Idinvest) in equal amounts — to convertible bonds issued by the Company in February and May 2020 for a total amount of EUR 30 million, state-guaranteed loans for EUR 15 million, the Atout loan (COVID liquidity support loan) taken out with the BPI for EUR 5 million, and the innovation support loan for EUR 5 million granted by the BPI, and (ii) the impacts of factor financing (described above in Section 8.2.1.6) for EUR (4,329) thousand, and short-term lines of credit for EUR (4,500) thousand, and EUR (1,559) thousand in financial expenses paid. Financial result on the income statement includes capitalized financial expenses that will not be paid until maturity, which explains the difference with the line financial expenses paid.

8.2.4.3. Group's consolidated cash flows for the years ended December 31, 2020, December 31, 2019 and December 31, 2018

Cash flow from (used in) operating activities

The table below presents cash flow from (used in) operating activities for the years ended December 31, 2020, 2019, and 2018:

in EUR thousands	December 31, 2020	December 31, 2019	December 31, 2018
Net income	(29,412)	(26,347)	(23,197)
Currency translation adjustments in financial income or loss	0	0	(47)
Amortization, depreciation & provisions	7,595	4,689	3,269
(Gain)/Loss on disposals	27	16	(154)
Share-based payments	464	268	
Change in financial instrument derivative	(1,486)	409	3
Change in deferred taxes	3,720	(231)	376
Tax liability disbursed	8	35	29
Gains/Losses related to change in fair value and the ETR	658	616	474
Operating subsidy	(117)		
CCA recognized on leased assets	(560)		
Net financial expense	4,863	3,776	2,056
Other	(27)		
Cash flow before cost of net financial debt and tax	**(14,268)**	**(16,769)**	**(17,193)**
Change in subsidies	**0**	**0**	**(82)**
Change in tax receivables and liabilities (excluding research tax credit)	(21)	(38)	159
Tax liability disbursed	(8)	(35)	(29)
Change in tax-related receivables and liabilities	**(29)**	**(73)**	**131**
Inventories	(12,085)	(8,114)	(4,972)
Trade receivables	11,319	(12,819)	(3,717)
Other receivables	(1,732)	(545)	(4,832)
Accounts payable	(7,264)	15,778	6,483
Other liabilities	2,049	9,068	1,974
Change in operating working capital requirement	**(7,714)**	**3,367**	**(5,064)**
Cash flow from (used in) operating activities (A)	**(22,011)**	**(13,475)**	**(22,208)**

Cash flow from (used in) operating activities amounted to EUR (22,011) thousand for the year ended December 31, 2020, EUR (13,475) thousand for the year ended December 31, 2019, and EUR (22,208) thousand for the year ended December 31, 2018.

Change between 2019 and 2020

The sharp deterioration in cash flow from (used in) operating activities of EUR 8,536 thousand between financial years 2019 and 2020 is the result of the change in the working capital requirements, a direct consequence of the increase in inventories for +EUR 3,971 thousand.

To secure its production, after receiving orders (firm or in advance), the Company anticipates its most sensitive supplies several months in advance. The COVID-19 pandemic slowed business activity in the second quarter of 2020 and the Company was unable to immediately clear inventory related to supplier orders that were placed prior to the pandemic. As a result, inventory levels in 2020 (especially in the first quarter of 2020) were higher than in 2019 due to the impact of orders placed before the COVID-19 pandemic. In addition, following the strengthening of its cash position in 2020 as a result of the financing received in the form of convertible bonds (EUR 30 million), state-guaranteed loans (EUR 20 million) and the Atout loan (EUR 5 million), the Company has taken steps with its main suppliers and credit insurance agencies to increase payment deadlines. More specifically, the Company has set up a first demand guarantee for USD 7 million with the help of its banking partner HSBC for its largest supplier, LG Energy Solution, thus enabling an improvement of 75 days in the payment term with that supplier, representing a favorable effect of around EUR 5 million on the working capital requirements. These measures have already had a positive impact in financial year 2020 and should also have a positive impact on accounts payable in 2021.

The net cash impact of changes in trade receivables and accounts payable is positive, both in 2020 for EUR 4,055 thousand and in 2019 for EUR 2,959 thousand.

Change between 2018 and 2019

The change in cash flow from (used in) operating activities between the years ended December 31, 2018 and December 31, 2019, of EUR 8,733 thousand is mainly due to the improvement in working capital requirements resulting from the increase in trade receivables.

Cash flow from (used in) investing activities

The table below presents cash flow from (used in) investing activities for the financial years ended December 31, 2020, 2019 and 2018:

in EUR thousands	December 31, 2020	December 31, 2019	December 31, 2018
Capital expenditures (net of liabilities)	(6,495)	(7,331)	(7,339)
Pledge of cash	(3,663)		
Asset disposals (net of receivables)	126	1	0
Inflows on financial assets	(0)	4	(14)
Cash flow from (used in) investing activities (B)	**(10,032)**	**(7,325)**	**(7,353)**

Cash flow from (used in) investing activities amounted to EUR (10,032) thousand for the financial year ended December 31, 2020, EUR (7,325) thousand for the financial year ended December 31, 2019, and EUR (7,353) thousand for the financial year ended December 31, 2018.

The level of acquisitions of fixed assets (net of debt) was fairly stable between 2018 and 2020. These acquisitions mainly relate to research and development expenses, as well as expenses that enabled the Company to increase its production capacity or improve its production facilities in its various plants. As a result, the increase in cash flow from (used in) investing activities is mainly attributable to the cash

pledge at December 31, 2020 for EUR (3,663) thousand. This pledge has enabled the Company, through a bank guarantee provided by HSBC Bank, to extend its payment deadlines with its main supplier by approximately 75 days, thus optimizing its working capital requirements.

Cash flow from (used in) financing activities

The table below shows cash flow from (used in) financing activities for the financial years ended December 31, 2020, 2019 and 2018:

in EUR thousands	December 31, 2020	December 31, 2019	December 31, 2018
Capital increase in cash	(0)	6,000	10,000
Expenses paid on capital issues	(86)	(115)	(374)
Change in other financial liabilities	(8)	4	(3)
Inflow from the research tax credit and an operating subsidy	0	26	86
Loan issues	55,000	10,224	15,000
Short term credit line to finance the WCR	(4,500)	(1,500)	6,000
Repayment of loans	(33)	(130)	(413)
Repayment of debt on leased assets	(634)	(650)	
Factor financing	(7,856)	5,205	(772)
Loan issuance costs	(40)	(138)	(513)
Change in related-party financial liabilities	660	(4,254)	(1,049)
Financial expenses paid	(2,086)	(3,030)	(1,736)
Cash from financing activities (C)	**40,417**	**11,643**	**26,227**
Impact of foreign exchange rates	(16)	(4)	(2)
Change in cash (A) + (B) + (C)	**8,359**	**(9,162)**	**(3,336)**

The Group's cash flow from (used in) financing activities amounted to EUR 40,417 thousand for the year ended December 31, 2020, EUR 11,643 thousand for the year ended December 31, 2019, and EUR 26,227 thousand for the year ended December 31, 2018.

Change between 2019 and 2020

In 2020, cash flow from (used in) financing activities related mainly to: (i) loan issues of EUR 55,000 thousand, including the subscription — by shareholders BPI and Eurazeo (formerly known as Idinvest) in equal amounts — to convertible bonds issued by the Company in February and May 2020 for a total amount of EUR 30 million, state-guaranteed loans for EUR 15 million, the "*Atout*" loan granted by BPI for EUR 5 million, and the innovation support loan for EUR 5 million granted by the BPI, and (ii) the impacts of factor financing (described above in Section 8.2.1.6) for EUR (7,856) thousand, and short-term lines of credit for EUR (4,500) thousand, and EUR (2,086) thousand in financial expenses paid. Financial result on the income statement includes capitalized financial expenses that will not be paid until maturity, which explains the difference with the line financial expenses paid. These capitalized expenses relate in part to the EIB loan, convertible bonds and state-guaranteed loans capitalized in 2020.

As at December 31, 2019, cash flow from (used in) financing activities mainly represents:

(i) cash flows related to capital increases in cash.

The Company recorded a capital increase of EUR 4 million on March 13, 2019, through the issuance of 10,550 new class C3 preference shares to the SPI Fund - *Sociétés de Projets Industriels*.

The Company otherwise recorded a capital increase of EUR 16.5 million on December 18, 2019, through the contribution of EUR 2.5 million from shareholders of Eurazeo (formerly known as Idinvest) and Mitsui, the conversion of EUR 5 million in convertible bonds issued

in July 2019 (OC 3 and OC 4), the conversion of EUR 4.5 million from accounts payable to Mitsui and EUR 4.5 million from Eurazeo (formerly known as Idinvest) shareholder current accounts.

(ii) Cash flows related to the issuance and repayment of loans, resulting from the availability of the third tranche of EUR 5 million from the European Investment Bank in December 2019. In addition, the Company issued EUR 5 million in convertible bonds with BPI (EUR 2 million) and Eurazeo (formerly known as Idinvest) (EUR 3 million) in early July 2019. Finally, the company repaid the first tranche relating to the short-term credit line of EUR 6 million with its partner BNP for an amount of EUR 1.5 million on January 31, 2019, as contractually stipulated.

(iii) The effect of the reclassification of the assignment of receivables for EUR 5,205 thousand. The IFRS consolidated financial statements had always presented the receivables assigned to a factor as trade receivables, as a contra entry for a financial debt presented net of holdbacks. However, given the development of transactions relating to receivables financing transactions, some accounts relating to those transactions were not treated in the same way. All trade receivables assigned to the various factors (HSBC and BNP) have been reconstituted and presented as financial debt, net of holdbacks and the unfunded portion of the assigned receivables (see Notes 4.3.9 and 4.3.15 to the consolidated financial statements for the year ended December 31, 2019).

(iv) Repayments of shareholder current accounts for EUR (4,254) thousand.

(v) Financial expenses paid of EUR (3,030) thousand.

At December 31, 2018, cash flow from (used in) financing activities came primarily from:

(i) the capital increase recorded by the company on December 28, 2018 following the acquisition of shares by the SPI Fund - *Sociétés de Projets Industriels* for EUR 10,000 thousand;

(ii) EUR 15,000 thousand in loan issues resulting from the provision of the first two tranches of the loan in March and October 2018 (EUR 7.5 million per tranche). The EIB protocol is detailed in Section 8.3;

(iii) the establishment of a short-term line of credit for EUR 6,000 thousand with BNP in October 2018 to finance the WCR of the customer HEULIEZ/IVECO;

(iv) repayments of shareholder current accounts in the amount of EUR (1,049) thousand; and

(v) financial expenses paid of EUR (1,736) thousand.

Financing flows are detailed above in Section 8.2.4 of the Registration Document.

8.3. **Restriction on the use of capital**

2020 EIB Loan Agreement

- **Lines of credit**

Under the terms of the 2020 EIB Loan Agreement, the EIB is making available to the Company an investment loan of EUR 50 million in principal to refinance a previous loan under the 2017 EIB Loan Agreement and to finance part of the EUR 100 million investment program for an innovative battery system as part of sustainable energy transition projects in France and Poland. The 2020 EIB Loan Agreement is divided into four tranches as follows: (i) a Tranche A in a maximum principal amount of

EUR 21.5 million ("**Tranche A**"), (ii) a Tranche B in a maximum principal amount of EUR 8.5 million ("**Tranche B**"), (iii) a Tranche C in a maximum principal amount of EUR 10 million ("**Tranche C**"), and (iv) a Tranche D in a maximum principal amount of EUR 10 million ("**Tranche D**" and together with Tranche A, Tranche B and Tranche C, the "**Tranches**"), each to be made available, subject to the satisfaction of the conditions precedent thereto, on or before the third anniversary date of the 2020 EIB Loan Agreement and maturing on the fifth anniversary date of their respective availability dates.

At the date of the Registration Document, only Tranche A has been drawn, for an amount of EUR 21.5 million in June 2021.

In addition, Tranche B will be drawn, for an amount of EUR 8.5 million by the date of the settlement and delivery of the Company's shares in connection with their admission to trading on the regulated market of Euronext Paris, at a reduced interest rate of 3% per year compared to the initial terms and conditions. This reduced rate has been granted subject to the following conditions:

- a financing equal to or greater than EUR 75 million to occur no later than May 31, 2022 in connection with the capital increase that would be carried out when the Company's shares are admitted to trading on the regulated market of Euronext Paris (the **"Tranche B Drawdown"**); and

- the redemption in full of Tranche B within two months of the admission of the Company's shares to trading on the regulated market of Euronext Paris; and

- the absence of an event of default referred to in the 2020 EIB Loan Agreement, i.e. payment default, cross-payment default not remedied within 30 days, suspension of payments, insolvency proceedings and initiation of asset seizure proceedings.

In the event of non-fulfillment of the above conditions, the conditions originally provided for in the 2020 EIB Loan Agreement and described in this section would apply. This would result in the application (in addition to the 3% annual interest rate referred to above) from the date of disbursement of the capitalized interest rate provided for in the 2020 EIB Loan Agreement (i.e., 4% capitalized per year) as well as the grant of share warrants to the EIB, which would allow it to subscribe for the number of shares to which it would have been entitled in the event of a drawdown under the conditions currently provided for in the 2020 EIB Loan Agreement.[42]

As an exception to the above, however in the event that the Company redeems Tranche B within 20 days of the event in question, the initial compensation would not be applied and the "reduced" compensation conditions would be maintained.

The prerequisites for the provision of the various Tranches are, in particular, the following:

- in the case of Tranche B, the submission of a certificate signed by an authorized representative of the Company confirming that the Company's consolidated revenue over the past 12 months exceeds EUR 50 million;

- in the case of Tranche C, (i) the submission of a certificate signed by an authorized representative of the Company confirming that the Company's consolidated revenue over the past 12 months exceeds EUR 60 million, (ii) the completion of a capital increase or an issue of new bonds convertible into shares for an amount greater than EUR 10 million, and (iii) if, at the date of the relevant drawdown, no capital increase or issue of new bonds convertible into shares for an amount greater than EUR 40 million has taken place, the signing of a non-possessory

[42] Each issued warrant entitles its holder to receive a number of ordinary shares of the Company determined by applying the following formula X = 8.500 / (SP x 1.7). Where X is the number of new shares granted to the warrant holder and SP is the reference price deemed to be equal to 379.16 euros or the subscription price at which third parties would have subscribed to a capital increase of at least 10 million euros (see Section 19.1.4.1 of the Registration Document).

pledge agreement with the EIB relating to the Company's movable assets (excluding inventory); and

- in the case of Tranche D, (i) the submission of a certificate signed by an authorized representative of the Company confirming that the Company's consolidated revenue over the last 12 months exceeds EUR 100 million and that its EBITDA, as defined in the agreement, was positive over that period, (ii) the completion of a capital increase or an issue of new bonds convertible into shares for an amount greater than EUR 40 million, and (iii) proof that (a) the convertible bonds issued by the Company and subscribed by Sociétés de Projets Industriels and Eurazeo (formerly known as Idinvest) in February and May 2020 have been converted into shares and that (b) the convertible bonds that will have been issued under the conditions precedent to the availability of Tranche C for an amount of EUR 10 million have been converted into shares.

● **Interest and fees**

The Tranches bear interest at an annual rate equal to the sum of (i) a fixed annual interest rate of 3%, and (ii) a capitalized interest rate applicable to each Tranche.

The capitalized interest rate applicable to Tranche A is 4.5% per year and the capitalized interest rate applicable to Tranche B is 4% per year, the capitalized interest rate applicable to Tranche C is 3% per year (and may be reduced to 1.5% per year if — prior to the drawdown of Tranche C — the Company has received the sum of EUR 40 million by way of a capital increase or an issue of bonds subordinated to the 2020 EIB Loan Agreement), and the capitalized interest rate applicable to Tranche D is 2% per year.

In addition to the interest rates referred to above, under a subscription agreement entered into between the EIB and the Company, the Company has agreed to issue to the EIB, concomitantly with the provision of Tranche A, Tranche B and Tranche C, ordinary share subscription warrants (BSAs). The description of these warrants is set out below in Section 19.1.4.1 of the Registration Document.

● **Security interests**

Under the terms of the 2020 EIB Loan Agreement, the EIB benefits from security interests granted by the Company to secure its obligations. Accordingly, the Company granted a pledge of business (relating to its business of equity investments, acquisitions, and management of real estate assets and rights, and providing consulting, design, manufacturing and marketing services for batteries and all related accessories, at its principal place of business, and its secondary establishments located in Moissy-Cramayel, Chasseneuil-du-Poitou and Ivry-sur-Seine), and agreed to grant — at the request of the EIB and prior to the availability of Tranche A — a non-possessory pledge on its movable assets (excluding inventory), as security for its obligations under the 2020 EIB Loan Agreement and the related financing documents.

In addition, if the total amount of the revenue, net income or EBITDA of the Company and its guarantor subsidiaries ceases to represent 90% of the consolidated revenue, net income or EBITDA, respectively, of the group formed by the Company and its subsidiaries, the Company has undertaken to ensure that an unconditional, irrevocable, first demand guarantee is granted by any additional subsidiary of the Company to the EIB to secure the Company's obligations under the 2020 EIB Loan Agreement, such that the revenue, net income and EBITDA of the Company and its guarantor subsidiaries represent, as applicable, 90% of the Group's consolidated revenue, 90% of the Group's consolidated net income or 90% of the Group's consolidated EBITDA.

For the purposes of this undertaking, EBITDA (as defined in the 2020 EIB Loan Agreement) is calculated before the inclusion of certain exceptional items, the results of non-controlling interest, and before the inclusion of any gain coming from an upward revaluation of the assets.

- **Covenants and restrictions**

The 2020 EIB Loan Agreement contains certain affirmative, negative and reporting covenants for the Company (subject to customary exceptions and waivers) that are customary for this type of financing, including the following covenants:

- to use the sums borrowed under the 2020 EIB Loan Agreement for the purpose of financing the investment program;
- to implement and act so that the investment program financed by the loan is implemented in accordance with the technical description attached to the 2020 EIB Loan Agreement and to complete said investment program on the completion date indicated therein (said investment program being in line with the strategy established by the Company described in Section 5.3 "Strategy" of the Registration Document);
- not to assign, sell or otherwise transfer and ensure that none of its subsidiaries assign, sell or otherwise transfer any tangible, intangible or financial asset other than to the extent permitted by the 2020 EIB Loan Agreement;
- to maintain in good working order (and replace or repair, as applicable) those of its assets that are necessary to the implementation of the investment program;
- to comply and ensure that each of its subsidiaries complies with the laws and regulations to which they each are subject;
- not to substantially modify the general nature of its activities and the activities of the group that it forms with its subsidiaries;
- not to execute and to ensure that none of its subsidiaries executes any merger, spin-off operations or any operations with equivalent effect other than to the extent permitted by the 2020 EIB Loan Agreement;
- to retain a majority interest in the capital of its subsidiaries;
- not to undertake acquisitions (i.e., investments in or acquisitions of other entities, companies, businesses or business lines, or company securities), it being specified that the Company is free to proceed with such transactions when they involve (i) transfers of assets between the Company and guarantors under the 2020 EIB Loan Agreement, (ii) newly created entities that have not commenced commercial activity and are located in a European Union or OECD country, (iii) securities of limited liability companies for which the price paid is less than 5% of the total consolidated amount of the assets of the group formed by the Company and its subsidiaries for a single financial year or 12.5% in aggregate during the term of the agreement (subject to compliance with certain additional criteria), or (iv) transactions previously authorized in writing by the EIB;
- not to take out and to ensure that none of its subsidiaries takes out new financial debt other than to the extent permitted by the 2020 EIB Loan Agreement;
- not to grant or allow to subsist and to ensure that none of its subsidiaries grants or allows to subsist security interests or guarantees other than to the extent permitted by the 2020 EIB Loan Agreement;
- not to enter into and to ensure that none of its subsidiaries enter into hedging contracts other than to the extent permitted by the 2020 EIB Loan Agreement;

- not to declare and not to distribute and to ensure that none of its subsidiaries declares or distributes dividends, with the exception of (i) any distributions authorized by the EIB, (ii) payments resulting from a liquidation or an amicable restructuring of a company of the group which is neither the Company nor a subsidiary that has become the guarantor under the 2020 EIB Loan Agreement, and (iii) all payments of dividends by the subsidiaries of the Company;

- not to grant and to ensure that none of its subsidiaries grants credit, advances or loans, other than to the extent permitted by the 2020 EIB Loan Agreement;

- to remain duly and validly constituted as a limited liability company in the jurisdiction in which it is incorporated, and to ensure that each of its subsidiaries remains duly and validly constituted as a limited liability company in the jurisdiction in which it is constituted;

- not to move and to ensure that none of its subsidiaries moves its registered office or the center of its principal interests or the location of its business activity outside the jurisdiction in which it was incorporated;

- not to amend the terms of the existing loan agreements binding the Company, including the terms and conditions of payment and repayment under said agreements; and

- to provide certain accounting, financial and factual information about the Company and the investment program financed by the loan and, if necessary, to organize inspection of the sites operated by the Company.

Finally, the 2020 EIB Loan Agreement requires the Company to maintain a positive level of equity at all times. The 2020 EIB Loan Agreement requires the Company, on a consolidated basis, to maintain (i) a debt service coverage ratio (cash flow/debt service) greater than 2.0:1.0 and (ii) a debt-to-equity ratio of less than 1.0:1.0, tested annually at the end of each financial year and for the first time for the period ending on December 31, 2024. At June 30, 2021, the Company's equity was EUR (49,065) thousand. As of the date of the Registration Document, the Company had not complied with the ratios given above. The Company has the period between the arrangement of the loan and December 31, 2024 to comply with these ratios and has developed its strategy to do so.

- **Mandatory or voluntary early repayment events**

The indebtedness incurred under the 2020 EIB Loan Agreement is subject to mandatory early repayment (subject to certain exceptions), in whole or in part, (i) in certain specified circumstances: (1) if the amount of the investment program is less than the amount stated in the 2020 EIB Loan Agreement and the loan therefore exceeds 50% of the total cost of the investment program, for the excess portion, (2) in the event of voluntary early repayment by the Company or any of its subsidiaries of all or part of any debt other than the 2020 EIB Loan Agreement or other financing with the EIB (or if such early repayment is likely to occur 30 days after a consultation period requested by the EIB), (3) in the event of the adoption of a law or any regulatory text that would have the effect of restricting the Company's ability to comply with its obligations under the 2020 EIB Loan Agreement and the related financing documents or (4) in the event of failure to convert into shares, no later than six months before their final maturity, the 79,122 convertible bonds (OC5) issued by the Company and subscribed by the SPI Fund - *Sociétés de Projets Industriels* and Eurazeo (formerly known as Idinvest) in February and May 2020; (ii) in the event of a disposal of fixed assets forming part of the investment program financed by the loan and with the exception of disposals of property, plant and equipment of less than EUR 50,000 in any one financial year (this deductible does not apply in the event of a disposal of shares in subsidiaries holding fixed assets included in the investment program financed by the loan), without the EIB's consent, for the amount of the disposal; and (iii) in the event of certain customary events, such as a change of control of the Company (the minimum holding threshold (in voting rights) of the existing shareholders (i.e., the funds managed by Eurazeo, Mitsui & Co, the SPI Fund - *Sociétés de Projets Industriels*, Groupe Industriel Marcel Dassault and Mr. Christophe Gurtner) defining the change of

control was lowered from 50.1% to 20%, subject to a financing equal to or greater than EUR 75 million to be carried out no later than May 31, 2022 in connection with the capital increase that would occur in the context of the admission of the Company's shares to trading on the regulated market of Euronext Paris (the "**Change of Control Amendment**")) or a change of Chairman.

The indebtedness incurred under the 2020 EIB Loan Agreement may be voluntarily repaid in advance by the Company, in whole or in part, subject to notice.

Any early repayment under the 2020 EIB Loan Agreement, whether voluntary or mandatory, shall give rise to the payment of an early repayment penalty, corresponding, for each of the Tranches, to (i) 2% of the amount repaid in advance for the relevant Tranche, if the early repayment occurs before the first anniversary of the date on which the relevant Tranche is made available, (ii) 1.5% of the amount repaid in advance for the relevant Tranche, if the early repayment takes place after the first anniversary of the date on which the relevant Tranche was made available but on or before the second anniversary of the date on which the relevant Tranche was made available, (iii) 1% of the amount repaid in advance for the relevant Tranche, if the early repayment takes place after the second anniversary of the date on which the relevant Tranche was made available but on or before the third anniversary of the date on which the relevant Tranche was made available, or (iv) 0.5% of the amount repaid in advance for the relevant Tranche, if the early repayment takes place after the third anniversary of the date on which the relevant Tranche was made available (the "**Early Repayment Penalty**").

- **Early repayment events**

The 2020 EIB Loan Agreement stipulates a number of early repayment events that are customary for this type of financing, including payment defaults, non-compliance with the financial ratios or any other obligation or representation, cross-default, collective proceedings and insolvency, certain financial penalties or the occurrence of material adverse events. The Company has requested and obtained waivers under the 2020 EIB Loan Agreement in the past, for example during the acquisition of Holiwatt on June 29, 2021 (see Section 6.3 of the Registration Document), in view of the Company's IPO (see above) and the opening of a credit facility by mobilization of open-ended promissory notes (see below), as well as under the 2017 EIB Loan Agreement. Any repayment made following the occurrence of an early repayment event would also give rise to the payment of the Early Repayment Penalty.

In connection with the proposed admission to trading of the Company's shares on the regulated market of Euronext Paris, the Company obtained on September 28, 2021 the agreement of the EIB in order to allow, in particular, (i) the conversion of the Company into a French *société anonyme* (public limited company), (ii) the division of the nominal value of the Company's shares to occur prior to the approval of the prospectus by the French Financial Markets Authority—*Autorité des Marchés Financiers* (AMF) (iii) the conversion of all the preferred shares issued by the Company into ordinary shares prior to the settlement and delivery of the Company's shares and (iv) the admission to trading of the Company's shares on the regulated market of Euronext Paris (the "**EIB Agreement for the Initial Public Offering**").

In order to implement the EIB Approval, the Tranche B Drawdown, the Change of Control Amendment, the EIB Agreement for the Initial Public Offering, and the Implementation of the Credit Lines (as defined below), the Company has undertaken to pay to the EIB an indemnity of EUR 1,250,000 on the earlier of the following two dates (i) within 60 days following the settlement and delivery date of the Company's shares in connection with their admission to trading on the regulated market of Euronext Paris or (ii) May 31, 2022.

Credit lines by way of open-ended promissory notes

Under the terms of three agreements negotiated in the first half of 2021, (together, the "**Credit Lines Agreements**") respectively with (i) Banque Populaire Val de France (entered into on June 30, 2021), (ii) Caisse Régionale de Crédit Agricole de la Touraine et du Poitou (entered into on June 30, 2021),

and (iii) Crédit Industriel et Commercial (entered into on July 2, 2021) (together, the "**Banks**"), the Banks have granted a credit line by way of open-ended promissory notes for an amount of EUR 3 million each (i.e., a total of EUR 9 million) to finance working capital requirements relating to inventory. These credit lines share the same financial terms, the same maturity date (June 30, 2022) and rank *pari passu* (together, the "**Credit Lines**"). Relations between the banks are governed by an intercreditor agreement.

As of the date of the Registration Document, the Company has drawn down these Credit Lines in the amount of EUR 9 million.

The prerequisites for the provision of the various Credit Lines are, in particular, the following:

- signing of the intercreditor agreement; and
- signing of a non-possessory pledge agreement for the benefit of the Banks.

In order to use the Credit Lines, the Company obtained on September 28, 2021 a waiver from the EIB with respect to the exercise of the early repayment clause due to non-compliance with certain covenants and restrictions provided for in the 2020 EIB Loan Agreement, and in particular the covenant not to subscribe to new financial debt. In consideration of the granting of this waiver, the capitalized interest rate applicable to Tranche A of the 2020 EIB Loan Agreement was increased by 0.5% from 4% to 4.5% per year (applicable retroactively) (the "**Implementation of the Credit Lines**").

- **Interest and fees**

The Credit Lines bear interest at an annual rate equal to the sum of (i) a fixed annual interest rate of 2%, and (ii) an interest rate equal to the 3-month EURIBOR on the day each promissory note is discounted.

- **Security interest**

As security for the Company's obligations under the Credit Lines, the Banks have received non-possessory pledges on the Company's inventory for 130% of the secured amount.

- **Covenants and restrictions**

The Credit Lines Agreements contain certain affirmative, negative and reporting covenants for the Company (subject to customary exceptions and waivers) that are customary for this type of financing, including the following covenants:

- not to grant any advantage or preference to any Bank in the payment of all sums due (including interest, costs and related expenses) in respect of the Credit Lines;
- not to undertake any early repayment of any of the Credit Lines without the prior written consent of the other Banks;
- to send drawdown notices to the Banks simultaneously, by e-mail, no later than three (3) business days prior to the payment date indicated in said drawdown notices and which shall include the same amounts, the same terms and the same frequency;
- except with the prior agreement of the Banks, not to grant, either as principal debtor or as surety or guarantor, new pledges or securities on the inventory, with the exception of non-possessory pledges granted for the benefit of the Banks;
- to use the amounts made available under the Credit Lines for their intended purpose; and
- to provide certain accounting, financial and factual information about the Company.

- **Voluntary early repayment**

The indebtedness incurred pursuant to the Credit Lines Agreements may be voluntarily repaid in advance by the Company, in whole or in part, subject to notice.

Any voluntary early repayment shall give rise to the payment of an early repayment penalty, corresponding, for each of the Credit Lines, to 4% of the amount repaid early.

- **Early repayment events**

The Credit Lines Agreements stipulate a number of early repayment events that are customary for this type of financing, including payment defaults, breach of any covenant or representation, cross-default, collective proceedings and insolvency, failure by the borrower to comply with any of the covenants of the intercreditor agreement, and change of control of the Company within the meaning of article L. 233-3 of the French Commercial Code. Any repayment made following the occurrence of an early repayment event shall give rise to the payment of a repayment penalty corresponding to 5% of the amount repaid.

8.4. **Sources of financing required in the future to meet investment commitments**

In order to finance its future development and investments, the Company is considering a capital increase in the context of a listing of its shares on the regulated market of Euronext Paris. The Group may subsequently have access to other equity financing and/or to the subscription of loans. In addition, to ensure its financing, the Group may also receive payment of a Research Tax Credit (CIR).

9. REGULATORY ENVIRONMENT

9.1. Regulations relating to batteries and accumulators as well as waste batteries and accumulators

Directive 2006/66/EC of the European Parliament and of the Council of 6 September 2006, on batteries and accumulators and waste batteries and accumulators (as amended by Directive 2013/56/EU of the European Parliament and of the Council of 20 November 2013, and Directive (EU) 2018/849) prohibits the placing on the market of batteries and accumulators containing substances deemed hazardous, and contains specific rules for the collection, treatment, recycling and disposal of waste batteries and accumulators. It introduces "extended producer responsibility" for batteries and accumulators, making producers, distributors or persons responsible for the placing on the market of such products liable for their end-of-life costs.

In addition, Regulations on Waste Electrical and Electronic Equipment (WEEE), stemming from Directive 2012/19/EU of July 4, 2012, apply to certain electrical and electronic components used to make batteries and marketed by the Group. The WEEE regulations also enforce a system of extended producer liability for electrical and electronic equipment, including batteries. This system requires separate collection of batteries and accumulators for end-of-life treatment. The provisions on waste batteries and accumulators have been transposed into French law and are currently included in Articles R. 543-124 et seq. of the French Environment Code.

The regulations distinguish between automotive batteries and accumulators; industrial batteries and accumulators; and portable batteries and accumulators. Producers of batteries and accumulators must be entered on a register maintained by the French agency for the environment and energy management ("ADEME"). The Company is registered as a producer of batteries and accumulators.

As such, the Company is required to remove, or arrange the removal of, and to treat, or arrange the treatment of, waste batteries and accumulators integrated into the batteries, which must be collected separately either by the distributors under their obligation to take back used batteries, or by local authorities responsible for waste collection. Failure to comply with these obligations may result in criminal or administrative fines, significant fees to make good the obligations, and the risk of legal action involving customers or third parties. The regulation provides for the option of waste removal and treatment being carried out by either an approved eco-agency paid for by the producers, or by setting up an individual system which must be approved by the authorities. In this case, the Group will specifically design batteries with easy repair and disassembly in mind, so that reusable or recyclable components can be separated. In order to meet its declaration obligations with ADEME, the Group has set up partnerships with different companies specializing in the recycling of the batteries and accumulators integrated in the batteries, such as the French eco-organization SCRELEC. In connection with the second life of batteries, arrangements must be made to return the batteries in order to run diagnostics. Once a battery is determined to have reached the end of its life span, the Group will carry out on its site the dismantling and separation of all recyclable components to ensure a minimum recycling rate of 50% in accordance with the regulations.

European Directive 2006/66/EC of 6 September 2006, on batteries and accumulators and waste batteries and accumulators is due to be superseded by new European regulations.

As part of the European Green Deal, on December 10, 2020, the European Commission proposed a package of measures that sets out a new batteries regulation with the aim of modernizing EU legislation and implementing an action plan for a circular system. This regulation will replace Directive 2006/66/EC. At the date of the Registration Document, a legislative debate is underway and should result in the text being adopted by the beginning of 2022 at the latest; Directive 2006/66/EC is to be repealed with effect from July 1, 2023.

The main measures proposed by the European Commission are summarized below:

- New classification of batteries to ensure that the regulation covers all batteries, including any potential new types of battery.

- Labeling: Batteries must be labeled in a visible, legible and indelible manner, to provide the information necessary for the identification of batteries and of their main characteristics, as well as other information regarding lifetime, charging capacity, the requirement to collect separately, the presence of hazardous substances and safety risks.

- Battery management system for electric vehicles for storing the information and data needed to determine the state of health and expected lifetime of the batteries.

- End-of-life management: provisions on registration, extended producer responsibility, collection, treatment and recycling, including recycling efficiency, end-of-life information, repurposing of batteries and reporting. These regulations will replace the equivalent ones in Directive 2006/66/EC.

- New collection rate target for portable batteries: Collection rates will gradually increase so as to ensure that 65% of waste portable batteries are collected by the end of 2025 and that 70% of such waste is collected by the end of 2030.

- Battery passport: By January 1, 2026, industrial batteries and electric vehicle batteries will have an electronic record for each individual battery placed on the market.

- Creation of a reporting system for automotive and industrial batteries.

- Recycling efficiency targets: New recycling efficiency and material recovery targets will be set out for lead-acid batteries, nickel-cadmium batteries and lithium batteries. The target for lithium batteries will be set at 65% starting in 2025.

- Obligation to report the carbon footprint associated with the overall life cycle: Information is required in the form of a carbon footprint declaration. Thereafter, the batteries will be subject to a classification into carbon footprint performance classes. Ultimately, batteries will need to comply with maximum life cycle carbon footprint thresholds.

- Performance and durability: Information must be provided for each battery. This information must be made available online in a battery database and/or in the battery passport.

- Quantity of content recycled: The technical documentation for industrial and electric vehicle batteries with internal storage that contain cobalt, lead, lithium or nickel in active materials must contain information about the amount of the above materials that have been recovered.

- Reasonable supply chain due diligence for raw materials in industrial and electric vehicle batteries: Reasonable due diligence policies will be established for rechargeable industrial and electric vehicle batteries placed on the single market. The European Commission will be empowered to review the list of substances and risk categories.

- Third-party verification is required, via notified bodies, for the provisions on the carbon footprint and recycled content declarations, and on the reasonable due diligence policy for the responsible sourcing of raw materials.

In China, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution provides, among other things, that the management and disposal of hazardous and/or toxic waste must be carried out by the company responsible for their creation. The company may dispose of the waste itself or through a third party, but it must comply with Chinese regulatory standards and obtain

the necessary permits for waste storage. As such, a company that subcontracts its waste management must ensure that its contracting party meets these legal requirements.

In addition, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution also requires companies working with these substances to establish preventive measures as well as contingency plans in case of accidents and to submit these plans for registration to the relevant authorities (local environmental department and those responsible for the supervision and administration of pollution prevention and control). These same departments may conduct inspections to verify the consistency of the envisaged measures.

Moreover, the Group is subject to standard environmental, safety and recycling regulations in China and India. There are no specific regulatory requirements for batteries, other than the use of an accredited organization for their recycling.

Finally, with respect to the United States, the Group works through centers in Europe and is not directly responsible for either the classification of its products in the United States or their recycling.

9.2. **Regulations on the transportation of dangerous goods**

Batteries are identified as dangerous goods by international regulations. As such, their transportation is subject to the French laws known as the TMD (*Transport de Matières Dangereuses* — Transportation of Dangerous Goods) regulation, consisting of several sets of regulations adopted by the United Nations framework that each govern a different mode of transportation: road, rail, inland waterway, maritime and air carriage. These laws apply to transportation between two countries that are parties to the regulation in question. Furthermore, within the European Union, Directive 2008/68/EC of the European Parliament and of the Council of 24 September 2008, on the inland transport of dangerous goods provides for the compulsory application of the regulations relating to road, rail and inland waterway modes of transportation between two European Union Member States.

The obligations of these regulations include labeling measures for dangerous goods, safety-related obligations—notably to prevent malicious acts—and a procedure for accidents occurring during the transportation of dangerous goods.

In addition to the internal audit each year, an independent safety consultant carries out an annual audit. This audit looks at the Group's processes, compliance with regulations and risk prevention in warehousing-related and land/maritime transportation-related (shipping) matters. Furthermore, all carriers and logistics service providers in the Group enjoy approved AEO (Authorized Economic Operator) status for customs, security and safety, and TMD certification.

In China, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution provides for the implementation of a set of requirements regarding the storage of hazardous materials, especially according to their nature. This means that local and national regulations governing monitoring, control, ventilation, sun protection, temperature control, fire prevention, fire extinguishing, decompression, poisoning prevention, moisture proofing, lightning protection, static electricity prevention, and corrosion prevention must be observed.

In addition, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution also requires that hazardous materials be stored in separate warehouses and comply with special storage conditions. For example, the storage conditions for lithium are as follows:

- surface area of each battery less than or equal to 100 square meters;
- distance between two batteries greater than or equal to 1 meter;
- distance between each battery plate, beam and column greater than or equal to 0.3 meter;

– distance between each battery and the wall greater than or equal to 0.5 meter.

9.3. **Regulations relating to chemical substances**

Within the European Union, Regulation 1907/2006 of the European Parliament and of the Council of 18 December 2006—known as the “REACH” (Registration, Evaluation and Authorization of Chemicals) regulation—concerning the registration, evaluation and authorization of chemical substances, and the restrictions applicable to these substances (the “**REACH Regulation**”), requires manufacturers, importers and downstream users to ensure that they manufacture, place on the market or use substances that do not adversely affect human health or the environment (above annual quantities of one ton). These provisions are underpinned by the precautionary principle. The Group therefore requests certificates indicating compliance with the REACH Regulation from suppliers involved with these chemical substances.

The chemical substances of highest concern, which may cause significant irreversible adverse effects on health and the environment, are subject to authorization. Where substances are included in Annex XIV of the REACH Regulation, these substances may no longer be manufactured, imported or used after scheduled dates for each of these operations without authorization from the European Commission.

Additionally, restrictions or even a ban may be placed on certain substances that pose an unacceptable risk to human health or the environment. In practice, this requires users of such substances to identify and ensure the safety of their supply of substitution substances or to change their manufacturing processes.

Failure to comply with these obligations may result in criminal and administrative sanctions that may be issued simultaneously.

In accordance with the REACH Regulation, and where the Group is the importer of chemical products in Europe, the Group must ensure that one of the entities in the supply chain has registered the product. Where this is not the case, the Group must register the product.

Furthermore, the Group is required to report the presence of more than 0.1% of all compounds deemed to be Substances of Very High Concern (SVHC). As of the date of the Registration Document, the batteries that the Group manufactures or places on the market do not contain any SVHCs.

9.4. **Facilities Classified for Environmental Protection (*Installation Classée pour la Protection de l’Environnement*)**

Under French law, Facilities Classified for Environmental Protection (*Installations Classées pour la Protection de l’Environnement* (ICPEs)) are activities or equipment that may endanger or adversely affect the interests protected by Article L. 511-1 of the French Environment Code, in particular neighborhood habitability, health, environmental protection and reasonable energy usage. Depending on the level of danger they represent with regard to these protected interests, the commissioning of an ICPE is subject to a declaration, registration or authorization procedure by the local prefect authority. The procedure for acquiring authorization to operate includes the submission of a file describing the technical and financial capabilities of the future operator and a public survey. As of the date of this Registration Document, operations at the Chasseneuil-du-Poitou production plant are subject to declaration under the ICPE regulations, given the threshold levels of lithium per square meter.

While an ICPE is in operation, the operator is required to comply with the environmental regulations and technical requirements issued either by ministerial decree or by an order that has been adopted by the local prefect. These requirements are intended in particular to control the consequences of activities classified on the interests protected by Article L. 511-1 of the French Environment Code, such as discharges into water or emissions into the air, measures to protect against water or soil pollution, or even fire protection measures.

When operations on a site subject to ICPE regulations are stopped, the corresponding final operator is required to restore the site to its original condition, with a view to the site's future use. At the Chasseneuil-du-Poitou site, this was the duty of the former operator. When determining the obligations to restore the site's condition, the future use-types taken into consideration for ICPEs subject to declaration are industrial uses, that is, unless such uses are inconsistent with the planning documents in force when operations are stopped. Furthermore, the liability of the final operator lasts for 30 years after notice is given regarding the permanent halt in ICPE operations, during which time the prefect may require additional restoration work.

9.5. Standards applicable to Group products

- **ECE R100**

Group batteries for Heavy Vehicles are ECE R100-certified. ECE R100 is an international standard for electric vehicles that includes a section specifically for electric buses and trucks, covering a series of nine tests:

- a vibration test;

- a thermal shock and cycling test;

- a mechanical shock test;

- a mechanical integrity test;

- a fire resistance test;

- an external short circuit protection test;

- an overcharge protection test;

- an over-discharge protection test;

- an over-temperature protection test.

Fire resistance testing is not compulsory for buses and trucks in which the batteries are positioned at a height higher than 1.5 meters (e.g., on bus roofs). However, in accordance with the ECE R100 standard, the Group tests all its batteries for fire resistance, since they may be placed at the back of buses, on the roof or in the floor depending on the vehicle.

- **ECE R10 (Heavy Vehicles)**

The ECE Regulation R10 (uniform provisions concerning the approval of vehicles with regard to electromagnetic compatibility) applies to motor vehicles with less than four wheels (but also to two-wheeled and three-wheeled vehicles), cars, trucks, coaches and also to electric and electronic vehicles (including batteries and motors of electric vehicles). This regulation involves various tests, in particular immunity and radiofrequency emissions, transient immunity and emissions. It also includes a requirement for explosions, ripples, harmonics and vibrations, as well as recommendations and requirements for electric vehicles. Group batteries for Heavy Vehicles are ECE R10-certified.

- **ECE R136 (Light Vehicles)**

The ECE Regulation R136 (uniform provisions concerning the approval of vehicles of category L (as defined in the Consolidated Resolution on the Construction of Vehicles, or RE3) with regard to specific requirements for the electric power train) applies to:

- The electric power trains of category L vehicles with a maximum design speed exceeding 6 km/h, equipped with one or more traction motor(s) driven by electric power and not permanently connected to the grid, as well as their high voltage components and systems that are galvanically connected to the high voltage bus of the electric power train;

- Rechargeable Electric Energy Storage Systems (SRSEEs) of category L vehicles with a maximum design speed exceeding 6 km/h, equipped with one or more traction motor(s) driven by electric power and not permanently connected to the grid.

It does not cover post-crash safety requirements of road vehicles.

This regulation includes the rules for approval and the various tests associated with the type of approval. It also includes requirements for fire resistance, explosions, ripples, thermal cycles, water resistance, harmonics and vibrations, as well as recommendations and requirements for category L electric vehicles. Group batteries for Heavy Vehicles are ECE R136-certified.

- **The UN38.3 standard**

The UN38.3 standard refers to Section 38.3 of Part III of the United Nations Manual of Tests and Criteria for the Transport of Dangerous Goods, which requires altitude simulation, thermal cycle testing, vibration testing, shock testing, external short circuit testing to 55°C, impact testing, overcharge testing before the lithium battery is transported and forced discharge testing to ensure the lithium battery can be transported safely. These tests must be carried out by an independent laboratory, which will issue a certificate. The UN38.3 certificate guarantees the quality of the batteries and their safety during transport. This certificate must be obtained when transporting batteries, regardless of the mode of transport used (land, sea or air). These high safety standards comply with the rules of the IATA (International Air Transport Association).

10. TRENDS

10.1. **Business activity trends**

A detailed description of the Group's results for the year ended December 31, 2020, and the half year ended June 30, 2021, is provided in Chapter 7 of the Registration Document, "Review of the financial position and results."

10.2. **Future outlook and objectives**

The objectives and trends presented below are based on data, assumptions and estimates—especially with regard to economic outlook—that are deemed reasonable by the Group at the date of the Registration Document.

This future outlook and these objectives, which result from the Group's strategy, do not constitute profit forecasts or estimates. The figures, data, assumptions, estimates and objectives presented below may change or be modified in an unforeseeable manner, depending, among other things, on changes in the economic, financial, competitive, legal, regulatory, accounting and tax environment or on other factors of which the Group is not aware at the date of the Registration Document.

In addition, the occurrence of certain risks described in Chapter 3 of the Registration Document, "Risk factors," could have an adverse effect on the Group's business, financial position, market situation, results or outlook, and therefore jeopardize its ability to achieve the objectives presented below.

Furthermore, the achievement of these objectives requires the successful implementation of the Group's strategy.

Therefore, the Group does not make any commitment or give any guarantee that the objectives presented in this section will be achieved.

Growth outlook for the Group's activities and financial objectives

The growth outlook for the Group's activities and the financial and operational objectives presented below are based on market trends and forecasts as per the information in Paragraph 5.4 of the Registration Document, "Markets and competitive position."

Revenue objectives

For the year ending December 31, 2021, the Group aims to generate revenue of approximately EUR 71 million. For the year ended December 31, 2020, the Group's consolidated revenues amounted to EUR 62,060 thousand (see in particular section 7.1.2(v) of the Registration Document).

The Group also aims to achieve annual revenue of approximately EUR 180 million by 2023, and EUR 600 million by 2027.

This increased revenue assumes:

- for the year ending December 31, 2021, in the absence of a lasting lag in supply conditions that could, as applicable, create a revenue shortfall;
- market growth in the business segments targeted by the Group and continued gains of market share;
- an average annual growth rate of more than 40% over the 2021–2027 period;

- a gradual increase in the contribution of the Heavy Vehicles (HeV) business segment to the Group's total revenue over the 2021–2027 period.

Beyond 2027, the Group expects strong growth in its business driven by the growth of electromobility in its principal markets.

EBITDA objectives

The Group aims to reach EBITDA at breakeven by the end of 2023 and an EBITDA margin[43] of more than 15% by 2027.

This improvement in profitability is primarily based on:

- revenue growth;

- the Group's ability to produce additional output at its current facilities, which will be gradually expanded based on need;

- the deployment of the Group's productivity plan, which consists of developing, producing and marketing new and increasingly less expensive battery systems that offer more functionalities and also generate better margins;

- market developments, as per the trends presented in Section 5.4 of the Registration Document;

- the continued implementation of the Group strategy, as described in Section 5.3 of the Registration Document;

- no material changes to the economic and financial terms negotiated with suppliers, compared to those in effect as at December 31, 2020; and

- no material change to the current regulatory (including interpretations that may be adopted by some national regulatory authorities) and tax environment as of the date of the Registration Document.

Working capital requirements

For the year ending December 31, 2021, the Group expects working capital requirements of less than 50% of its revenue for the year ending December 31, 2021. For the year ended December 31, 2020, the Group's consolidated revenue was EUR 62,060 thousand and the Group's working capital requirements totaled EUR 26,111 thousand, i.e., 42% of the Group's consolidated revenue.

By 2027, the Group also aims to reach a working capital requirement representing less than 10% of its revenue.

This reduction in working capital requirements is primarily based on:

- deconsolidated factoring of trade receivables in keeping with IFRS standards, plus the ability to obtain new factoring lines of the same type from banking partners;

- an improvement in the Company's credit profile with credit insurance companies and the Banque de France, enabling it to progressively improve supplier payment terms; and

[43] EBITDA/revenue.

- the optimization of inventory levels through the relocation of some supply sources—in particular for battery cells—from Asia to Europe. This process will depend on whether European suppliers can offer acceptably priced cells with adequate technical characteristics.

Capital expenditure (property, plant and equipment)

For the year ending December 31, 2021, the Group expects to achieve capital expenditure (property, plant and equipment) of less than 10% of the Group's revenue for the year ending December 31, 2021. For the year ended December 31, 2020, the Group's consolidated revenue amounted to EUR 62,060 thousand and capital expenditure (property, plant and equipment) to EUR 2,299 thousand, i.e., 4% of the Group's consolidated revenue.

The Group also aims to reach capital expenditure (property, plant and equipment) representing less than 3% of the Group's revenue by 2027.

This reduction in capital expenditure is primarily based on a rigorous capital expenditure management policy which prioritizes solutions that yield a rapid return on investment.

Business segments

The Group expects that the Light Vehicles and Industrial Tech (LeV & Ind Tech) and Heavy Vehicles (HeV) business segments will account for 25% and 75%, respectively, of the Group's revenue for the year ending December 31, 2021, i.e., a breakdown identical to the year ended December 31, 2020.

The Group also has the objective of the Light Vehicles and Industrial Tech (LeV & Ind Tech) and Heavy Vehicles (HeV) segments accounting for 15% and 85%, respectively, of the Group's revenue by 2027.

This change is primarily based on:

- market growth in the Group's targeted industries and continued gains of market share; and
- a gradual increase in the contribution of the Heavy Vehicles (HeV) business activity to the Group's total revenue over the 2021–2027 period.

11. PROFIT FORECASTS OR ESTIMATES

The Company does not intend to make any profit forecasts or estimates.

12. ADMINISTRATIVE, MANAGEMENT, SUPERVISORY AND EXECUTIVE MANAGEMENT BODIES

At the date of the Registration Document, the Company is a *société par actions simplifiée* (simplified joint-stock company). A shareholder meeting will be held prior to the approval by the French Financial Markets Authority—*Autorité des Marchés Financiers* (AMF)—of the prospectus relating to the admission of the Company's shares to trading on the regulated market of Euronext Paris, in order to approve the conversion of the Company into a *société anonyme* (public limited company) with a Board of Directors, to take effect no later than the date of approval of the prospectus by the AMF.

Moreover, the shareholder meeting will be held prior to the approval by the AMF of the prospectus relating to the admission of the Company's shares to trading on the regulated market of Euronext Paris in order to adopt new Articles of Association, which will take effect no later than on the date the prospectus is approved by the French Financial Markets Authority (AMF). A summary description of the main provisions of these Articles of Association, as they relate to the Board of Directors, in particular to its mode of operation and its powers, along with a summary description of the main provisions of the rules of procedure of the Board of Directors that the Company intends to have in place, can be found in Section 19.2 of the Registration Document.

12.1. Information about the Board of Directors and the Executive Management

12.1.1. Board of Directors

The table below presents the composition of the Board of Directors as of the price fixing date of the Company's shares in connection with their admission to trading on the regulated market of Euronext Paris, as well as the offices held by the members of the Company's Board of Directors over the past five years:

	Personal information				Experience	Position on the Board		Membership in Board committees
	Age	Gender	Nationality	Number of shares	Number of offices in listed companies	Independence	Term of office expiration	
Christophe Gurtner Chairman and Chief Executive Officer[(1)]	57	M	French	19,722	-	✕	Shareholder meeting ruling on the financial statements for the year ending December 31, 2023	- Strategy Committee
Bpifrance Investissement, represented by Eric Lecomte	58	M	French	45,737	-	✕	Shareholder meeting ruling on the financial statements for the year ending December 31, 2023	- Audit and Risk Committee
EURAZEO INVESTMENT	47	M	French	160,850	-	✕	Shareholder meeting ruling	- Nominations and

MANAGER (formerly Idinvest Partners), represented by Matthieu Bonamy							on the financial statements for the year ending December 31, 2023	Compensation Committee
Kosuke Nakajima[2]	47	M	Japanese	142,859[3]	-	✕	Shareholder meeting ruling on the financial statements for the year ending December 31, 2023	- Strategy Committee
Pierre Lahutte	49	M	French	-	1[4]	✕	Shareholder meeting ruling on the financial statements for the year ending December 31, 2023	- Strategy Committee - CSR Committee
Joerg Ernst	54	M	German	-	-	✓	Shareholder meeting ruling on the financial statements for the year ending December 31, 2023	- Strategy Committee
Isabelle Tribotté	51	F	French	-	-[5]	✓	Shareholder meeting ruling on the financial statements for the year ending December 31, 2023	- Strategy Committee
Sylvie Bernard-Curie	57	F	French	-	-	✓	Shareholder meeting ruling on the financial statements for the year ending December 31, 2023	- Audit and Risk Committee - Nominations and Compensation Committee
Corinne Jouanny	53	F	French	-	1[6]	✓	Shareholder meeting ruling on the financial statements for the year ending December 31, 2023	- Strategy Committee
Sonia Trocme – Le Page	55	F	French & American	-	-	✓	Shareholder meeting ruling on the financial statements for the year ending December 31,	- Audit and Risk Committee - CSR Committee

							2023	
Véronique Staat	53	F	French	-	-	✓	Shareholder meeting ruling on the financial statements for the year ending December 31, 2023	- Audit and Risk Committee - Nominations and Compensation Committee
Florence Didier-Noaro	55	F	French	-	-	✓	Shareholder meeting ruling on the financial statements for the year ending December 31, 2023	- Audit and Risk Committee - CSR Committee

(1) *As of the date of the Registration Document, Mr. Christophe Gurtne is Chairman of the Company and member of the Company's Supervisory Committee since June 1, 2011*

(2) *Related to Mitsui & Co, Ltd (Mr. Kosuke Nakajima is General Manager of the Battery Solutions Department at Mitsui & Co, Ltd).*

(3) *Held by Mitsui & Co. Ltd.*

(4) *Chairman of the Navya Management Board.*

(5) *Isabelle Tribotté will become an independent director of OVH Cloud as from the date of admission of the shares of OVH Cloud to trading on the regulated market of Euronext Paris (current as of the date of the Registration Document).*

(6) *Independent Chairwoman of the Executive Board of Balyo.*

Profile, experience and expertise of members of the Board of Directors

The profiles, experience and expertise of each of the directors are set out below.

Name: **Christophe Gurtner** Chairman and Chief Executive Officer	
Summary of the main areas of expertise and experience:	Management, reorganization, mergers and acquisitions, business and strategic development.
Main activities outside the Company:	-
Current offices:	
— Appointments and positions in the Group companies	Chairman of the Company and member of the Company's Supervisory Committee
— Appointments and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies)	– NEoT: Chairman; – Foreign Trade Advisor of France (not renewed at the end of 2021).
Offices that have expired in the past five years	-

Name: **Bpifrance Investissement, represented by Eric Lecomte**

Director	
Summary of the main areas of expertise and experience:	In France: investment in mixed economy companies, investment in local energy distribution companies, set-up of and investment in renewable energy production projects, set-up of and investment in innovation industrialization projects
Main activities outside the Company:	Senior Investment Manager at Bpifrance Investissement in charge of the SPI Fund - *Sociétés de Projets Industriels* (investments to encourage the industrialization of innovations in France)
Current offices:	
— Appointments and positions in the Group companies	Member of the Company's Supervisory Committee
— Appointments and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies)	– SUNCNIM SAS: Member of the Board of Directors, permanent representative of Bpifrance Investissement – AVRIL PROTEIN SOLUTIONS SAS: Member of the Strategic Committee – EVERTREE SAS: Member of the Board of Directors – VALLOUREC UMBILICALS SAS: Member of the Board of Directors, permanent representative of Bpifrance Investissement; – AFYREN NEOXY: Member of the Board of Directors, permanent representative of Bpifrance Investissement; – PROLEIN SAS: Member of the Board of Directors, permanent representative of Bpifrance Investissement; – LACROIX ELECTRONICS BEAUPREAU SAS: Member of the Board of Directors, permanent representative of Bpifrance Investissement; – DEMETER 4 infra innovation mutual fund: Member of the Advisory Committee.
Offices that have expired in the past five years	– SAEML UEM — Metz Power Plant: Member of the Board of Directors – LUCIA HOLDING SAS: Member of the Board of Directors, permanent representative of Bpifrance Investissement – ECOSIS SAS: Member of the Board of Directors

Name: **EURAZEO INVESTMENT MANAGER** (formerly Idinvest Partners), represented by Matthieu Bonamy Director	
Summary of the main areas of expertise and experience:	Venture capital, growth capital, energy transition, green technologies, electric mobility, new mobilities
Main activities outside the Company:	Venture Partner at EURAZEO
Current offices:	

— Appointments and positions in the Group companies	Member of the Company's Supervisory Committee
— Appointments and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies)	– Wemaintain: Member of the Board of Directors – Seatower: Member of the Board of Directors – SpaceFill: Member of the Board of Directors – Zola: Non-voting member – Allthings: Member of the Board of Directors – Sunfire: Non-voting member – Meteoswift: Member of the Board of Directors – NEoT CAPITAL: Non-voting member – Dance: Member of the Board of Directors – Breezometer: Non-voting member.
Offices that have expired in the past five years	– Leosphere: Member of the Board of Directors – FirstFuel: Observer – Volta Charging: Observer.

Name: **Kosuke Nakajima** Director	
Summary of the main areas of expertise and experience:	Kosuke Nakajima has 24 years of experience in one of the largest investment and trading companies in the fields of mineral and metal resources as well as batteries (especially for electric vehicles), Mitsui & Co. Ltd.
Main activities outside the Company:	General Manager of the Battery Solutions Department at Mitsui & Co., Ltd.
Current offices:	
— Appointments and positions in the Group companies	Member of the Company's Supervisory Committee
— Appointments and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies)	– ToKai 2 GmbH: Member of the Board of Directors
Offices that have expired in the past five years	– CAETANOBUS — FABRICACAO DE CARROCARIAS, Ltd.: Member of the Board of Directors – Atieva, Inc.: Member of the Board of Directors – Mitsui Bussan Automotive Inc. Member of the Board of Directors – AZAPA Co., Ltd. Ltd.: Member of the Board of Directors

Name: **Pierre Lahutte** Director	
Summary of the main areas of expertise and experience:	Pierre Lahutte has 25 years of experience in agricultural machinery, mobility and transport with a strong focus on sustainable development and the introduction of disruptive decarbonization solutions (electric, biomethane, hydrogen)
Main activities outside the Company:	Chairman of the NAVYA Management Board, Director of FRIEM S.p.A. and member of the Supervisory Board of the Berto Group
Current offices:	
— Appointments and positions in the Group companies	Member of the Company's Supervisory Committee
— Appointments and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies)	– NAVYA (listed company): Chairman of the Management Board – FRIEM S.p.A.: Director – Berto Group: member of the Supervisory Board – AMILU SAS: Chairman.
Offices that have expired in the past five years	– CNH Industrial NV: Member of the Group Executive Council – European Automobile Manufacturers' Association: Member of the Board of Directors – IVECO France SAS: Chairman of the Board of Directors – IVECO Irisbus Italia Ltd.: Chairman of the Board of Directors – IVECO Orecchia S.p.A.: Chairman of the Board of Directors – IVECO Czech Republic a. s.: Chairman of the Supervisory Board – IVECO MAGIRUS AG: Member of the Supervisory Board – NAVECO Ltd.: Director – SAIC IVECO Commercial Vehicle Investment Co. Ltd.: Director. – SOFVIA SAS: Chairman of the Board of Directors

Name: **Joerg ERNST** Independent Director	
Summary of the main areas of expertise and experience:	Over 30 years of experience in electric propulsion systems for various industries, including rail, electric vehicles, commercial vehicles, electric aircraft, mining and construction, as well as infrastructure and logistics/Knowledge of technology and processes from strategy to manufacturing/Long-term relationships with customers and industry worldwide
Main activities outside the	Industrial assignments in the *Verband Deutscher Verkehrsunternehmen* (Association of German Transport

Company:	Companies) and the International Association of Public Transport. Mentoring for continuous learning and sharing of business expertise. Sales coach for different industries.
Current offices:	
— Appointments and positions in the Group companies	None
— Appointments and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies)	– ZongXi Siemens Motor JV Beijing CN: Member of the Board of Directors; – ZDRE Siemens Gearbox JV Taijuan CN: Member of the Board of Directors; – CNA e.V Bahntechnik, Nuremberg, Germany: Member of the Supervisory Board.
Offices that have expired in the past five years	None

Name: **Isabelle TRIBOTTÉ** Independent Director	
Summary of the main areas of expertise and experience:	Strategy, marketing, international sales Quality assurance and customer experience Industry, energy and infrastructure industries Skills in automation, robotics and energy management Certification of independent director
Main activities outside the Company:	Independent Director BPI Consultant — SME Accelerator Program
Current offices:	
— Appointments and positions in the Group companies	None
— Appointments and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies)	– OVH Cloud: Member of the Board of Directors (as from the date of admission of the shares of OVH Cloud to trading on the regulated market of Euronext Paris — current as of the date of the Registration Document)
Offices that have expired in the past five years	None

Name: **Sylvie BERNARD-CURIE** Independent Director	
Summary of the main areas of expertise and experience:	International auditing/Human Resources operational management/Skills and potential development/Talent acquisition/Diversity and inclusion/Team management and

	coordination/Individual and group coaching for managers/Work psychology
Main activities outside the Company:	Founding partner of A.life (Coach/Trainer/Consultant) Lecturer in soft skills at business school Psychologist (private practice)
Current offices:	
— Appointments and positions in the Group companies	None
— Appointments and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies)	– Association EllaSanté: Director.
Offices that have expired in the past five years	None

Name: **Corinne JOUANNY** Independent Director	
Summary of the main areas of expertise and experience:	Innovation Management/Business Strategy/Research & Development
Main activities outside the Company:	Executive Vice President at Capgemini Engineering
Current offices:	
— Appointments and positions in the Group companies	None
— Appointments and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies)	– Balyo: Independent Director; – Altran Lab: Executive Director.
Offices that have expired in the past five years	None

Name: **Sonia TROCME - LE PAGE** Independent Director	
Summary of the main areas of expertise and experience:	Over 28 years of experience in financial analysis, M&A, international private equity, venture capital and infrastructure financing advisory, including renewable energy, impact investing, CSR strategy and ESG measurement and positive impact. Experience in banking group and entrepreneur. Leadership, strategy,

	business development, risk analysis, governance.
Main activities outside the Company:	Founding President of Nantucket Capital, an impact investment and CSR strategy advisory
Current offices:	
— Appointments and positions in the Group companies	None
— Appointments and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies)	– Nantucket Capital: Founder and CEO; – SofiOuest: independent Director, Member of the Investment Committee, Member of the Valuation Committee and Chair of the ESG Committee; – Generali Impact Investment (GII Fund): Member of the Investment Committee; – 50inTech: Observer of the Strategic Committee; – Eonef: Member of the Strategic Committee; – RogerVoice: Observer of the Strategic Committee;
Offices that have expired in the past five years	– Foreign Trade Advisor of France – European Network for Women in Leadership: Member of the Board of Directors – TimeToStart: CEO and Member of the Board of Directors

Name: **Véronique STAAT** Independent Director	
Summary of the main areas of expertise and experience:	Human Resources Strategy and Leadership Development/Management Transformation and ESG/Governance/Investment and Integration Strategy
Main activities outside the Company:	Corporate Director/Member of the Investment Committee of an investment company/Senior Advisor in Human Resources strategy
Current offices:	
— Appointments and positions in the Group companies	None
— Appointments and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies)	– Septodont: Member of the Advisory Board; – Creadev: Member of the Supervisory Board; – Creadev: Member of the Investment Committee; – Creadev: Member of the Compensation Committee.
Offices that have expired in the past five years	– Deloitte France: Vice Chairman of the Board of Directors, member of the Audit Committee and the Strategy Committee.

Name: **Florence DIDIER-NOARO** Independent Director	
Summary of the main areas of expertise and experience:	Corporate social responsibility, financial and non-financial audit, financial and non-financial information
Main activities outside the Company:	Founder and CEO of Innwise, sustainable strategy consulting
Current offices:	
— Appointments and positions in the Group companies	None
— Appointments and positions in companies outside the Group: (French listed companies, French unlisted companies, foreign listed companies, foreign unlisted companies)	None
Offices that have expired in the past five years	None

Personal information concerning the members of the Board of Directors

Christophe Gurtner, 57, a graduate of the ISC Paris Business School, spent the first 13 years of his professional career at Saft Batteries, a subsidiary of the Alcatel-Alstom Group. Since 1993, he has held successive business management positions in the portable batteries division, first in charge of France and then of international management. In 1995, he became executive manager of the German subsidiary, handling portable batteries, industrial batteries, energy conversion and emergency lighting. Then, in 1998, he took over the management of the consumer business unit. In 2001, in charge of reorganizing a new holding company he created in France, he bought Uniross Batteries Ltd. (United Kingdom), one of the companies he managed. In 2005, the company became the leader in Europe and the third company in the world in its sector in terms of internal growth (China, Germany, Italy) and external growth (United States, Mexico, South Africa). In 2006, the company was listed on the Paris stock exchange on the free market. In 2009, Christophe Gurtner sold the company to the Indian group Eveready Industries Ltd. and continued to manage it until 2012. In 2011, he created Forsee Power by first acquiring the industrial division of Uniross Batteries SAS and then successively acquiring ERSE in France, EnergyOne in Poland and Dow Kokam France between 2011 and 2013. He has presided over and grown the Company since 2013, with the aim of making it an international leader in the field of battery systems for electromobility. In 2016, he co-founded NEoT Capital SAS with the goal of accelerating the transition of cities to electric public transport. It was the first European development and management company dedicated to financing electric public transport, and he has presided over it since its creation.

Eric Lecomte, 57, a graduate of IAE Nancy, an international business school, and holder of a master's degree in Law, began his career by helping to create a ratings agency operating on the Nancy stock exchange. He then had a role in customer management at SDR Lordex (loans and investments in Lorraine-based companies) before becoming Regional Director of the Paribas bank in Nancy. In 1999, he joined the Caisse des Dépôts group as Investment Director of CDC PME, where he was responsible for creating and monitoring regional investment funds. In 2001, he took on the role of Manager of Holdings and then headed the department dealing with public-private partnership companies and subsidiaries of which CDC is a shareholder, amounting to more than 500 holdings. In 2008, Eric Lecomte founded the environment and energy department, which deals with investment in renewable energy production projects. In 2014, he joined Bpifrance Investissement to help create the SPI Fund -

Sociétés de Projets Industriels, aimed at investing in the industrialization of innovations in France, of which he is, as of the date of the Registration Document, Senior Investment Director.

Matthieu Bonamy, 47, holds an MBA from INSEAD, a master's degree from the Ecole Polytechnique and also studied private equity at Oxford Said Business School. Matthieu has 20 years of experience in investments, energy transition and software development, including 15 years in venture capital and structured financing. Before joining Eurazeo, Matthieu held various executive positions, including Chief Operating and Finance Officer in an international scale-up in the renewal energy sector. For example he has invested in and/or sits on the Boards of Directors of Leosphere (Fr, M&A), Enlighted (US, M&A), Wemaintain (Fr), Sunrun (US, IPO), Allthings (CH), Sunfire (DE, SPAC), Volta Charging (US), Breezometer (IL), Actility (Fr), FirstFuel (US, acquired), Zola Electric (US/ TZ/RW), Seatower (NO), Sunfire (Ge), Immotor (Cn), Forsee Power (Fr, partial exit), Neurala (US), Forsee Power (Fr), NEOT Capital (Fr), Spacefill (Fr), MeteoSwift (Fr), and COVE (SGP). He also co-founded two companies specializing in structured financing with Fortune 500 investors. Matthieu joined Eurazeo 10 years ago, and leads the *Smart City* investment practice: new energies, the future of mobility, logistics, real estate and industry 4.0, etc. His activity is focused on the support of exceptional entrepreneurs who are developing innovative business models made possible by digital technologies, such as IoT (Internet of Things), the analysis of big data, SaaS (Service as a Software), artificial intelligence, telecommunications, etc.

Kosuke Nakajima, 46, is a graduate in Civil Engineering from Waseda University, Japan. He joined Mitsui & Co., Ltd. in 1997. He has 24 years of experience at Mitsui & Co., Ltd., one of the largest investment and trading companies in the fields of mineral and metal resources as well as batteries (especially for electric vehicles). After having held various positions within Mitsui & Co., Ltd., he now serves as General Manager of the Battery Solutions Division at Mitsui & Co., Ltd.

Pierre Lahutte, 49, is a reserve officer of the Armored Cavalry Arm, a graduate of the NEOMA Business School in Rouen and holds an MBA from the Isenberg School of Management at UMass Amherst.
After starting an international career with New Holland Agriculture in 1997, Pierre Lahutte became the global manager of the agricultural tractor product line in 2007. In 2012, he joined IVECO to take responsibility for the Irisbus Business Unit. Following the merger of Case New Holland Global and Fiat Industrial, he was promoted to the CNH Industrial Group Executive Council in 2014, responsible for IVECO Trucks and Bus, and also joined the Board of Directors of the European Automobile Manufacturers' Association. After five years leading IVECO Trucks and Bus, he left CNHI in 2019 and in 2020 he joined the Boards of Directors of FRIEM S.p.A. (current rectifiers for electrolysis) and the Berto Group (rental of trucks with drivers), as well as the Forsee Power Supervisory Committee. In June 2020, he joined NAVYA (autonomous vehicles) as Chief Development and Strategy Officer and became Chairman of the Management Board in 2021. Pierre Lahutte is also a founder and the Chairman of AMILU SAS, a consulting firm in sustainable transportation and regenerative agriculture.

Joerg Ernst, 54, holds an MBA from the Lake Constance Business School and several other degrees from business schools and universities. He has over 30 years of extensive knowledge and successful experience in the railway and infrastructure industries. He started his career in 1986 at AEG AG in Konstanz, Germany, where he held several positions, and subsequently held various management positions in the Infrastructure Division of Daimler Benz Industries, including general management, before joining Siemens AG. He completed several assignments up to the position of Managing Director of the Infrastructure Division of Siemens AG. From 2005 to 2009, he held international positions in the United States, including in Cincinnati and Atlanta, as General Manager and as Business Unit Manager, followed by more than 15 years as Executive Vice President of Siemens AG and subsequently Siemens Mobility GmbH. He has extensive knowledge and expertise in various industries, including railways, electric vehicles, electric trucks, electric construction equipment, electric aircraft, wind energy, infrastructure and industrial applications. Joerg Ernst is also a member of the Board of Directors of ZongXi Siemens Motor JV Beijing CN and ZDRE Siemens Gearbox JV Taijuan CN, a member of the Supervisory Board of CNA e.V. Railway Technology, Nuremberg, Germany, a member of the industrial

committee of *Verband Deutscher Verkehrsunternehmen* (Association of German Transport Companies), and a member of various committees of the International Association of Public Transport.

Isabelle Tribotte, 51, engineer graduated from Ecole Centrale de Nantes in automation/robotics and from ESCP Paris in strategy/marketing. She started her career in 1992 at VELUX France, before joining Parker Hannifin from 1995 to 1999 as a technical sales engineer for France. In 2000, she joined Schneider Electric, where she held several marketing positions (product marketing, operational marketing, business development, strategy and acquisitions) in various entities of the group. In 2010, she took over the general management of an acquisition made by Schneider Electric, SCADA Group, in Canada, Australia and the United Kingdom, where she developed commercial synergies and led the integration. In 2012, she managed the French sales subsidiary for industrial automation. In 2015, she took over as Group Head of Quality and Customer Experience. In 2018, she joined Schneider Electric's Medium Voltage Division, to lead international sales operations. In July 2021, she left the Schneider Electric group to focus on appointments as an independent director and consulting missions for the BPI.

Sylvie Bernard-Curie, 57, an accounting graduate of the EDHEC business school and holder of an IFA – Sciences Po Company Director Certificate, is an industrial psychologist and executive coach with over 30 years of experience in financial auditing, human resources and talent development. After 10 years as an auditor in the industrial and services sectors and 20 years as Director of Human Resources Talents-Associate at KPMG, she is currently a Founding Partner of A.Life, a firm specializing in the development of Soft Skills, talent management and support for executives and management committees. She is a director of EllaSanté, a medical center that is a pioneer in the prevention and support of new health behaviors. Working toward equal gender representation in management bodies, she was co-president of the French Chapter of the international association Women Corporate Directors from 2009 to 2013 and chair of the *Comité des Sages* for the EVE program from 2011 to 2019. In 2020, she established and coordinated a vast mentoring program involving 60 women leaders-members of IWF France (International Women's Forum), of which she is an active member, and 10 large companies.

Corinne Jouanny, 55, graduate of the Ecole des Mines de Paris, with a PhD in Materials Science and Engineering, has over 28 years of experience with Altran, a global leader in outsourced Research & Development (R&D). She has led numerous R&D and performance and innovation management projects for many Altran international customers in various sectors and has spearheaded the development of consulting activities related to novel approaches in innovation management. She developed new service offerings and implemented them in projects catalyzing major innovations. In 2014, her achievements earned her L'Usine Nouvelle's Innovation Woman of the year award (*Trophée de la femme d'Innovation de l'année*). As Director of Innovation at Altran France and then the Altran Group, she rolled out six Research and Innovation programs in response to the new market challenges and also managed Altran's global service lines, at the helm of an international team and communities. Since the integration of Altran into the Capgemini Group, she has been Executive Vice-President, Chief of Presales & Innovation Scaling, cross-industries, for the Global Business Line Capgemini Engineering. She is also an independent director at Balyo.

Sonia Trocme - Le Page, 54, holds an MBA from the City University of New York (Baruch College) and a Master's degree in Finance from Paris-Dauphine. She is also certified in impact investing by the *Institut des Hautes Etudes du Développement Durable* (IHEDD), in ESG strategy (ESSEC) and in governance (Board by Aliath). After 10 years in corporate banking and M&A in the US and France, she co-founded and co-managed for 15 years the international fundraising advisory Global Private Equity. In this capacity, she raised €7 billion in private equity from institutional and family offices around the world for private equity and infrastructure funds, including renewable, European, American, Asian and African. In 2016, she founded Nantucket Capital, a social and environmental impact investment advisory, supporting impact funds and entrepreneurs as well as foundations in their impact strategies and fundraising. She has advised the *Fondation de France* and Raise on the investment strategy and structuring of their impact fund, France2i. Nantucket Capital structured an impact contract for the French Agency for the Environment and Energy Management on a circular economy. She is an independent director of Sofiouest, the investment holding company of the SIPA-Ouest France group,

and a member of the investment committee of the Generali Impact Investment Fund. She is also a business angel and member of the strategic committee of start-ups with a social mission, and an active member of Femmes Business Angels. Since 2009, she has been involved in several initiatives to support women's entrepreneurship and disadvantaged neighborhoods. Appointed French Foreign Trade Advisor from 2012 to 2015, she received the "La Tribune Women Awards" in Finance in 2010 for the success of her company and her social commitments.

Véronique Staat, 53, graduated from Grenoble Ecole de Management and is an accountant and auditor. She had a very extensive career at Deloitte from 1991 to 2020 in customers services (listed companies auditor, then digital learning intrapreneur and lastly senior partner in human capital consulting), in the transformation of Human Resources (for employees and partners) and in governance (having been Director of the Chairman's office, member of the Executive Committee, and then Vice-Chair of the Board of Directors). She has moderated or contributed to many international committees involved in Human Resource development and has had three years of experience in the UK. Since late 2020, Véronique Staat has been a member of the Advisory Board of Septodont (a global player in the dental pharmaceutical industry) and a member of the Supervisory Board, the Investment Committee and the Compensation Committee of Creadev (an evergreen investment company operating globally and backed by Association Famille Mulliez). In addition, she supports a number of managers in their transformation strategy (particularly in the areas of management, Human Resources and ESG). She is a member of the *Cercle Des Administrateurs*.

Florence Didier-Noaro, 55, began her career in 1989 at Deloitte as a financial auditor. Named partner at Deloitte France in 2001, she was in charge of the Quality and Professional Risk Division and then the service line dedicated to IFRS projects and public offerings, monitoring and implementing international accounting standards and specific due diligence for planned public offerings. In 2007 she joined Deloitte Conseil to support projects for the implementation of consolidation reporting systems. In 2013 she joined Deloitte France's audit and consulting activities in sustainable development and subsequently headed the division. Since 2018, she has been founding CEO of Innwise, a sustainable strategy consulting firm dedicated to the consideration of sustainability issues in strategic steering and decision-making processes. Florence Didier-Noaro is a graduate of NEOMA Business School and the Executive Master *Trajectoires Dirigeants* program at Sciences Po Paris.

Nationality of the members of the Board of Directors

Ten members of the Board of Directors are of French nationality and two members of the Board of Directors are of foreign nationality (German and Japanese).]

Independent directors of the Board of Directors

Under the independence criteria defined by the Middlenext Code (as updated in September 2021), to which the Company intends to refer from the time its shares are admitted for trading on the regulated market of Euronext Paris, seven members of the Board of Directors, namely Joerg Ernst, Isabelle Tribotté, Sylvie Bernard-Curie, Corinne Jouanny, Sonia Trocme - Le Page, Veronique Staat and Florence Didier-Noaro will be independent members of the Board of Directors.

The following is an analysis by the Company of the independence of each director, based on the criteria set out in the Middlenext Code.

Criteria[1]	Christophe Gurtner	Matthieu Bonamy (Eurazeo)	Eric Lecomte (Bpifrance	Kosuke Nakajima	Pierre Lahutte	Joerg Ernst	Isabelle Tribotté	Sylvie Bernard-Curie	Corinne Jouanny	Sonia Trocme - Le Page	Veronique Staat	Florence Didier-Noaro

Criterion 1: They must not be a salaried employee or a corporate officer of the company or a company of its group, and must not have held such a position in the last five years	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 2: They must not be in a significant business relationship with the company or its group (as a customer, supplier, competitor, provider, creditor, banker, etc.), and must not have been in such a business relationship in the last two years	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓
Criterion 3: They must not be a reference shareholder of the company or hold a significant percentage of voting rights	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 4: They must not have a close relationship or close family relationship with a corporate officer or reference	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

shareholder												
Criterion 5: They must not have been a statutory auditor of the company in the last six years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

(1) In this table, ✓ indicates that an independence criterion is met and ✕ indicates that an independence criterion has not been met.

Balanced representation of women and men

As of the settlement and delivery of Company shares in the context of their admission to trading on the regulated market of Euronext Paris, the Board of Directors will have six women, representing 50% of the members of the Board of Directors. The composition of the Board of Directors will thus be in compliance with Articles L.225-18-1 and L.22-10-3 of the French Commercial Code providing for the balanced representation of women and men on the Boards of Directors of companies whose shares are admitted to trading on a regulated market.

12.1.2. **Executive management**

The roles of Chairman of the Board of Directors and Chief Executive Officer of the Company will be concurrent. Mr. Christophe Gurtner, who, as of the date of the Registration Document, exercises the duties of Chief Executive Officer of the Company in its form as a *société par actions simplifiée*, will be appointed Chairman and Chief Executive Officer of the Company on the date the prospectus is approved by the AMF.

Statements concerning the members of the Board of Directors and the executive corporate officers

Furthermore, to the knowledge of the Company, over the past five years: (i) no director or executive corporate officer has been convicted for fraud; (ii) no director or executive corporate officer has been associated with a bankruptcy, protection, liquidation or receivership; (iii) no charge and/or official public sanction has been brought against a director or executive corporate officer of the Company by a court or regulatory authority (including recognized professional bodies); and (iv) no director or executive corporate officer of the Company has been stripped by a court of the right to serve as a member of an administrative, management or supervisory body or to manage or conduct business for an issuer of securities.

12.2. Conflicts of interest at the level of the administrative, management and executive management bodies

To the best of the Company's knowledge, subject to the relationships set out in Chapter 17 of the Registration Document, "Transactions with related parties," there are no potential conflicts of interest between the duties of the members of the Board of Directors or executive corporate officers to the Company and their private interests and/or other duties as of the date of the Registration Document.

To the best of the Company's knowledge, there are no restrictions accepted by the members of the Board of Directors concerning the sale of their equity interest in the Company's share capital as of the date of the Registration Document, with the exception of the rules relating to the prevention of insider trading and the stipulations of the Company's applicable shareholders' agreement, which will be terminated on the day the Company's shares are admitted to trading on the regulated market of Euronext Paris.

13. REMUNERATION AND BENEFITS

13.1. Remuneration of the corporate officers

The information in this chapter is based on the Middlenext Code for corporate governance as published in September 2021 and validated as a reference code by the French Financial Markets Authority—*Autorité des Marchés Financiers* (AMF). The tables relating to the AMF position-recommendation DOC-2021-02 are presented below.

As of the date of the Registration Document, the Company is established as a *société par actions simplifiée* (simplified joint-stock company), with a Supervisory Committee. A shareholder meeting will be held prior to the approval by the French Financial Markets Authority—*Autorité des Marchés Financiers* (AMF)—of the prospectus relating to the admission of the Company's shares to trading on the regulated market of Euronext Paris, in order to approve the conversion of the Company into a *société anonyme* (public limited company) with a Board of Directors, to take effect no later than the date of approval of the prospectus by the AMF.

Mr. Christophe Gurtner, currently the Chairman of the Company, will be appointed Chairman and Chief Executive Officer of the Company on the date of its conversion into a *société anonyme*.

13.1.1. Remuneration of the Supervisory Committee members

The following table details the amounts of remuneration paid to the members of the Company's Supervisory Committee by the Company or any Group company during the years ended December 31, 2019, and 2020.

Table 3: Table on the remuneration of business activity and other remuneration received by non-executive corporate officers

In EUR	FY 2019		FY 2020	
Non-executive corporate officers	Amount due	Amount paid	Amount due	Amount paid
Mr. Christophe Gurtner, Supervisory Committee member				
Remuneration of activity	-	-	-	-
Other remuneration	241,500	231,000	231,378	241,500
Total	**241,500**	**231,000**	**231,378**	**241,500**
Eurazeo (formerly Idinvest partners), Supervisory Committee member				
Remuneration of activity	-	-	-	-
Other remuneration	-	-	-	-
Total	**-**	**-**	**-**	**-**
Mr. Nakajima Kosuke, Supervisory Committee member				
Remuneration of activity	-	-	-	-
Other remuneration	-	-	-	-

In EUR **Non-executive corporate officers**	**FY 2019**		**FY 2020**	
	Amount due	**Amount paid**	**Amount due**	**Amount paid**
Total	**-**	**-**	**-**	**-**
Bpifrance Investissement, Supervisory Committee member				
Remuneration of activity	-	-	-	-
Other remuneration	-	-	-	-
Total	**-**	**-**	**-**	**-**
Mr. Pierre Lahutte, Supervisory Committee member				
Remuneration of activity	-	-	-	-
Other remuneration	-	-	60,000*	60,000*
Total	**-**	**-**	**60,000**	**60,000**

** Remuneration under the strategy and development consulting agreement entered into by AMILU with the Company (presented in Section 17.1 of the Registration Document).*

A proposal will be made at a shareholders' meeting to be held no later than the date of approval by the French Financial Markets Authority—*Autorité des Marchés Financiers* (AMF) of the prospectus relating to the admission of the Company's shares to trading on the regulated market of Euronext Paris, to set the total amount of remuneration allocated to the Board of Directors, in its new form as a *société anonyme* (public limited company), at EUR 262,000 for the current financial year and for each subsequent financial year. Only independent directors will receive compensation, which will include a fixed and a variable components, the amount of which will depend on their effective participation in Board meetings and the scope of the Board's work. Independent directors who are members of Board committees will also receive variable compensation in this respect, depending on their effective participation in the meetings of the committees of which they are members. Independent directors who are chairmen of Board committees will also receive fixed compensation.

In this respect, it is envisaged that the compensation policy for directors will be based on the following principles on the date of admission of the shares to trading:

- an annual gross sum of EUR 20,000 will be allocated to each member of the Board of Directors qualified as independent in respect of their duties as directors,

- a gross lump sum of EUR 2,500 will be allocated to each member of the Board of Directors qualified as independent per meeting of the Board of Directors if the member concerned is physically present,

- an annual gross sum of EUR 4,000 will be allocated to the Chairman of the Nominations and Compensation Committee, provided that he qualifies as independent in his capacity as Chairman of the Nominations and Compensation Committee,

- a gross lump sum of EUR 2,000 will be allocated to each member of the Nominations and Compensation Committee, provided that he or she qualifies as independent, per meeting of the Nominations and Compensation Committee if the member concerned is physically present,

- an annual gross sum of EUR 6,000 will be allocated to the Chairman of the Audit and Risks Committee, provided that he is qualified as independent, in respect of his duties as Chairman of the Audit and Risk Committee,

- a gross lump sum of EUR 2,500 will be allocated to each member of the Audit and Risk Committee, provided that they qualify as independent, per meeting of the Audit and Risk Committee if the member concerned is physically present,

- an annual gross sum of EUR 4,000 will be allocated to the Chairman of the CSR Committee, provided that he is qualified as independent in his capacity as Chairman of the CSR Committee,

- a gross lump sum of EUR 2,000 will be allocated to each member of the CSR Committee, provided that they qualify as independent, per meeting of the CSR Committee if the member concerned is physically present, and

- a gross lump sum of EUR 2,000 will be allocated to each member of the Strategy Committee, provided that they qualify as independent, per Strategy Committee meeting if they are physically present.

This director compensation policy may be reviewed annually.

13.1.2. Remuneration of the executive corporate officers

The following tables detail the remuneration granted and paid to Mr. Christophe Gurtner, the Chairman of the Company, by the Company or any Group company during the years ended December 31, 2019, and 2020:

Table 1: Summary table of the remuneration, options and shares granted to each executive corporate officer

	FY 2019	FY 2020
Mr. Christophe Gurtner		
Remuneration granted during the financial year	EUR 241,500	EUR 231,378
Value of the multi-year variable remuneration granted during the financial year	-	-
Value of the options granted during the financial year	EUR 765,000	-
Value of the bonus shares granted	-	-
Total	**EUR 1,006,500**	**EUR 231,378**

Table 2: Summary table of the remuneration of each executive corporate officer

The following table shows the remuneration granted to the executive corporate officers for the years ended December 31, 2019, and 2020, and the remuneration received by those same persons during those financial years.

	FY 2019		FY 2020	
	Amounts granted(1)	Amounts paid(2)	Amounts granted(1)	Amounts paid(2)
Mr. Christophe Gurtner				
Fixed remuneration	EUR 210,000	EUR 210,000	EUR 210,000	EUR 210,000
Annual variable remuneration(3)	EUR 31,500	EUR 21,000	EUR 21,378	EUR 31,500
Multi-year variable remuneration	-	-	-	-
Exceptional remuneration	-	-	-	-
Remuneration of activity	-	-	-	-
Benefits in kind	-	-	-	-
Total	**EUR 241,500**	**EUR 231,000**	**EUR 231,378**	**EUR 241,500**

(1) Remuneration due to the corporate officer during the financial year and the amount of which is not subject to change regardless of the date of payment.

(2) Remuneration paid to the corporate officer during the financial year.

(3) Variable remuneration, the quantum and the terms of award of which are delegated to the Supervisory Committee, subject to quantitative and qualitative criteria being met.

Table 4: Stock options granted during the financial year to each executive corporate officer by the Company or by any Group company

None.

Table 5: Stock options exercised during the financial year by each executive corporate officer

None.

Table 6: Bonus shares granted to each corporate officer during the financial year

None.

Table 7: Bonus shares granted that became available for each executive corporate officer during the financial year

None.

Table 8: Historical information about stock option allocation

Information concerning stock options			
Date of shareholder meeting	**Plan 1**	**Plan 2**	**Plan 3[44]**
Date of the extraordinary shareholder meeting	December 20 and 21, 2018	July 22, 2020	August 05, 2021
Date of Chairman's decisions (award)	April 2, 2019 January 28, 2020 November 13, 2020	-	August 12, 2021
Total number of shares that can be subscribed or purchased, including the number that can be subscribed or purchased by the corporate officers and employees	17,137	10,000	15,000
total number of stock options granted to the Company's executive corporate officers	2,250	0	15,000
Starting date for exercise of options	After four years following the date of grant, unless specific events occur that are provided for in the Plan regulations allowing early exercise [45]	After four years following the date of grant, unless specific events occur that are provided for in the Plan regulations allowing early exercise[46]	After two years following the date of grant, unless specific events occur that are provided for in the Plan regulations allowing early exercise[47]
Expiration date	December 20, 2033	July 22, 2035	August 5, 2036
Subscription or purchase price	EUR 340 for options already granted[48]	-	EUR 650
Exercise procedures (if the plan includes several tranches)	-	-	-
Number of shares subscribed as of the date of the Registration Document	0	0	0
Cumulative number of canceled or lapsed stock options	750	0	0

[44] Plan 3 covers (i) the 8,587 stock options not granted under Plan 1 and (ii) 10,000 share subscription options, none of which were granted under Plan 2.
[45] The Plan 1 stock options may be exercised prior to the four-year lock-in period in the event of (i) a change of control of the Company, (ii) a full asset sale of the Company, and/or (iii) admission of the Company's shares to trading on the regulated market of Euronext Paris.
[46] The Plan 2 stock options may be exercised prior to the four-year lock-in period in the event of (i) a change of control of the Company, (ii) a full asset sale of the Company, and/or (iii) admission of the Company's shares to trading on the regulated market of Euronext Paris.
[47] The Plan 3 stock options may be exercised prior to the two-year lock-in period in the event of (i) a change of control of the Company, or (ii) a full asset sale of the Company.
[48] For options not yet granted, the subscription price of the shares will be fixed on the date the corresponding option is granted, using the same methods and weightings as those set out in Grant Thornton's report of September 29, 2018.

Stock options already granted on the date of the Registration Document	8,550	0	15,000
Remaining stock options to be granted on the date of the Registration Document	0	0	0

Table 9: Stock options granted to the top 10 employees excluding corporate officers who have received the most options, and options exercised by such employees

	Total options granted/shares subscribed or purchased	**Weighted average exercise price**	**Plan 1**
Options granted during the financial year by the Company and any company included in the option allocation plan to the 10 employees of the Company or of any company included within this scope receiving the largest number of options (overall figure)	2,550	EUR 340/share	2,550
Options on the Company and the aforementioned companies that were exercised during the financial year by the 10 employees of the Company or of those companies who bought or subscribed the most options (overall figure)	-	-	-

Table 10: Historical information about bonus share awards

Information on bonus share awards	
Bonus share plan	Plan 1
Date of the extraordinary shareholder meeting	August 5, 2021
Date of Chairman's decision (award)	September 14, 2021
Total number of bonus shares awarded, including the number assigned to	4,000
Mr. Christophe Gurtner	*0*
Vesting date	One year after the award, that is, August 5, 2022
End date of lock-up period	One year after the vesting date, that is, August 5, 2023
Number of shares subscribed	0

Cumulative number of canceled or lapsed shares	0
Bonus shares remaining as of the date of the Registration Document	4,000

Table 11

The following table provides details on the terms and conditions of remuneration and other benefits for executive corporate officers:

Executive corporate officers	Employment contract		Supplementary pension plan		Payments or benefits due or likely to be due as a result of termination or change of office		Indemnities pursuant to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Mr. Christophe Gurtner (as Chairman of the Company prior to its conversion into a *société anonyme* (public limited company))		X		X		X		X
Office start date:	June 1, 2011 (Supervisory Committee member)							
Office end date:	After the annual shareholder meeting ruling on the financial statements for the year ending December 31, 2023							

It will be proposed to the Board of Directors of the Company that it meet on the day the AMF approves the prospectus relating to the admission of the Company's shares to trading on the regulated market of Euronext Paris to set the remuneration of Mr. Christophe Gurtner for his duties as the Company's Chairman and Chief Executive Officer as follows, for the year ending December 31, 2021:

- Annual fixed gross remuneration of EUR 241,500 per year;
- Multi-year variable remuneration including:
  - the payment of a bonus amounting to 25% of the amount of her annual fixed remuneration, contingent on the existence as of December 31, 2021, of a cash amount (i.e., total liquidities, investment securities, available credit lines or any other liquid financial instrument) exceeding EUR 19.122 million. Following the admission of the Company's shares to trading on the regulated market of Euronext Paris, the objectives on which Mr. Christophe Gurtner's variable compensation will be based will be linked, for future years, to the Company's medium- and long-term objectives mentioned in Chapter 10 of the Registration Document; and

- the grant of (i) 333,333 bonus shares and/or share subscription options (after the split of the nominal value of the Company's shares to occur prior to the approval by the French Financial Markets Authority—*Autorité des Marchés Financiers* (AMF) of the prospectus relating to the admission to trading of the Company's shares on the regulated market of Euronext Paris) if the Company achieves consolidated revenue of at least EUR 71.3 million (excluding taxes) for the year ending December 31, 2021, (ii) 333,333 bonus shares and/or stock subscription options (after the split of the nominal value of the Company's shares to occur prior to the approval by the French Financial Markets Authority—*Autorité des Marchés Financiers* (AMF) of the prospectus relating to the admission to trading of the Company's shares on the regulated market of Euronext Paris) subject to the setting as of December 31, 2021 of an average stock price of the Company's shares based on the last 30 trading sessions to be at least equal to the Company's IPO stock price, and (iii) 333,333 bonus shares and/or stock subscription options (after the split of the nominal value of the Company's shares to occur prior to the approval by the French Financial Markets Authority—*Autorité des Marchés Financiers* (AMF) of the prospectus relating to the admission to trading of the Company's shares on the regulated market of Euronext Paris) subject to the introduction of a roadmap by the CSR Committee as of December 31, 2021, and obtaining, as of that date, an EcoVadis CSR assessment (at least 60%) and a CSR rating by Ethifinance (at least "Advance+"). As of the date of the Registration Document, the vesting/exercise of the 999,999 free shares and/or stock options mentioned above would represent, on a non-diluted basis, 2.47% of the Company's capital.

As part of the admission of its shares to trading on the regulated market of Euronext Paris, the Company plans to step up its long-term incentive policy for the Group's senior executives and key managers, and in particular its Chairman and Chief Executive Officer. The goal of this policy will be to retain Company employees by adopting a bonus share plan and/or stock option allocation, which may give the Company's corporate officers and/or managers access to up to 16,000 ordinary shares in the Company (prior to the stock split of the Company's shares to occur ahead of the approval by the French Financial Markets Authority (AMF) of the prospectus for the admission to trading of the Company's shares on the regulated market of Euronext Paris). The Company intends to propose that this plan be adopted at the shareholder meeting, which will be held prior to the approval by the AMF of the prospectus relating to the admission of the Company's shares to trading on the regulated market of Euronext Paris.

This allocation program would include, in particular:

- a bonus stock option allocation which would ultimately benefit the corporate officers and managers of the Company and its affiliated companies, within the meaning of Article L. 225-197-2 of the French Commercial Code, including the Chairman and Chief Executive Officer of the Company. The stock options granted in this allocation would be awarded (a) subject to the condition of the beneficiary's presence and (b) a sub-condition of performance criteria related to (i) revenue, (ii) the stock market price, and (iii) the Company's respect for the CSR commitments (i.e., maintaining Ecovadis and EthiFrance assessments and ratings for 2021). The stock options granted under this framework will entitle the beneficiary to one of the Company's ordinary shares by allocated stock option and can be exercised for a period of 15 years from the date of grant.

- a bonus share award which would ultimately benefit the corporate officers and managers of the Company and its affiliated companies within the meaning of Article L. 225-197-2 of the French Commercial Code, including the Chairman and Chief Executive Officer of the Company. The shares awarded in this allocation would be awarded (a) subject to the condition of the beneficiary's presence and (b) subject to performance criteria related to (i) revenue, (ii) the stock market price, and (iii) the Company's respect for the CSR commitments (i.e., maintaining Ecovadis and EthiFrance assessments and ratings for 2021). The bonus shares granted under this framework will be subject to a one-year vesting period and a one-year lock-up period.

- The sum of (i) the shares that may be acquired or issued pursuant to the exercise of the stock options, and (ii) the bonus shares that may be awarded under this plan may not exceed 16,000 ordinary shares in the Company (prior to the stock split of the Company's shares to occur ahead of the approval by the French Financial Markets Authority (AMF) of the prospectus for the admission to trading of the Company's shares on the regulated market of Euronext Paris).

13.2. Amounts provisioned by the Company for the payment of pensions and other benefits to the corporate officers

With the exception of the provisions for post-employment benefits detailed in note 8.10.2 in the notes to the consolidated financial statements for the year ended December 31, 2020, included in Section 18.1 of the Registration Document, the Company has not made provisions for funds to pay pensions, retirement and other benefits for members of the management team and the Supervisory Committee.

The Company has not paid any bonuses to the aforementioned corporate officers for their arrival or departure. The Group has not paid any bonuses to the corporate officers for their arrival or departure.

14. OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

14.1. Expiration date of the current term of members of the administrative, management and supervisory bodies

Information on the expiration date of the terms of office of the members of the Board of Directors and management is given in Section 12.1 of the Registration Document.

14.2. Service contracts binding members of the administrative, management and supervisory bodies of the Company

On July 24, 2020, the Company entered into a strategy and development consulting agreement with AMILU, represented by Pierre Lahutte—a member of the Company's Supervisory Committee—the terms of which are set out in the Statutory Auditors' special report on regulated agreements for the year ended December 31, 2020, as reproduced in Section 17.2 of the Registration Document.

14.3. Information on the Board committees

As of the date of the Registration Document, the Company is established as a *société par actions simplifiée* (simplified joint-stock company).

The Company will be converted into a public limited company with a Board of Directors, with an amendment of its Articles of Association, with effect no later than the date of approval by the French Financial Markets Authority—the *Autorité des Marchés Financiers* (AMF)—of the prospectus relating to the admission of the Company's shares to trading on the regulated market of Euronext Paris. As part of this transformation, the Company's Board of Directors will establish three specialized committees: an Audit and Risk Committee, a Nominations and Compensation Committee, a CSR Committee and a Strategy Committee.

The rules of procedure of these committees, the main provisions of which are set out below, will be applicable subject to the condition precedent of the price fixing of the Company's shares in connection with their admission to trading on the regulated market of Euronext Paris.

14.3.1. Audit and Risk Committee

Composition

The Audit and Risk Committee will be composed of five (5) members, four (4) of whom will be appointed from among the independent directors of the Board of Directors. The composition of the Audit and Risk Committee may be changed by the Board of Directors and, in any case, must be modified if the general composition of the Board of Directors changes.

The members of the Audit and Risk Committee must have particular expertise in financial and/or accounting matters.

The term of office of the members of the Audit and Risk Committee coincides with their term of office as members of the Board of Directors. It may be renewed at the same time that Board memberships are renewed.

The chair of the Audit and Risk Committee is appointed, after special consideration, by the Board of Directors upon the recommendation of the Nominations and Compensation Committee, from among the independent directors. The Audit and Risk Committee may not include any executive corporate officer.

As of the settlement and delivery of the Company shares offered as part of their admission to trading on the regulated market of Euronext Paris, the Audit and Risk Committee will be composed of Sonia

Trocme - Le Page (as chairman of the Audit and Risk Committee), Eric Lecomte, Sylvie Bernard-Curie, Veronique Staat and Florence Didier-Noaro.

Assignments

The duty of the Audit and Risk Committee is to monitor issues relating to the preparation and control of accounting and financial information and to ensure the effectiveness of the risk monitoring and operational internal control system and, if applicable, to make recommendations to ensure its integrity, in order to help the Board of Directors in exercising its control and verification duties in this area.

In this context, the Audit and Risk Committee has the following principal tasks:

- monitoring the financial reporting process;

- monitoring the effectiveness of internal control, internal audit and risk management systems relating to financial and extra-financial accounting information;

- monitoring of the statutory audit of the Company and consolidated financial statements by the Company's Statutory Auditors;

- monitoring the independence of the Statutory Auditors;

- monitoring the systems and procedures in place to ensure the dissemination and application of good practice policies and rules, including on compliance.

The Audit and Risk Committee shall report regularly to the Board of Directors on the performance of its duties and shall inform the Board without delay of any difficulties encountered.

The Audit and Risk Committee will meet as necessary and, in any event, at least two times a year to prepare the annual financial statements and interim financial statements.

14.3.2. Nominations and Compensation Committee

Composition

The Nominations and Compensation Committee will be composed of three (3) members, two (2) of whom will be independent directors of the Board of Directors. They are appointed by the latter among its members on the basis of their independence and their expertise in the remuneration of executive corporate officers of listed companies.

The term of office of the members of the Nominations and Compensation Committee coincides with their term of office as directors of the Board of Directors. It may be renewed at the same time that Board memberships are renewed. The Nominations and Compensation Committee is chaired by an independent director of the Board of Directors.

As of the settlement and delivery of the Company shares offered as part of their admission to trading on the regulated market of Euronext Paris, the Nominations and Compensation Committee will be composed of Sylvie Bernard-Curie (as chair of the Nominations and Compensation Committee), Matthieu Bonamy and Veronique Staat.

Assignments

The Nominations and Compensation Committee is a specialized committee of the Board of Directors whose main tasks are to assist the Board in (i) the composition of the executive bodies of the Company and its Group and (ii) the determination and regular assessment of all remuneration and benefits of the

Company's executive corporate officers, including all deferred benefits and/or voluntary or forced departure pay.

In this context, the Nominations and Compensation Committee has the following main tasks:

- proposals for the appointment of directors of the Board of Directors, executive management and the Board committees; and

- annual assessment of the independence of the directors of the Board of Directors.

In carrying out its remuneration duties, the Committee will carry out the following duties, in particular:

- examination and proposal to the Board of Directors concerning all elements and conditions of the remuneration of the Group's senior executives;

- examination and proposal to the Board of Directors concerning the method for allocating remuneration for the activities of the Board of Directors; and

- consultation for recommendation to the Board of Directors on all remuneration relating to exceptional assignments that may be entrusted by the Board of Directors to some of its members.

The Nominations and Compensation Committee shall meet as many times as necessary and, in any event, at least once a year, prior to the Board of Directors meeting deciding on the status of the directors with regard to the independence criteria adopted by the Company and, in any event, prior to any Board of Directors meeting that will decide executive management compensation or distribution of the compensation for the Board's activity.

14.3.3. CSR Committee

Composition

The CSR Committee will be composed of three (3) members, two (2) of whom will be independent members of the Board of Directors. The composition of the CSR Committee may be changed by the Board of Directors and, in any case, must be changed if the general composition of the Board of Directors changes.

The term of office of the members of the CSR Committee coincides with their term of office as members of the Board of Directors. It may be renewed at the same time that Board memberships are renewed.

The chair of the CSR Committee shall be appointed from among the independent directors of the Board of Directors.

As of the settlement and delivery of Company shares offered as part of their admission to trading on the regulated market of Euronext Paris, the CSR Committee will be composed of Florence Didier-Noaro (as Chair of the CSR Committee), Sonia Trocme - Le Page and Pierre Lahutte.

Assignments

As part of its assignments, the CSR Committee will carry out the following main duties:

- ensure the consideration of issues falling within the scope of social and environmental responsibility in the Group's strategy and in their implementation;

- review the reports drafted pursuant to legal and regulatory obligations in the area of CSR; and

- review the Group's commitments to sustainable development with regard to the challenges specific to its business activity and its objectives.

The CSR Committee will report regularly to the Board of Directors on the performance of its duties and will inform the Board without delay of any difficulties encountered.

The CSR Committee meets as often as necessary and, in any event, at least four (4) times a year.

14.3.4. Strategy Committee

Composition

The Strategy Committee will be composed of six (6) members, three (3) of whom will be independent directors of the Board of Directors. The composition of the Strategy Committee may be changed by the Board of Directors and, in any case, must be changed if the general composition of the Board of Directors changes.

The term of office of the members of the Strategy Committee coincides with their term of office as members of the Board of Directors. It may be renewed at the same time that Board memberships are renewed.

As of the settlement and delivery of the Company shares offered as part of their admission to trading on the regulated market of Euronext Paris, the Strategy and CSR Committee will be composed of Christophe Gurtner (as chair of the Strategy Committee), Kosuke Nakajima, Joerg Ernst, Isabelle Tribotté, Pierre Lahutte and Corinne Jouanny

Assignments

Within the framework of its assignments, the duties of the Strategy Committee include the study and preparation of structuring investment decisions and the presentation and discussion of the strategy prepared by executive management.

The Strategy Committee shall report regularly to the Board of Directors on the performance of its duties and shall inform it without delay of any difficulties encountered.

The Strategy Committee meets as often as necessary and, in any event, at least four (4) times a year.

14.4. Declaration of compliance with the corporate governance system in force

In the interests of transparency and public information, in particular with regard to the admission of its shares to trading on Euronext Paris, the Company has initiated a comprehensive review of its corporate governance practices.

As of the admission of its securities to trading on Euronext Paris, the Company intends to refer to the Middlenext corporate governance code for listed companies as published in September 2021 (insofar as the principles contained therein will be compatible with the organization, size, means and shareholder structure of the Company).

The Company's objective is to comply with all of the recommendations in the Middlenext corporate governance code for listed companies.

The table below shows the Company's position with respect to all the recommendations made by the Middlenext corporate governance code for listed companies as of the date of the Registration Document.

Middlenext Code Recommendations	Adopted	Will be adopted
Supervisory power		
R1: Board member ethics	X	
R2: Conflicts of interest	X	
R3: Composition of the Board — independent directors		X(1)
R4: Board member information	X	
R5: Training board members	X	
R6: Organization of Board and committee meetings	X	
R7: Setting up committees		X(1) (2)
R8: Setting up a specialized corporate social responsibility (CSR) committee		X(1)
R9: Introduction of Board rules of procedure		X(3)
R10: Choice of directors	X	
R11: Board members' terms of office	X	
R12: Directors' compensation		X(4)
R13: Introduction of Board evaluation		X(2)
R14: Relationship with shareholders	X	
Executive power		
R15: Diversity and equity policy within the company		X(1)
R16: Definition and transparency of the compensation of executive corporate officers	X	
R17: Preparation of the succession of corporate officers		X(5)
R18: Corporate officers and employment contracts	X	
R19: Severance pay	X	
R20: Supplementary pension plans	X(6)	
R21: Stock options and bonus share awards	X	
R22: Review of points to be watched	X	

(1) A shareholder meeting will be held prior to the approval by the French Financial Markets Authority (AMF) of the prospectus relating to the admission to trading of the Company's shares on the regulated market of Euronext Paris, in order to decide the appointment of new directors (and the subsequent establishment by the Board of Directors of the committees described in Section 14.3 "Information on the Board Committees" of the Registration Document.

(2) This recommendation will be applied, with the exception of the chairmanship of the Strategy Committee, which will not be entrusted to an independent director but to Mr. Christophe Gurtner, Chairman and Founder of the Company, given the Company's stage of development.

(3) The internal rules of the Board of Directors will be adopted prior to the approval by the AMF of the prospectus relating to the admission to trading of the Company's shares on the regulated market of Euronext Paris.

(4) Remuneration paid to the directors will be proposed at the shareholder meeting, which will be held prior to the approval by the AMF of the prospectus relating to the admission of the Company's shares to trading on the regulated market of Euronext Paris.

(5) The internal rules of the Nominations and Compensation Committee will be adopted prior to the AMF approval of the prospectus relating to the admission to trading of the Company's shares on the regulated market of Euronext Paris; this committee will be charged with establishing a succession plan for the Company's executives (see Section 14.3 of the Registration Document).

(6) No corporate officer of the Group benefits from a supplementary pension plan.

14.5.Internal control

The internal control system implemented within the Group is laid out in Section 3.6 of the Registration Document.

As of the date of the Registration Document, insofar as none of the Company's financial securities are admitted to trading on a regulated market, the Company is not required to prepare a corporate governance report, detailing in particular the conditions of preparation and organization of the Board's work.

As of the year ending December 31, 2021, and provided that the Company's shares are admitted to trading on the regulated market of Euronext Paris, the Company's Board of Directors will be required to prepare this report in accordance with the provisions of Articles L. 225-37, L. 22-10-9, L. 225-37-4, L. 22-10-10 and L. 22-10-11 of the French Commercial Code.

15. EMPLOYEES

15.1. Number of employees

As of December 31, 2020, the Group had 459 employees in the companies included in its scope of consolidation.

As of December 31, 2020, around 65% of the employees were employed in Europe (including around 56% of the total in France).

In addition, the Group gained 36 people following the purchase out of bankruptcy of the assets attached to the autonomous branch of Holiwatt in July 2021.

For the year ended December 31, 2020, the Group's payroll amounted to EUR 18,200 thousand, compared with EUR 17,343 thousand for the year ended December 31, 2019, and EUR 12,663 thousand for the year ended December 31, 2018. The payroll is the sum of all gross salaries and the employer's social security contributions, as well as employee equity interest and incentive payments and other personnel costs, paid during each financial year.

As of December 31, 2020, the Group employed 82% of its employees on permanent contracts and 12% on fixed-term contracts.

The table below presents the change, over the last three financial years, in the Group's headcount by country:

	Employees at December 31		
Country	**2020**	**2019**	**2018**
France	257	250	154
China	160	182	150
Other countries	42	36	36
Total	459	468	340

The table below presents the change, over the last three financial years, in the breakdown of the workforce by socio-professional category (SPC):

	Employees at December 31		
Breakdown of workforce by SPC	**2020**	**2019**	**2018**
Managers	181	178	137
Non-managerial	278	290	203
Total	459	468	340

Working conditions and human resources policy

The Group attaches particular importance to social issues concerning, in particular, health and safety at work, the motivation of employees, the quality of labor relations, and promoting diversity and integration into the local social fabric. All these issues are part of the Group's CSR strategy, which is outlined in each part (see Section 5.8 of the Registration Document).

15.2. Investments and stock options of the corporate officers

In conjunction with the implementation of management incentive plans in December 2018 and August 2021, the Company issued ordinary share options and bonus shares to certain executives and senior managers of the Group.

As of the date of the Registration Document, Mr. Christophe Gurtner, Chairman of the Company, holds 17,250 stock options of the Company, which grant rights to 3.54% of the capital of Forsee Power on a diluted basis, and the other executives and senior managers of the Group hold 5,550 stock options and 4,000 bonus shares, which grant rights to 2.20% of the capital of Forsee Power on a diluted basis (see Section 16.1 of the Registration Document).

As part of the admission of its shares to trading on the regulated market of Euronext Paris, the Company intends to implement a long-term incentive policy for its senior executives (see Section 13.1.2 of the Registration Document).

15.3. Employee profit-sharing agreements

15.3.1. Equity-interest agreements

As of the date of the Registration Document, the Group has no equity-interest agreements in place.

15.3.2. Incentive agreements

As of the date of the Registration Document, the Group has no incentive agreements in place.

15.3.3. Employee stock ownership plans

As of the date of the Registration Document, the Company has adopted several incentive plans as set out below:

(i) Stock Options 2018: In accordance with decisions made by the extraordinary shareholder meeting held on December 20 and 21, 2018, the Company empowered the Chairman to grant, pursuant to Articles L. 225-177 to L. 225-185 of the French Commercial Code, 17,137 options giving rights to subscribe to 17,137 ordinary shares of the Company. The Chairman used this delegation and granted 8,550 options out of the 17,137 options in the plan, including 6,300 options to certain Group employees;

(ii) Stock Options 2021: In accordance with decisions made by the extraordinary shareholder meeting held on August 5, 2021, the Company authorized the Chairman to grant, pursuant to Articles L. 225-177 to L. 225-185 of the French Commercial Code, 15,000 options giving rights to subscribe to 15,000 ordinary shares of the Company. The Chairman used this delegation and granted all 15,000 options in the plan. The Stock Options 2021 plan covers the 8,587 stock options not granted under the Stock Options 2018 plan and the 10,000 stock options not granted under the Stock Options 2020 plan;

(iv) Bonus shares: In accordance with the decisions made by the extraordinary shareholder meeting held on August 5, 2021, the Company empowered the Chairman to grant 4,000 bonus shares of the Company. The Chairman made use of this delegation and granted all 4,000 ordinary shares of the plan.

15.4. Labor Relations

The Group's employees are represented at various levels by trade union and employee representatives in accordance with applicable law.

As of the date of the Registration Document, the Company has a social and economic committee (CSE).

Employees located in France are represented by employee representative bodies. Given the size of the workforce in the other countries in which the Group operates, the Group is not required to set up equivalent representative bodies as of the date of the Registration Document.

The Group considers that it has satisfactory relations with its employees and their representatives (trade union delegates) with the regular signing of agreements, including, in particular, salary, incentive and gender equality agreements.

16. MAJOR SHAREHOLDERS

16.1. Shareholders holding more than 5% of the capital on the date of the Registration Document

As of the date of the Registration Document, the Company is established as a *société par actions simplifiée* (simplified joint-stock company) with a share capital of EUR 3,941,690, which is divided into 62,093 ordinary shares, 121,373 class C2 preferred shares ("ADPC2"), 185,300 class C3 preferred shares ("ADPC3") and 25,403 class C3b preferred shares ("ADPC3b"), each with a par value of EUR 10.

Prior to the settlement and delivery of the Company shares within the framework of their admission to trading on the regulated market of Euronext Paris, all preferred shares issued by the Company will be converted into new ordinary shares, on the basis of one new ordinary share for each preferred share converted.

A shareholder meeting of the Company will be held prior to the AMF approval of the prospectus relating to the admission of the Company's shares for trading on the regulated market of Euronext Paris, for the purpose of approving a stock split of the Company's shares, without impact on the share capital amount.

The table below sets out the distribution of the Company's share capital and voting rights as of the date of the Registration Document (i.e. taking into account the capital transactions described in Section 8.2.1.2 "Capital Increases" of the Registration Document:

Shareholder	Undiluted basis					Diluted basis[1]	
	Number of shares	Number of voting rights	Share classes	% of share capital	% of voting rights	% of share capital	% of voting rights
Fonds Eurazeo (formerly Idinvest)	160,850	95,393.91	14,074 ordinary shares 121,373 ADPC2 25,403 ADPC3b	40.81%	35.51%	37.14%	29.94%
Mitsui & Co., Ltd.	142,859	97,371.55	142,859 ADPC3	36.24%	36.24%	32.99%	32.99%
SPI fund – Sociétés de Projets Industriels	45,737	31,173.97	42,441 ADPC3 3,296 ordinary shares	11.60%	11.60%	10.56%	10.83%
Groupe Industriel Marcel Dassault	25,001	25,001	25,001 ordinary shares	6.34%	9.31%	5.77%	7.85%
Christophe Gurtner	19,722	19,722	19,722 ordinary shares	5.00%	7.34%	8.54%	11.60%
European Investment Bank	-	-	-	-	-	2.79%	3.79%
Managers	-	-	-	-	-	2.20%	3.00%
TOTAL	394,169	268,662.43	62,093 ordinary shares 121,373 ADPC2 185,300 ADPC3 25,403 ADPC3b	100%	100%	100%	100%

[1] *After the exercise of the 7,800 "stock options 2018" awarded to corporate officers and employees, the 15,000 "stock options 2021" (all awarded), the 10,357 BSAs issued to the European Investment Bank, and the vesting of the 4,000 bonus shares (all awarded) (also see paragraph 19.1.4 "Other securities giving rights to capital" of the Registration Document).*

16.2. Existence of different voting rights

Each ordinary share carries one vote during collective decisions taken by shareholders.

Each ADPC2 has 0.67 voting rights during collective decisions taken by the Company's shareholders. In addition, for the purposes of calculating the quorum required for the holding of shareholder meetings, as referred to in Article 17.6 of the Articles of Association, each ADPC2 will be understood to represent 0.67 shares.

To each ADPC3 share is allocated a share of voting rights during collective decisions taken by the shareholders corresponding strictly to the share of capital that the said ADPC3 represents.

ADPC3b shares do not have any voting rights during collective decisions taken by the Company's shareholders, except if any decisions are required during a special meeting of ADPC3b shareholders.

Prior to the settlement and delivery of the Company shares within the framework of their admission to trading on the regulated market of Euronext Paris, all preferred shares issued by the Company will be converted into new ordinary shares on the basis of one new ordinary share for each preferred share converted.

Subject to the condition precedent of the admission of the Company's shares to trading on the regulated market of Euronext Paris, a voting right that is double the right conferred on the other shares, based on the proportion of the capital they represent, will be attached to all fully paid-up shares provided that they have been registered in the name of the same shareholder for at least two (2) years. This ownership period is calculated without regard to the length of time the shares may have been held prior to the date the Company's shares were admitted to trading on the regulated market of Euronext Paris.

16.3. Control of the Company

As of the date of the Registration Document, the founder of the Group, Mr. Christophe Gurtner, as well as the Eurazeo funds (formerly known as Idinvest), Groupe Industriel Marcel Dassault, Mitsui & Co., Ltd., the SPI Fund - *Sociétés de Projets Industriels* and the European Investment Bank are parties to a shareholders' agreement entered into on December 21, 2018. This agreement will be terminated automatically on the date of admission to trading of the Company's shares on the regulated market of Euronext Paris.

An agreement concerning the breakdown of the Company's Board of Directors' seats (the "Board Allocation Agreement") was signed on September 27, 2021, by: (i) the Company; (ii) Mitsui & Co., Ltd.; (iii) SPI Fund – *Sociétés de Projets Industriels*; (iv) FCPI Objectif Innovation Patrimoine n°9, FCPI Idinvest Patrimoine n°6, FCPI Idinvest Patrimoine 2016, FPCI Electranova Capital – Idinvest Smart City VF, Idinvest Innov FRR France, Idinvest Expansion 2016, FIP Régions & Industries, FCPI Idinvest Patrimoine 2015, and INDINVEST GROWTH SECONDARY S.L.P ("Eurazeo funds"); and (v) Mr. Christophe Gurtner (the "Parties"). The Board Allocation Agreement stipulates:

Action in concert: the Parties declare that the Board Allocation Agreement does not constitute an action in concert between them within the meaning of Article L. 233-10 of the French Commercial Code;

Composition of the Board of Directors: the Parties undertake, within the limits of their respective powers as shareholders of the Company, to ensure that the composition of the Board of Directors of the Company is as follows:

- as long as Mitsui & Co., Ltd. holds more than 15% of the share capital and voting rights of the Company on a fully diluted basis, the Board of Directors shall include at any time one director from the candidates proposed by Mitsui & Co., Ltd.;

- as long as the SPI Fund – *Sociétés de Projets Industriels* holds more than 2.5% of the share capital and voting rights of the Company on a fully diluted basis, the Board of Directors shall include at any time one director named from among the candidates proposed by the SPI Fund – *Sociétés de Projets Industriels*;

- as long as the Eurazeo funds collectively hold more than 15% of the share capital and voting rights in the Company on a fully diluted basis, the Board of Directors shall include at any time one director named from among the candidates proposed by the Eurazeo funds;

- as long as Mr. Christophe Gurtner holds more than 2.5% of the share capital and voting rights of the Company (on a fully diluted basis), the Board of Directors shall include at any time one director appointed from the candidates proposed by Mr. Christophe Gurtner.

Maintenance of the composition of the Board of Directors: the Parties each have the right to propose a candidate as a director on the Board of Directors of the Company, and the Company agrees that the proposed candidates will be submitted to the review of the shareholders of the Company for their approval, as follows:

- as long as Mitsui & Co., Ltd. holds more than 15% of the share capital and voting rights in the Company on a fully diluted basis, it shall have the right to propose a candidate for director on the Board of Directors of the Company;

- as long as the SPI Fund – *Sociétés de Projets Industriels* holds more than 2.5% of the share capital and voting rights in the Company on a fully diluted basis, it shall have the right to propose a candidate for director on the Board of Directors of the Company;

- as long as the Eurazeo funds collectively hold more than 15% of the share capital and voting rights in the Company on a fully diluted basis, they shall collectively have the right to propose a candidate for director on the Board of Directors of the Company;

- as long as Mr. Christophe Gurtner holds more than 2.5% of the share capital and voting rights in the Company (on a fully diluted basis), he shall have the right to propose a candidate for director on the Board of Directors of the Company.

As a result, the Parties undertake to vote (or ensure a vote) in favor of any resolution proposed for the appointment of a director, the replacement of a director and the dismissal of a director, as proposed by Mitsui & Co., Ltd., the SPI Fund – *Sociétés de Projets Industriels*, the Eurazeo funds and Mr. Christophe Gurtner, as applicable.

However, it has been agreed that the voting commitments described above shall end in the following cases:

- if Mitsui & Co., Ltd. were to cease holding more than 2.5% of the capital and voting rights in the Company (on a fully diluted basis) for a period of more than six months, then Mitsui & Co., Ltd. would cease to have any right or obligation under the aforementioned voting commitments, and would be free to vote for or against any appointment to the Board of Directors, whether or not the appointment is proposed by the SPI Fund – *Sociétés de Projets Industriels*, the Eurazeo Funds or Mr. Christophe Gurtner;

- if the SPI fund – Sociétés de Projets Industriels were to cease holding more than 2.5% of the capital and voting rights in the Company (on a fully diluted basis) for a period of more than six months, then the SPI Fund – *Sociétés de Projets Industriels* would cease to have any right or obligation under the aforementioned voting commitments, and would be free to vote for or against any appointment to the Board of Directors, whether or not the appointment is proposed by Mitsui & Co., Ltd., the Eurazeo funds or Mr. Christophe Gurtner;

- if the Eurazeo Funds were to cease holding more than 2.5% of the capital and voting rights in the Company for a period of more than six months, then the Eurazeo Funds would cease to have any right or obligation under the aforementioned voting commitments, and would be free to vote for or against any appointment to the Board of Directors, whether or not the appointment is proposed by Mitsui & Co., Ltd., the SPI Fund – *Sociétés de Projets Industriels* or by Mr. Christophe Gurtner;

- if Mr. Christophe Gurtner were to cease holding more than 2.5% of the capital and voting rights in the Company (on a fully diluted basis) for a period of more than six months, then Mr. Christophe Gurtner would cease to have any right or obligations under the aforementioned voting commitments and would be free to vote for or against any appointment to the Board of Directors, whether or not the appointment is proposed by Mitsui & Co, Ltd, the SPI Fund - *Sociétés de Projets Industriels* or the Eurazeo Funds.

Term of the Board Allocation Agreement: the Board Allocation Agreement shall enter into force and effect on the date of the settlement and delivery of the Company's shares in the context of their admission for trading on the regulated market of Euronext Paris for a term of 15 years effective from the signature of the Board Allocation Agreement.

16.4. Agreements which could result in a change of control

As of the date of the Registration Document, there is no agreement that, if implemented, could lead to a change of control of the Company.

17. TRANSACTIONS WITH RELATED PARTIES

17.1. Intra-group agreements and related party transactions

The Group's related parties include the Company's shareholders, non-consolidated subsidiaries, affiliated companies (equity-accounted investees) and entities on which the various Group executives have significant influence.

On July 24, 2020, the Company entered into a strategy and development consulting agreement with AMILU, represented by Pierre Lahutte—a member of the Company's Supervisory Committee—the terms of which are set out in the Statutory Auditors' special report on regulated agreements for the year ended December 31, 2020, as reproduced in Section 17.2 below.

Under this strategy and development consulting agreement, the missions of the AMILU company are to:

- advise the Company on its strategy and developments in the market for batteries for road and off-highway vehicles, including buses, trucks, light industrial and agricultural vehicles;
- analyze the market that can be targeted by the Company, its products and technology portfolio, its industrial capabilities and its commercial and financial resources;
- propose new segments and applications, target new customers, new regions and new partnerships;
- suggest to the Company the markets that could be left or reorganized;
- develop the sale of products, but also the sale of services and financing.

With the exception of this transaction, there are no other transactions with the Group's related parties.

The current accounts of shareholders and contracts with Mitsui & Co., Ltd. are presented in Section 8.2.1.2 "Capital increases" and Section 20 "Important contracts" of the Registration Document.

17.2. Statutory Auditors' special reports on regulated agreements for financial years 2020, 2019 and 2018

This is a translation into English of the statutory Auditors' special report on regulated agreements for the financial years 2020, 2019 and 2018 of Forsee Power, issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France

17.2.1. Statutory Auditors' special report on regulated agreements for the 2020 financial year

FORSEE POWER

A French *société par actions simplifiée* (simplified joint-stock company)
54–56, avenue Hoche
75008, Paris, France

Statutory auditors' special report on regulated agreements

Year ended December 31, 2020

To the Shareholders of FORSEE POWER,

In our capacity as Statutory Auditors of your company, we hereby present our report on regulated agreements.

The terms of our engagement require us to communicate to you based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS SUBMITTED FOR APPROVAL BY THE SHAREHOLDER MEETING

Agreements that occurred during the year

Pursuant to Article 15 of the Articles of Association, the following agreement mentioned in article L.227-10 of the French Commercial Code has been brought to our attention as having been entered into during the past financial year.

Person concerned

Mr. Pierre Lahutte, member of the Supervisory Board of FORSEE POWER SAS.

Nature and purpose

Strategy and development consulting agreement entered into on July 24, 2020 between the Company and AMILU represented by Mr. Pierre Lahutte. The purpose of the agreement is to provide services, advice on strategy and developments in the road vehicle battery market.

Terms and conditions

- Fixed monthly remuneration of EUR 10,000.
- Variable remuneration for any new business contract invoiced annually.
- Term: For 3 months, renewable for successive periods of 12 months.

The Company has incurred expenses for the period for a total of EUR 60,000.00, excluding VAT, for AMILU.

Paris-La Défense and Sarcelles, May 12, 2021

Statutory Auditors

Deloitte & Associés

Thierry Queron

Cabinet Jean Lebit

17.2.2. Statutory Auditors' special report on regulated agreements for the 2019 financial year

FORSEE POWER

A French *société par actions simplifiée* (simplified joint-stock company)
54–56, avenue Hoche
75008, Paris, France

Statutory Auditors' special report on regulated agreements

Year ended December 31, 2019

To Shareholders,

In our capacity as Statutory Auditors of your company, we hereby present our report on regulated agreements.

The terms of our engagement require us to communicate to you based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS SUBMITTED FOR APPROVAL BY THE SHAREHOLDER MEETING

Agreements that occurred during the year

Pursuant to Article 15 of the Articles of Association, we hereby inform you that we have not been advised of any agreement entered into during the year to be submitted to the approval of the Shareholder' Meeting, pursuant to Article L. 227-10 of the French Commercial Code.

Sarcelles and Paris La Défense, June 8, 2020

Statutory Auditors

Deloitte & Associés

Jean Lebit | Thierry Queron

17.2.3. Statutory Auditors' special report on regulated agreements for the 2018 financial year

FORSEE POWER

A French *société par actions simplifiée* (simplified joint-stock company)
54–56 avenue Hoche,
75008 Paris, France

Statutory Auditors' special report on regulated agreements

Shareholder meeting to approve the accounts for the year ended December 31, 2018

To the shareholder meeting of FORSEE POWER,

In our capacity as Statutory Auditors of your company, we hereby present our report on regulated agreements.

The terms of our engagement require us to communicate to you based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS SUBMITTED FOR APPROVAL BY THE SHAREHOLDER MEETING

Agreements that occurred during the year

Pursuant to Article 14 of the Articles of Association, we hereby inform you that we have not been advised of any agreement entered into during the year to be submitted to the approval of Shareholder' Meeting, pursuant to Article L. 227-10 of the French Commercial Code.

Sarcelles and Paris La Défense, June 6, 2019

Statutory Auditors

Jean Lebit

Deloitte & Associés

Thierry Queron

18. FINANCIAL INFORMATION

18.1. Historical financial information

18.1.1. Group consolidated financial statements for the year ended December 31, 2020

FORSEE POWER

GROUP

IFRS Consolidated Financial Statements

as at December 31, 2020

FORSEE POWER S.A.S.

Société par Actions Simplifiée with capital of EUR 2,998,760

Registered Office: 54-56, Avenue Hoche

75008 Paris

RCS Paris 494 605 488

Consolidated Statement of Financial Position

in EUR thousands	Note	December 31, 2020	December 31, 2019
Non-current assets		**35,804**	**25,173**
Goodwill	8.1	1,523	1,523
Intangible assets	8.2	12,060	10,131
Property, plant and equipment	8.3	16,731	8,570
Non-current financial assets	8.4	4,398	723
Other non-current assets	8.7	600	14
Deferred tax assets	8.18	492	4,212
Current assets		**58,649**	**50,354**
Inventories	8.5	30,184	18,170
Trade receivables	8.6	14,180	25,519
Other current assets	8.7	3,013	3,752
Current financial assets	8.6		
Cash and cash equivalents	8.8	11,273	2,913
Total Assets		**94,454**	**75,527**
Equity		**(32,406)**	**(3,441)**
Equity attributable to owners of the parent company		**(32,406)**	**(3,441)**
Share capital issued	8.9	2,999	2,999
Issue premiums	8.9	991	82,585
Currency translation reserve, Group		(1)	0
Reserves*	8.9	(6,983)	(62,677)
Net income (loss)	8.9	(29,412)	(26,347)
Non-controlling interests			
Reserves of non-controlling interests			
Non-controlling interests for the period			
Liabilities		**126,859**	**78,968**
Non-current liabilities		**103,656**	**35,286**
Financial liabilities	8.11	87,456	26,158
Employee benefits	8.10	227	235
Provisions for risks and charges	8.10	8,314	5,153
Other non-current liabilities	8.16	3,197	748
Derivative financial instrument	8.11	4,457	2,986
Deferred tax liabilities	8.18	5	5
Current liabilities		**23,204**	**43,682**
Financial liabilities	8.11	4,864	15,502
Provisions for risks and charges	8.10	0	
Accounts payable	8.15	9,786	19,832
Other current liabilities	8.16	8,554	8,348
Total Equity and Liabilities		**94,454**	**75,527**

Consolidated Statement of Comprehensive Income

in EUR thousands	Note	December 31, 2020	December 31, 2019
Revenue	9.1	**62,060**	**50,342**
Production costs of goods sold	9.2	(51,513)	(41,510)
Gross Margin (a)		**10,547**	**8,832**
Indirect production costs	9.3	(4,311)	(8,561)
Research and development costs	9.4	(8,575)	(6,083)
Distribution and sales costs	9.6	(3,596)	(3,603)
Administrative expenses	9.5	(6,638)	(6,715)
Other operating income and expenses		1,797	(260)
EBITDA (b)		**(10,776)**	**(16,389)**
Depreciation, amortization, provisions and impairment, net	9.6	(8,597)	(6,350)
Operating income (EBIT)		**(19,373)**	**(22,739)**
Financial income	9.7	**(6,311)**	**(3,676)**
Income before tax		**(25,684)**	**(26,517)**
Income tax expense	9.8	(3,728)	169
Net income (loss) from continuing operations		**(29,412)**	**(26,347)**
Net income (loss) from discontinued operations			
Net income (loss)		**(29,412)**	**(26,347)**
Attributable to owners of the parent company		*(29,412)*	*(26,347)*
Attributable to non-controlling interests			
Other comprehensive income			
Actuarial gains and losses			
Other comprehensive income			
Comprehensive income		**(29,412)**	**(26,347)**

Consolidated Cash Flow Statement

in EUR thousands	Notes	December 31, 2020	December 31, 2019
Net income (loss)		(29,412)	(26,347)
Translation differences in financial income	9.7	0	0
Depreciation, amortization and provisions	9.6	7,595	4,689
(Gain)/Loss on disposal	9.2	27	16
Share-based payments	8.9.3.2	464	268
Change in derivative on financial instrument	8.12	(1,486)	409
Change in deferred tax	8.18	3,720	(231)
Tax expense paid	9.8	8	35
Profit/loss related to change in fair value and to effective interest method	9.2	658	616
Operating subsidy	9.2	(117)	
Prepaid expenses on leased real estate		(560)	
Net financial expense	9.7	4,863	3,776
Other		(27)	
Cash flow from operations before cost of financial debt and tax (EBITDA)		**(14,268)**	**(16,769)**
Change in grants		**0**	**0**
Change in corporate tax receivables and payables (excl. research tax credit — CIR)	8.17	(21)	(38)
Tax expense paid	8.17	(8)	(35)
Change in tax receivables and payables		**(29)**	**(73)**
Inventories	8.17	(12,085)	(8,114)
Trade receivables	8.17	11,319	(12,819)
Other receivables	8.17	(1,732)	(545)
Accounts payable	8.17	(7,264)	15,778
Other payables	8.17	2,049	9,068
Change in working capital requirement (WCR)		**(7,714)**	**3,367**
Cash flow from (used in) operating activities (A)		**(22,011)**	**(13,475)**
Acquisition of fixed assets (net of liabilities)	8.2	(6,495)	(7,331)
Pledge on cash		(3,663)	
Proceeds from disposals of fixed assets (net of receivables)	8.2	126	1
Proceeds from financial assets	8.4	(0)	4
Cash from (used in) investing activities (B)		**(10,032)**	**(7,325)**
Capital increase in cash	8.9	(0)	6,000
Expenses paid on capital issues	8.9	(86)	(115)
Change in other financial liabilities	8.11	(8)	4

Research tax credit (CIR) and operating subsidy received		0	26
Debt issues	8.11	55,000	10,224
Short-term credit line for WCR financing	8.11	(4,500)	(1,500)
Loan repayments	8.11	(33)	(130)
Debt repayments on leased real estate	8.11	(634)	(650)
Factoring financing	8.11	(7,856)	5,205
Loan issuance costs	8.11	(40)	(138)
Change in financial liabilities with related parties	8.11	660	(4,254)
Financial expenses paid	9.7	(2,086)	(3,030)
Cash flow from (used in) financing activities (C)		**40,417**	**11,643**
Impact of currency translation rates		(16)	(4)
Change in cash (A) + (B) + (C)		**8,359**	**(9,162)**
Net cash at beginning of year	8.8	2,914	12,076
Net cash at end of year	8.8	11,273	2,914
Change in net cash		**8,359**	**(9,162)**

Consolidated Statement of Changes in Equity

in EUR thousands	Notes	Share capital issued	Share premium	Translation reserves	Other reserves and com-prehensive income	Total attributable to owners of the parent company	Non-controlling interests	Equity
Equity at January 1, 2019		**2,452**	**62,475**	**0**	**(62,630)**	**2,297**		**2,297**
Transactions between shareholders	8.9.3							
Change in capital in cash		158	5,842			6,000		6,000
Change in capital by conversion of related party financial liabilities	8.11	251	9,249		(0)	9,500		9,500
8.9 Change in capital by conversion of convertible bonds		138	5,086			5,224		5,224
Cost of share capital issued and bonds conversion (net of transaction differed tax)			(67)		19	(48)		(48)
Comprehensive income					(26,347)	(26,347)		(26,347)
Adoption of IFRS 16 on January 1, 2019					(316)	(316)		(316)
Share-based payments				(0)	268	268		268
Other					(18)	(18)		(18)
Equity at December 31, 2019		**2,999**	**82,585**	**(0)**	**(89,024)**	**(3,441)**		**(3,441)**
Transactions between shareholders	8.9.3							
Change in capital in cash	8.9	(0)			(0)	(0)		(0)
Apurement des réserves	8.9		(81,594)		81,594	(0)		(0)
8.9 Change in capital by conversion of convertible bonds								
Cost of share capital issued and bonds conversion (net of transaction differed tax)					0	0		0
Comprehensive income					(29,412)	(29,412)		(29,412)
Other comprehensive income								
Share-based payments					464	464		464
Other				(1)	(17)	(18)		(18)
Equity at December 31, 2020		**2,999**	**991**	**(1)**	**(36,395)**	**(32,405)**		**(32,406)**

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1. Presentation of the FORSEE POWER GROUP

FORSEE POWER SAS ("FORSEE POWER GROUP" or the "Group"), is a *Société par Actions Simplifiées* (Simplified Joint Stock Company), governed by French law. It is registered since 2007 in the Paris Trade and Companies Register under number 494 605 488.

FORSEE POWER SAS's registered office is located at 54-56 Avenue Hoche, 75008 Paris, France.

FORSEE POWER SAS specializes in the design and the integration of specialized batteries:

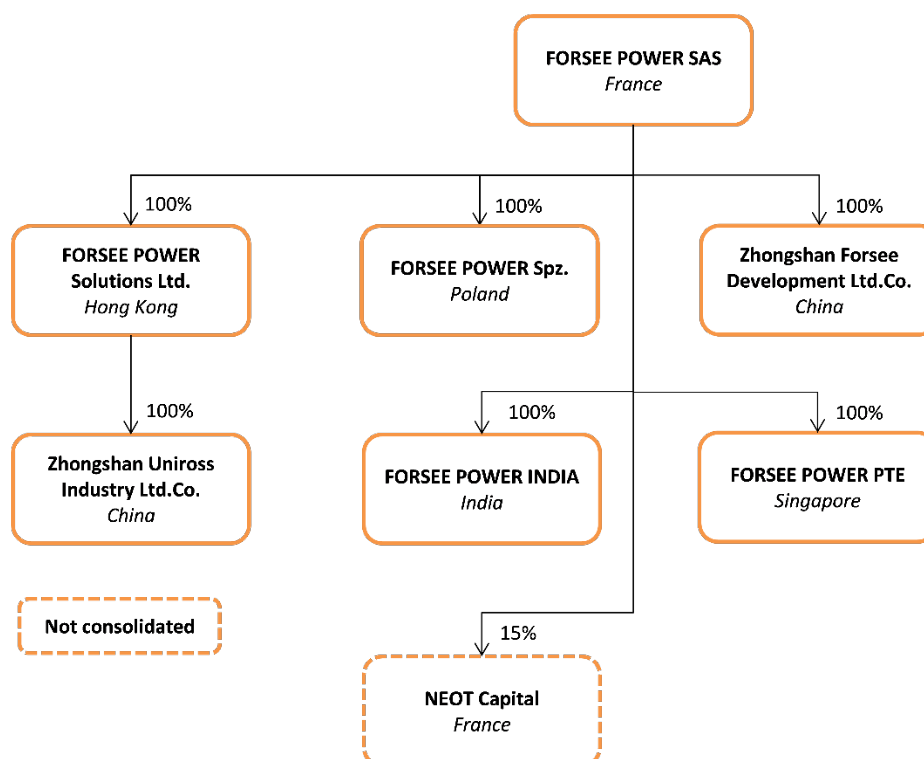
- in the field of autonomy and mobility (bicycles, scooters, rolling stock, medical facilities, home automation, professional tooling and more);
- in electric transport (buses, trucks, trams, shipping and rail transport, marine and offshore) and storage of electricity (residential, commercial and industrial markets).

The Group is made up of several acquisitions: Uniross Batteries activities (formerly Alcatel Saft) in 2011, Erse in 2012 and Dow Kokam France (formerly *Société de Véhicules Electriques — SVE*) in 2013.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and approved by the Chairman of the Company FORSEE POWER SAS on May 11, 2021.

The Group is not listed as at December 31, 2020.

Group Organizational Chart as at December 31, 2020



2. Main events

The Group conducted several operations over the year ended December 31, 2020:

Financing

In 2020, the Company obtained several significant financings from its shareholders and its banking partners.

BPI and Idinvest shareholders subscribed equally for a total amount of EUR 30 million to convertible bonds issued by the Company in February and May 2020.

The banks, for their part, lent EUR 25 million in June 2020 through a State Guaranteed Loan (SGL) for EUR 15 million, split equally between HSBC and BNP Paribas, as well as an Atout loan (Covid liquidity support loan) for EUR 5 million and an innovation support loan for EUR 5 million granted by Bpi France.

The EIB (European Investment Bank) also contributed by signing a long-term financing agreement with the Company in December 2020. This agreement consisted of a five-year extension to the current bullet loan of EUR 21.5 million, as well as the provision of additional funding for a total amount of EUR 28.5 million. This new financing, which demonstrates the EIB's support for the Forsee Power development project, is divided into three bullet loan tranches of EUR 8.5 million, EUR 10 million and EUR 10 million. The Company has not yet used these new tranches, which therefore remain available.

Operational evolutions/International development:

Following the COVID-19 crisis, the Company had to deal with an interruption of production at its Chinese plant between the end of January and the beginning of March 2020. The French plant, after a production shutdown from mid-March to the end of March, was able to maintain partial activity on its main production lines from early April before resuming full activity from mid-May. During the same period, production in Poland and China was particularly high for the medical business, including the delivery of battery systems for ventilators, defibrillators and oxygen concentrators.

The complete renovation of the Chasseneuil-du-Poitou plant continued as planned throughout the fiscal year, with a few weeks delay due to the COVID-19 crisis. Partial delivery was taken of the newly renovated buildings, with the transfer of all production lines at the end of 2020. The start-up of the lines in this new and fully renovated facility went as planned, with increased efficiency and staff well-being. The delivery of the new buildings will continue until summer 2021 and—in addition to having a fully modernized site—will allow Forsee Power to double its available production area in the fourth quarter of 2021.

The Group also continued its international development in summer 2020 with the creation of its subsidiary, Forsee Power India, wholly owned by Forsee Power SAS. This subsidiary will be in charge of the assembly, sale and after-sales of batteries for the Indian market. The company has rented a building of around 2000 m² to produce the batteries which will initially be used in the electric two- and three-wheeler market.

Business development

Forsee Power has been selected by the Kubota Group as a partner for the development of its battery systems. Forsee Power will equip Kubota's light construction and agricultural vehicles with micro-hybrid engines. Kubota is the world leader in industrial engines under 100 HP and also a leading manufacturer of off-road vehicles, including mini excavators and backhoes.

CSR commitment

Forsee Power published its first sustainable development report in 2020 and unveiled its strategy and a roadmap for 2025, thus reflecting its commitment as a responsible company.

Forsee Power has won the Silver certification awarded by the EcoVadis rating agency for its commitment and performance in Corporate Social Responsibility (CSR). This recognition of the Group's commitment thus places Forsee Power among the Top 25% of companies evaluated by EcoVadis worldwide and among the Top 9% of companies in its sector.

Profit-sharing

In accordance with the decisions of the extraordinary shareholder meeting of the Company on December 20 and 21, 2018, the Chairman adopted the stock option plan giving the right to subscribe to Company shares (the "Stock Options 2018"), and (i) has by decisions dated January 28, 2020 granted 1800 Stock Options 2018, (ii) and 750 Stock Options 2018, by decisions of November 13, 2020, under legal and regulatory conditions and in accordance with the resolutions of the extraordinary shareholder meeting.
It is also specified that the extraordinary shareholder meeting of July 22, 2020, authorized the Chairman of the Company, in accordance with the provisions of articles L. 225-177 to L. 225-185 of the French Commercial Code, to grant, on one or more occasions, for the benefit of the corporate officers referred to in paragraph 4, article L. 225-185 of the French Commercial Code and certain employees of the Company (and companies in which 10% of the capital or of the voting rights are held directly or indirectly by the Company), options giving the right to subscribe to Company shares (the "Stock Options 2020") for a maximum of 10,000 Stock Options giving the right to subscribe a maximum of 10,000 Company shares.

3. Subsequent events

Development / Innovation

At the start of 2021, Forsee Power unveiled the new low-profile batteries for its new SLIM range. These new ZEN SLIM high energy density batteries come in three different configurations and make up the thinnest modular offering in the world.

Forsee Power also announced the opening of an office in Japan located in Tokyo and housed by the Japanese shareholder of the Group, Mitsui & Co., Ltd.

Other

In the context of the litigation with the company Unu GmbH, Forsee Power SAS received an urgent summons to the Paris Commercial Court in March 2021.
The company Unu wanted an expert opinion on the batteries in order to determine whether they had been defective and could be the cause of various claims. Forsee Power did not oppose this request for an expert opinion but indicated that it should also relate to the scooters produced by the company Unu and whether the characteristics of these scooters, which do not comply with the contractual specifications, are the cause of the battery malfunctions and likely to have resulted in said losses. By an order of April 14, 2021, the judge ordered the appointment of an expert whose mission will cover both the study of batteries and that of scooters.
The provision recorded in the accounts therefore includes both the fees of Forsee Power's counsel and those of the court expert and external experts called on by Forsee Power.

4. Accounting standards, basis of consolidation, measurement methods and rules

4.1. Accounting standards

4.1.1 Basis of preparation for the consolidated financial statements

The consolidated financial statements of FORSEE POWER Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union at the closing date for the reporting period. This standard, available on the European Commission website (http://ec.europa.eu/internal_market/accounting/ias_fr.htm), includes international accounting standards (IAS and IFRS), and Standard Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations.

The new standards and interpretations issued by the IASB but not yet adopted by the European Union are only mandatory following adoption and so were not applied by the Group as at December 31, 2020.

After a preliminary analysis, the Group does not expect the above changes to have a material impact on its comprehensive income and financial position.

Options contained with the accounting standards and used by the Group are as follows:

- IAS 38 — Intangible assets: the Group has chosen to record intangible assets using the amortized historical cost method;
- IAS 16 — Property, plant and equipment: the Group has chosen to record property, plant and equipment using the amortized historical cost method;
- IAS 12 — Income taxes: the Group has chosen to present the French CVAE tax (corporate tax on value-added) in income taxes in accordance with the IFRIC interpretation of 2006 and the publication issued by the French Accounting Standards Authority (Autorité des Normes Comptables — ANC) on January 14, 2010;
- IAS 33 — Earnings per share: the Group is not listed on a regulated market but has opted to publish earnings per share information;
- IFRS 8 — Operating segments: the Group is not listed on a regulated market but has opted to publish operating segment information;

In the absence of applicable interpretations or standards, the Group uses accounting principles that will provide relevant and reliable information so that the financial statements present an accurate view of the Group's financial position, financial performance and cash flows.

The consolidated financial statements and notes thereto are expressed in euro (EUR).

4.1.2 Accounting estimates used by Management

The preparation of the Group's financial statements, in compliance with international accounting standards, requires management to make estimates and assumptions that affect the application of the accounting methods, the amounts of assets and liabilities, income and expenses, and the disclosure of assets and contingent liabilities.

The estimates and underlying assumptions are established according to the information available when the consolidated financial statements were prepared. These estimates may be reviewed if circumstances on which they were based change or following new information. The actual future results may be different from these estimates. Management reviews these estimates according to past experience and its overview of the market. If an estimate is reassessed, it is not correction of an error.

The accounting estimates requiring the formulation of hypotheses are used mainly for the following items:

(a) Valuation of the recoverable amount of goodwill

The main assumptions used by Management in its annual assessment of the recoverable amount of goodwill are future cash flows and the discount rate.

Future cash flows used to determine the value in use are flows from updated forecasts for a five-year period on the basis of the last strategic plan. The strategic plan for the 2021-2025 period has been produced with economic assumptions judged to be realistic by Management, for both revenue and production costs.

The discount rates used are related to the WACC (Weighted Average Cost of Capital) estimated on the basis of sector parameters. A spread for specific risk of the asset tested might be added. Data used to determine these rates comes mainly from independent external sources.

(b) Research and development costs

Management identifies development projects related to improvement or creation of a product and/or technology used by one or more clients. These projects and expenses are regularly analyzed by Management according to information obtained over the period. The Management decides on the amortization periods for development projects in accordance with internal feedback on the lifespan of the technologies developed for the current divisions (between 5 and 7 years).

(c) French Research Tax Credit (CIR)

Management assesses the Research Tax Credit income on the basis of eligible expenses, discussions with tax authorities and the conclusions obtained from its advisors and experts.

(d) Costs relating to capital increases

As part of the capital increases occurring during the period, Management used its judgment to identify the costs related to these operations as at December 31; 2020. These fees are allocated to issue premiums.

(e) Assessment of Accounts receivables

Management assesses the current value of receivables according to the likelihood of recovery.

(f) Provisions

With the aid of its legal advisors, Management analyzes disputes and assesses the provisions to be recorded if the Group needs to make a cash provision.

(g) Recognition of deferred tax assets on tax losses

Deferred tax assets relating to tax loss carryforwards are recognized if Management has sufficient visibility in the recovery of these losses under the imputation and spread tax rules.

Deferred tax assets related to tax loss carryforwards have been recognized as a precautionary measure for the estimated imputation on the forecast future tax profits of the next three fiscal years.

(h) Employee Benefits

Management reviews actuarial assumptions used in the estimation of the post-employment benefits such as discount rate, turnover rate and growth rate of wages.

(i) Debt issuance costs

The debt issuance costs are identified by Management and presented in the income statement, in line with the financial cost of the issued debt.

(j) Assessment of the fair value of share-based payments (Stock Options)

The cost of transactions carried out for staff members and settled in equity instruments by means of stock options is evaluated by Management at the fair value of the equity instruments on the date on which they were allocated.

Estimating the fair value of these share-based payments requires use of the Black & Scholes option pricing model which takes into account complex assumptions and variables: the company's share value, the life of the option, the exercise price, the expected volatility of the share, the risk-free rate, the share risk premium, and the share liquidity premium.

(k) Fair value measurement of derivatives on financial instruments

The fair value of derivatives on financial instruments is evaluated on the Black & Scholes model which takes into account complex assumptions and variables: the value of the company's share, the life of the option, the exercise price, the expected volatility of the share, the risk-free rate, the share risk premium, the share liquidity premium, etc.

(l) Assessment of financial liabilities on leases

Management has assessed all the facts and circumstances to determine the probability that early termination or one of the renewal options included in the leases should be exercised in the future in order to assess the liabilities on the leases under IFRS 16.

Management used available data such as the risk premium and the company's spread over the risk-free rate to assess the marginal debt ratio used for assessing liabilities under IFRS 16.

4.2. Consolidation methods

4.2.1 Reporting date and annual financial statements of consolidated subsidiaries

These consolidated financial statements have been established on the basis of the corporate accounts for subsidiary companies of the company FORSEE POWER SAS. All these financial statements cover a 12-month period with a period-end date of December 31, 2020.

The financial statements used as comparative information are those presented for the year ended December 31, 2019 covering a 12-month period.

The annual financial statements of consolidated companies for the periods presented are prepared in accordance with the accounting principles and valuation methods applied by the Group. They are restated as necessary to comply with the accounting principles used in preparing the consolidated financial statements.

4.2.2 Consolidation method

4.2.2.1. Equity interests under exclusive control: full consolidation

An equity interest is a subsidiary controlled by the Group. Control exists where the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing whether control exists, potential voting rights that are exercisable or convertible at the reporting date are taken into account.

Subsidiaries' financial statements are included in the consolidated financial statements from the date on which the Group obtains control and until the date that such control ceases.

Full consolidation consists of:

- Incorporating the items from the consolidated companies' financial statements into the consolidating company's financial statements, after any restatements;
- Divide the equity and the income between the interests of the consolidating company under "Share attributable to owners of the parent company" or "Group share," and the interests of the other shareholders or associates under "Non-controlling interests" or "Minority interests;"

- Eliminate transactions in the financial statements between the fully consolidated company and the other consolidated companies.

4.2.2.2. Operations eliminated in the consolidated financial statements

The following items are eliminated in the consolidated financial statements:

- Reciprocal receivables and payables;
- Intra-group transactions (purchases, sales, dividends, internal margins, etc.);
- Provisions for consolidated companies;
- Any operation involving two or more Group companies.

4.2.2.3. Translation of financial statements established in foreign currencies

The equity interests that present their financial statements in foreign currencies are those entities based outside France (China, Poland and India) whose operations are mainly directed by the Group from France according Group's production objectives. These foreign entities do not currently control their own operations and are not managed independently, in particular on a financial level.

As these equity interests are internal production centers, the financial statements of these foreign entities are not established in the entity's functional currency (euro, US dollar, Hong Kong dollar or Indian rupee), this currency might be different from the entity's local currency, e.g. the yuan for China and the zloty for Poland.

Financial statements established in foreign currencies are translated according to the historical rate method:

- Non-monetary assets and liabilities items (property, plant & equipment, intangible assets, and goodwill) and components of equity are translated into euros using the exchange rate at the transaction date;
- Monetary assets and liabilities items are translated into euros using the exchange rate on the reporting date;
- Income statement and cash flow items are translated into euros using the exchange rate on the transaction dates or—in practice—at a rate that is similar and that corresponds to the average rate of the reporting period, unless significant fluctuations occur;
- Translation differences that occur are recognized under financial result.

4.2.2.4. Business combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3. The Group is considered the acquirer once it controls the acquiree.

Acquisition cost is measured at fair value on the acquisition date. External acquisition costs that are assumed are recognized in expenses for the period in which the corresponding services are received.

When the Group acquires a company, it measures the identifiable assets and liabilities of the entity acquired at their fair value, except as provided for by IFRS 3. Non-identifiable assets, such as goodwill or a technical loss, are not included in the assets acquired. Contingent liabilities are also assessed and recognized if they are a current obligation. Deferred tax is recognized in accordance with IAS 12.

The Group has 12 months from the acquisition date to assess the fair value of the acquisition price, including earn-outs, and to determine the fair value of the identifiable assets and liabilities. After this period, each modification of acquisition price or value of identifiable assets and liabilities is recognized in comprehensive income.

For each business combination, the Group measures the fair value of the identifiable net assets for non-controlling interests (minority interests) and recognizes full goodwill allocated between the Group and the non-controlling interests. The full goodwill is presented in the statement of financial position and it is not amortized but impaired if necessary.

In case of negative goodwill, when the acquisition cost is lower than the fair value of the net assets of the subsidiary acquired, the Group reviews the value of assets and liabilities to check for impairment or for provisions for risks and charges. If there is a difference in the valuation of the intangible assets, these assets are capped to avoid recognizing negative goodwill. After these analyses, negative goodwill is considered as profit resulting from an acquisition under favorable conditions and is recognized in the income statement for the acquisition period.

4.2.2.5. Transactions with non-controlling interests

Transactions with non-controlling interests that do not impact control of a subsidiary over which the Group has exclusive control are considered to be transactions between associates with no impact on the Group's economic value and are recognized in equity in accordance with IFRS 10:

- For an additional acquisition of non-controlling interests, the difference between the acquisition price of the securities and the supplementary share of consolidated equity thus acquired is recognized by the Group as a deduction from equity;
- In the case of disposals to non-controlling interests, the difference between the disposal price of the securities and the share of consolidated equity sold by the Group is recorded under equity.

These transactions do not affect accounting values of assets and liabilities for the equity interest concerned, including goodwill and valuation differences.

4.3. Accounting methods and measurement rules

4.3.1 Presentation of non-current and current items

The Statement of Financial Position presents current and non-current assets and liabilities in accordance with IAS 1, "Presentation of Financial Statements."

Assets and liabilities are classified as current when:

- the Group expects to gain the asset or settle the liability in its normal operating cycle or within 12 months of the reporting date;
- the asset or liability is held for the purpose of being traded or for transactions;
- the asset comprises cash or cash equivalents.

Any asset or liability which does not meet one of these criteria is classified as non-current.

Non-current financial assets and other non-current assets measured at amortized cost are presented with an update to the original effective interest rate generally corresponding to the Euribor 1-year rate at the reporting date of the consolidated financial statements.

4.3.2 Goodwill

Full goodwill from business combinations is allocated to the relevant cash generating unit (CGU). A CGU is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash flows from other assets or groups of assets.

Goodwill is not amortized but is tested for impairment through the CGU to which it belongs every reporting date as a minimum. An impairment loss is recognized when the carrying amount of the CGU is greater than its recoverable amount (see below for the assessment method used). The loss to be recorded for a CGU is first deducted from the carrying amount of full goodwill allocated to the CGU,

then deducted from the carrying amount of each of the unit's assets. Goodwill impairment cannot be reversed and is recognized in operating income under "Goodwill impairment."

The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. To determine the value in use of a CGU, future cash flows are discounted at rates, after tax, that reflect current market estimates of the time value of money and the specific risks associated with the asset. The Group uses only one discount rate for its future cash flows which is calculated on the WACC (Weighted Average Cost of Capital). Future cash flows are determined on the basis of reasonable and documented assumptions. The Group uses the most recent projections that are generally established for a five-year period; beyond this period, the terminal value is determined by capitalizing the final year's projected cash flow to infinity, with a zero growth rate.

4.3.3 Development costs

The development costs incurred must be recognized as an intangible asset when the following conditions defined by IAS 38 can be demonstrated:

- The technical feasibility of and capacity to complete the intangible asset so that it will be available for use or sale;
- The intention to complete, ability to use or sell the asset, and availability of financial resources;
- It is probable that future economic benefits from the asset will flow to the entity;
- The cost of the asset can be reliably measured.

The development costs incurred are related to the improvement of the product or technology that will be used by one or more customers. The Group determines eligible expenses on a regular basis through a Project Monitoring Committee. These are mainly time spent, the project start date and the estimated project end date (SOP Date).

Amortization periods for development projects are established from internal feedback on the lifespan of the technologies developed for the current divisions. The amortization period chosen for all projects is five years from the estimated project end date.

Expenses that do not respect activation criteria of development costs, and expenses related to research costs, are recognized in the income statement.

4.3.4 Intangible assets in progress

Property, plant and equipment and intangible assets are presented in the consolidated financial statements at acquisition price or production cost, or fair value if acquired as part of a business combination, less accumulated depreciations and impairment losses recognized.

The depreciation and amortization are calculated by reference to the estimated useful lives of each asset class. Where applicable, the total cost of property, plant and equipment is allocated to its component parts, with each part being accounted for separately. This is the case when the various components of an asset have different useful lives or if they provide benefits to the business at a different pace thereby requiring different depreciation and amortization rates and methods.

The depreciation and amortization used for impairment has been determined on the basis of the rate of consumption of the economic benefits expected per asset on the basis of its acquisition cost, according to its probable use. The amortization periods are reviewed annually and modified if the expectations differ from previous estimates. Changes in these estimates are recorded on a prospective basis.

Depreciation is calculated using the straight line method, based on the estimated useful life of each component as follows:

Software and licenses	Straight-line method	5 years
Industrial equipment	Straight-line method	5 years
General installations and fittings	Straight-line method	8 to 10 years
Transport equipment	Straight-line method	5 years
Office and IT equipment	Straight-line method	3 years

4.3.5 Leases

IFRS 16 on leases replaces IAS 17 and related interpretations. It introduces a single principle of lease accounting for lessees with the recognition of a fixed asset and a lease debt for the vast majority of leases.

The lessee thus records:

- A non-current asset representing the right of use for the leased property on the assets side of the consolidated statement of financial position;
- A financial debt representative of the obligation to pay for this right on the liabilities side of the consolidated statement of financial position;
- Depreciation charges on rights of use and interest charges on lease debts in the consolidated income statement.

On the effective date of the lease, the lease debt is recognized for an amount equal to the present value of the minimum payments remaining to be made over the non-cancellable period of the lease, as well as the payments linked to options that the lessee has reasonable certainty to exercise. This amount is then measured at amortized cost using the effective interest method.

On this same date, the right of use is recognized for a value corresponding to the initial amount of the debt to which are added, if applicable, (i) the advance payments made to the lessor, net if applicable, benefits received from the lessor, (ii) the initial direct costs incurred by the lessee for the conclusion of the lease as well as (iii) the estimate of the costs of dismantling or repairing the leased property according to the terms of the lease. This amount is then reduced by depreciation and impairment losses. The rights of use are depreciated on a straight-line basis over the term of the lease, including the options for early termination and renewal that the lessee is reasonably certain to exercise. When the contract has the effect of transferring ownership of the property to the lessee or when it includes a purchase option, which will be exercised with reasonable certainty, the right of use is depreciated over the useful life of the underlying asset under the same conditions as those applied to assets held directly.

Lease payments are broken down between the financial expense and the repayment of the principal of the rental liability and are recognized in cash flows from financing activities in the consolidated cash flow statement.

Thereafter, the debt and the right of use for the underlying asset must be re-estimated to take into account the following situations:

- The revision of the rental period;
- Any change related to the assessment of a reasonably certain nature (or not) of the exercise of an early termination or renewal option;
- Re-estimation of residual value guarantees;

- The revision of the rates or indices on which rents are based;
- Rent adjustments.

The main simplification measures provided by the standard and adopted by the Group are (i) the exclusion of short-term leases and (ii) the exclusion of leases relating to low-value assets.

Rents from leases that are excluded from the scope of IFRS 16 as well as variable payments, not taken into account during the initial assessment of the debt, are recognized in operating expenses.

4.3.6 Impairment of fixed assets

Fixed assets, with definite and indefinite useful lives, are tested for impairment when there is an indication that they may be impaired as a result of events or circumstances that occurred during the period, and it appears that their recoverable amount will remain lower than their net carrying amount. Impairment testing is carried out to compare the recoverable amount and the net carrying amount. When an impairment loss appears necessary, the amount recognized is equal to the difference between the net carrying amount and the recoverable amount. The recoverable amount is the higher value of the fair value net less costs to sell and the value in use.

4.3.7 Financial assets

Financial assets are recognized in accordance with the provisions of IAS 39, and presented in accordance with the provisions of IAS 32 and IFRS 7.

The Group recognizes a financial asset on its balance sheet when it becomes a party to the contractual provisions of the instrument. The financial assets used by the Group are classified according to the following four categories:

- Financial assets at fair value through profit or loss, such as marketable securities: these are securities assets acquired by the Group with the aim of making a profit from short-term price fluctuations. They are initially recognized at fair value (excluding direct transaction costs recognized in the income statement). At each reporting date, changes in fair value are recorded in the income statement.
- Held-to-Maturity (HTM) investments such as deposits and guarantees: fixed or determinable income securities for which the Group has the intention and ability to hold to maturity. With few exceptions, the standard prohibits the selling of these securities before their maturity. After initial recognition at the acquisition price, they are recognized at amortized cost using the effective interest method. If there is indication of impairment, an impairment loss is recorded for the difference between the carrying amount and the estimated recoverable amount, i.e. future cash flows are estimated and discounted using the original effective interest method.
- Loans and receivables; whether related or not to equity interests: this category records non-derivative financial assets with payments already determined or to be determined. Such financial assets are carried at amortized cost using the effective interest method. Loans and receivables due less than 12 months after the reporting date are not discounted. If there is indication of impairment, an impairment loss is recorded for the difference between the carrying amount and the estimated recoverable amount, i.e. future cash flows are estimated and discounted using the original effective interest method.
- Available-for-sale financial assets: this category includes the other financial assets such as non-consolidated equity interests. They are initially recognized at the acquisition price (transaction costs included). At each reporting date, these assets are measured at fair value. In the absence of an active market, the Group measures the fair value of a non-consolidated equity interest on the basis of a share of the equity and the expected profitability of the investment. Changes in fair value are recorded in equity in a special reserve. If there is objective evidence of significant or permanent impairment, the unrealized loss is recognized in equity. These changes, including impairment, are written back and recorded in the income statement for the fiscal year when the financial asset is sold.

The Group did not have any available-for-sale financial assets as at December 31, 2020.

4.3.8 Inventories and work in progress

Inventories are measured at acquisition cost using the weighted average cost method.

Inventories of goods are valued at purchase cost, which includes the purchase price, forwarding costs (transport and customs), labeling, and related costs. Financial costs are not presented in the assessment of inventories.

Internal margins, applied between the various Group companies on merchandise in inventories at the reporting date, are eliminated in the consolidated financial statements.

An impairment loss may be recognized on the inventories to take into account the current values of the products at the reporting date.

4.3.9 Trade receivables

Trade receivables are initially recognized at fair value, and mainly comprise the difference between the revenue recognized, billed, and the payments received from customers. Trade receivables recognized at fair value are depreciated if necessary, in case of recovery difficulties taking into account the amounts covered by credit insurers Impairment is determined by customer. Any impairment is recognized in the income statement under the line item "Provisions and impairment, net," excepted for impairment related to receivables acquired over the period which is presented as a deduction from revenue in accordance with IFRS 15.

Trade receivables assigned and transferred to third parties (factoring contract) do not remain in the consolidated financial statements.

There are no trade receivables related to holdbacks or After Sales Service because this is not material.

Income related to the sale of services and goods that are not delivered at the reporting date are recorded as a deduction from trade receivables (prepaid income).

4.3.10. Cash and cash equivalents

Cash and cash equivalents comprise bank balances, plus highly liquid short-term investments with a minimal risk of changes in value.

Short term investments are assessed at fair value at the reporting date (financial assets at fair value by income). The changes in value are recorded in “financial result”.

4.3.11. Share capital and capital issuance costs

When equity instruments are issued, they are recorded at the transaction price after deduction of transaction costs. Equity instruments are not reassessed. If the equity instrument is canceled or repaid, the payment is directly deducted in equity and there is no profit or loss recognized.

The transaction costs directly related to a share capital increase shall be registered as a deduction from the issue premium, i.e., deducted from equity in accordance with IAS 32.

4.3.12. Share-based payments

4.3.12.1. Transactions with investor shareholders

Share-based transactions to investor associates are not considered share-based payments under IFRS 2 but are treated as equity instruments under IAS 32. They are recorded in equity at their transaction price (subscription amount) and are not reassessed at period-end.

The share subscription warrants (BSA_G) correspond to instruments issued by the company for the benefit of associated investors, and are presented in Note 8.9.3.

4.3.12.2. Transactions with Management and employees

Stock option distributions to employees are considered share-based payments and are assessed and presented in the consolidated financial statements in accordance with IFRS 2.

Share-based payments are valued at the fair value of the equity instruments in return for the services rendered by the members of staff. Fair value measurement is established on the date of grant of stock options and using the Black & Scholes option pricing model. This pricing model includes several complex assumptions and variables: the value of the company's share, the life of the option, the exercise price, the expected volatility of the share, the risk-free rate, the share risk premium, the share liquidity premium, etc.

The cost of a share-based payment is recognized as an expense for the period on the "Employee expenses" line, in proportion to the services rendered from the date the free shares were granted. If the rights vesting period spans several periods, the cost of a share-based payment is allocated pro rata temporis.

The cost is adjusted at each reporting date if during the period the number of shares to be issued varies. The cost recognized as an expense is not included under income even if the option is not exercised by the beneficiary.

4.3.13. Employee benefits

Employee benefits are measured and presented in accordance with IAS 19 according to:

- Short-term benefits such as wages, social security contributions, bonuses payable, employee vehicles whether owned by the Group or leased, expenses related to training, and other employee fringe benefits;
- Long-term benefits such as long-service awards and bonuses payable beyond 12 months after the reporting date;
- Termination benefits and severance payment;
- Post-employment benefits (defined benefit plans or defined contribution plans).

Short-term benefits are recognized in the income statement under "Employee benefits" and are presented in Note 9.4 below.

The Group pays the contributions for basic pension plans to insurance institutions. Under these defined contribution post-employment benefit plans, the Group's only obligation is to pay the premiums recorded in the income statement under "Employee benefits."

The Group has not set up any defined benefit pension plan for employees. Its commitment is limited to the legal retirement benefits payments that are assessed using the projected unit credit method. According to this method, each period of service gives rise to an additional unit of rights entitlement, and each of these units is assessed separately to obtain the final obligation. This obligation is then discounted to obtain the final obligation. These calculations incorporate financial assumptions and demographic assumptions.

4.3.14. Provisions for risks and charges

A provision for risks and charges is recorded as soon as a clearly defined obligation exists, resulting from past or current events, and which makes an outflow of resources likely to be incurred at an unknown future date. The amount provided for in the financial position is the best estimate of the amount required to settle the obligation at the reporting date, excluding any expected income. Each risk or charge is assessed on a case-by-case basis at the reporting date and provisions are adjusted to reflect the best estimate at that date.

Provisions are recognized as current provisions if they cover an obligation that must be paid or settled within 12 months following the reporting date, otherwise they are considered non-current.

Non-current provisions are discounted if the time value effect is material in accordance with IAS 37.

Contingent assets and liabilities, i.e. a potential asset or liability depending on uncertain future events, are not recognized in the financial position except for contingent liabilities recognized in a business combination.

4.3.15. Financial liabilities

The financial liabilities are assessed in accordance with IAS 39, and recognized in accordance with IAS 32 and IFRS 7.

They are recognized at fair value at their acquisition date (including transaction costs) and then recognized at amortized cost using the effective interest method.

They are broken down in the consolidated financial statements between:

- The long-term loans and financial debts for the portion due beyond 12 months following the reporting date, which are classified in non-current liabilities;
- The short term loans and financial debts for the portion due within 12 months following the reporting date, which are classified in current liabilities.

The non-current interest-bearing financial debt is not discounted to present value at the reporting date.

The Group does not have any financial liabilities at fair value (other than derivative financial instruments) in the statement of financial position at the reporting date.

Financial liabilities obtained under non-market conditions (loan with a zero rate) are presented at their fair value with a profit contra entry recorded in income. The profit is then written-back within income to be incorporated within the effective interest rate of the loan to record it with a normal market rate.

Debt issuance costs are recorded as a deduction of the initial fair value of the debt issued, and spread over the life of the loan using the effective interest method.

4.3.16. Accounts payable

The accounts payable sold and transferred to a factoring organization are maintained in the consolidated financial statements.

4.3.17. Derivative instruments

Share subscription warrants (*Bons de souscription d'action* — BSA) issued by the company that do not meet the definition of an equity instrument, that is to say when the settlement of the instrument does not result in the delivery of a fixed number of company shares, are classified and valued as a derivative instrument and presented as a liability.

This passive financial instrument is measured at fair value on the date of issue of the instrument, and on each reporting date. The change in fair value of the derivative instrument is recognized in the income statement and presented as a financial expense.

4.3.18. Hedge accounting

The Group does not have any instruments with a hedging relationship (fair value or cash flow) over the periods presented.

4.3.19. Revenue recognition

Group revenues are assessed and presented in accordance with IFRS 15. Revenues are assessed on the basis of the transfer of control.

The Group has no return of goods commitment or repurchase commitment.

Income that is not likely to be recovered is not recognized in financial statements for the period in which the transaction was realized.

4.3.20. Grants, subsidies, Research tax credit (CIR)

The income from operational grants or subsidies is recognized under other operational income.

Research tax credits (CIR) are granted to companies in France to encourage them to carry out technical and scientific research. Companies able to justify expenses that fulfill the requisite criteria benefit from a tax credit that can be used for the corporate income tax payment for the year in which the expenses occurred and for the three subsequent years or that can be repaid for the excess portion, if applicable. The research tax credit income is recognized as a deduction from the research tax credit-related expenses (CIR), net of fees related to the assessment of this tax credit. Cash flows related to the research tax credit are disclosed in cash flows from financing activities.

Grants that operate in the same manner as the research tax credit are recognized in the same way as this tax credit.

The tax receivables relating to the tax credit are presented in the "Other non-current assets" if the settlement or imputation on the tax payables occur more than 12 months after the reporting date and are discounted to present value.

4.3.21. Taxation

4.3.21.1. Corporate taxation

There is no tax group within the Group as at December 31, 2020.

The tax receivables related to carry back on current tax are presented in the "Other non-current assets" if payment will occur more than 12 months after the reporting date and are discounted to present value.

4.3.21.2. Deferred tax

Deferred tax is recognized on all temporary differences observed between the value of assets and liabilities in the consolidated financial statements and their tax bases, in accordance with IAS 12. The permanent differences such as goodwill impairments and share-based payments do not generate deferred tax.

Deferred taxes are measured at the tax rates relating to the tax entity and for which application is expected when the asset is realized or the liability is settled. The tax rate applied for French companies is 26.5%. Temporary differences based on real estate are subject to the rules for capital gains and losses on real estate disposals.

The impact of tax rate changes (variable deferral) is recognized in the income statement for the period in which the change is decided by the local tax authorities, except where the contra entry was initially recognized in equity, in which case the impact of the rate change is also recognized in equity.

Deferred taxes have been recorded in accordance with the temporary reversal periods and the new French tax rate from the 2020 finance law for French companies (gradual reduction in tax rate to 25% in 2022).

The deferred tax assets or liabilities are presented using a net position (net deferred tax) for each tax entity.

In the case of net deferred tax assets resulting mainly from tax deficit positions (tax loss carryforwards), these deferred tax assets are recognized in the financial position at each reporting date only to the extent that it is highly probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized for the tax entity concerned. Unrecognized deferred tax assets mentioned in Note 8.18 below.

The deferred taxes are presented in the non-current section of the statement of financial position and are not discounted at present value.

4.3.22. Territorial economic contribution

The territorial economic contribution (*contribution économique territoriale* — CET) of the Group's French companies is presented in the consolidated income statement:

- In "Taxes" for the corporate real estate contribution (*Contribution foncière des entreprises* — CFE). This tax is based on the lease value of the assets subject to real estate taxes. It fulfills the criteria for recognition as an operating expense;
- In "Corporate taxation," the French corporate tax on value-added (*Cotisation sur la valeur ajoutée des entreprises* — CVAE) tax component is based on the value-added produced by the Group. It fulfills the criteria for income tax under IAS 12. A deferred tax is recognized at the CVAE rates in accordance with IAS 12 on all adjustments on the value-added defined by the French General Tax Code.

4.3.23. Financial result

The financial result includes the following paid-in elements:

- Financial income received from financial instruments such as revenue from securities, loans, and receivables, and income from sales of marketable securities;
- Financial expenses paid out such as financial cost related to bank overdrafts, borrowings, financial leases, factoring, and other banking services costs;

Financial result also includes the following calculated elements:

- The effect of discounting on the financial position items;
- The fair value change of the financial instruments with a cash flow hedging relationship;
- The impairments and reversals of provisions for financial assets assessed at amortized cost.

The cost of net debt comprises financial income received and financial expenses paid.

4.3.24. Translation for transactions denominated in foreign currency

The recognition and the assessment of the transactions denominated in foreign currency are defined by IAS 21 "The Effects of Changes in Foreign Exchange Rates."

In accordance with this standard, the transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the transaction date.

At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate of the reporting date. Realized foreign exchange gains or losses are recognized in the income statement:

- In operating income for commercial transactions;
- In cash income or in the cost of financial debt for financial operations.

4.3.25. Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to equity holders of the company FORSEE POWER SAS by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the profit or loss attributable to equity holders of the company FORSEE POWER SAS by the weighted average number of dilutive potential ordinary shares outstanding during the period.

Potential ordinary shares are considered dilutive if — and only if — their conversion to ordinary shares reduces the earnings per share.

If the inclusion of deferred equity instruments within the calculation of diluted earnings per share results in an anti-dilutive effect, these instruments are not taken into account.

4.3.26. Operating segments

An operating segment is a distinct component:

- which engages in activities from which the Group may earn revenue from ordinary activities and incur expenses, including revenue from ordinary activities and expenses related to transactions with other parties of the Group;
- whose operating income is regularly reviewed by Group Management to make decisions about resources to be allocated to the segment and to assess its performance; and
- for which isolated financial information is available.

The Group has two operating segments:

- Portable and mobility;
- Transport and storage.

The Group's primary segment reporting level is by operating segment and the secondary level is by geographical segment.

Segment data from internal reporting and data presented in Note 7 below follow the same accounting rules applied in the consolidated financial statements.

The performance of each segment is analyzed using EBITDA, EBIT and operating income. EBITDA and EBIT are defined as follows:

- EBITDA is defined as operating income before depreciation, amortization and impairment;
- EBIT is defined as the operating income.

4.3.27. Related parties

Related parties presented in the consolidated financial statements are defined as follows:

- Parties controlled by the Group: no controlled equity interest or associate company has been identified;
- The parties controlling the Group such as legal entity shareholders;
- Individuals who are members of the Group's management or of parties controlling the Group or who influence it significantly.

Financial assets and liabilities for related parties are presented in non-current financial assets or liabilities if they are to be paid or will become due in the 12 months following the period reporting date, otherwise these items are presented as current financial assets and liabilities. Non-current assets or liabilities for related parties are discounted for the non-current part if the time value effect is material.

Information about related parties is presented in Note 10.1 in accordance with IAS 24.

5. Information on the scope of consolidation

Companies included in the scope of consolidation as at December 31, 2020 are the following:

Company	Location	December 31, 2020			December 31, 2019		
		% Control	% Interest	Consolidation method	% Control	% Interest	Consolidation method
FORSEE POWER SAS	France	100%	100%	FC	100%	100%	FC
FORSEE POWER SOLUTIONS Ltd.	Hong Kong	100%	100%	FC	100%	100%	FC
FORSEE POWER Spz	Poland	100%	100%	FC	100%	100%	FC
ZHONGSHAN UNIROSS INDUSTRY Ltd. Co.	China	100%	100%	FC	100%	100%	FC
ZHONGSHAN FORSEE DEVELOPMENT Ltd. Co.	China	100%	100%	FC	100%	100%	FC
FORSEE POWER INDIA (1)	India	100%	100%	FC			NC
FORSEE POWER PTE	Singapore	100%	100%	FC			NC
NEOT CAPITAL	France	15%	15%	NC	15%	15%	NC

(1) Creation in 2020

As at December 31, 2020, seven companies were fully consolidated.

The equity interests below were not consolidated as at December 31, 2020, due to the non-material impact on the Group's 2020 results:

- NEOT CAPITAL (15%)
- N Green Mobility, subsidiary of NEOT CAPITAL

6. Information about comparability of the financial statements

6.1. Change in scope for the current financial year

- Creation of Forsee Power India in July 2020 and wholly owned by Forsee Power SAS.
- Integration of the financial statements for the subsidiary Forsee Power Pte located in Singapore and wholly owned by Forsee Power SAS.

6.2. Change in scope the previous financial year

- Creation of the Chinese entity Zhongshan Forsee Development in May 2019 and wholly owned by Forsee Power SAS.

This creation is part of a partial demerger of Zhongshan Uniross Industry.

6.3. Change in presentation and accounting methods

6.3.1 Reclassification of financial instruments

Accounting presentation reclassifications for certain financial instruments have been made in the consolidated financial statements:

- Debt assignment operations (factoring):

  Before 2020, the IFRS consolidated financial statements always presented receivables assigned to HSBC factoring as trade receivables, as a contra entry to a financial debt presented net of holdbacks.

  In 2020, the debt assignment contracts with HSBC have been renegotiated in order to ensure a transfer of the risks of late payment, bad debts, currency and a limitation of the factoring company's recourse in the event of non-payment of secured debts.

  All trade receivables assigned to HSBC factoring are therefore not presented in the consolidated balance sheet.

7. Information by business segment and by geographical zone

Management has defined the business segments on the basis of reporting that it analyses on a regular basis to take decisions relating to the allocation of resources to segments and the evaluation of their performance.

Group reporting has two operating segments called:

- Light Vehicles and Industrial Tech: includes the light mobility market and portable devices and applications for which energy consumption is lower than 2 to 4 kWh. The Group develops battery packs meeting most of the market needs for the following segments: e-Bikes, e-Scooters, other light 1- to 4-wheeled vehicles, medical equipment, Internet of Things, home automation, robotics and professional tooling.
- Heavy Vehicles: covers the market for solutions adapted to the development of vehicles with hybrid or electric motorization for various means of transport (commercial and 'last kilometer' vehicles, bus, truck, marine, offshore, tram and train) and the market for stationary storage (residential, commercial and industrial).

7.1. Information by business segment

The consolidated income statement by business segment is not available as at December 31, 2019 or December 31, 2020.

The amount of revenue generated by customers who individually represent more than 10% of income is EUR 0 million for the LeV & Ind Tech (Light Vehicles and Industrial Tech) segment and EUR 36.4 million for the HeV (Heavy Vehicles) segment as at December 31, 2020.

The amount of revenue generated by customers who individually represent more than 10% of the income is EUR 6 million for the LeV & Ind Tech (Light Vehicles and Industrial Tech) segment and EUR 26.5 million for the HeV (Heavy Vehicles) segment as at December 31, 2019.

The guidelines established by Management for 2020 will enable the Group to become less dependent on its customers.

in EUR thousands	LeV & Ind Tech	HeV	Inter segment and Other	December 31, 2020
Non-current segment assets	15,721	20,018	65	35,804
Current segment assets	9,675	35,837	13,138	58,649
Non-current segment liabilities	(44,240)	(6,365)	(53,050)	(103,656)
Current segment liabilities	(1,729)	(2,338)	(19,137)	(23,204)
Total	**(20,574)**	**47,152**	**(58,984)**	**(32,406)**
Capitalization of R&D expenses		4,018		4,018
Acquisition of fixed assets	834		1,643	2,476
Other non-current investment expenses	-	-	-	-
Total	**834**	**4,018**	**1,643**	**6,495**

in EUR thousands	LeV & Ind Tech	HeV	Inter segment and Other	December 31, 2019
Non-current segment assets	7,029	16,549	1,595	25,173
Current segment assets	25,153	20,341	4,860	50,354
Non-current segment liabilities	(4,003)	(3,494)	(27,789)	(35,286)
Current segment liabilities	(10,974)	(14,718)	(17,990)	(43,682)
Total	**17,206**	**18,678**	**(39,325)**	**(3,441)**
Capitalization of R&D expenses	24	2,956		2,980
Acquisition of fixed assets	1,297	498	2557	4,351
Other non-current investment expenses				
Total	**1,321**	**3,454**	**2557**	**7,331**

7.2. Information by geographical region

in EUR thousands	December 31, 2020	December 31, 2019
France	44,633	28,116
Europe	10,916	16,457
Asia	3,843	2,880
United States	1,968	2,598
Rest of the world	700	291
Total Revenues	**62,060**	**50,342**

	December 31, 2020	December 31, 2019
France	9,326	6,508
Europe	11	8
Asia	823	815
Rest of the world		
Total Investments	**10,159**	**7,331**

8. Information relating to items on the consolidated statement of financial position

8.1. Goodwill

in EUR thousands	December 31, 2019	Change in scope	Increase Allocations	Decrease Reversals	Fair value	Translation impact	December 31, 2020
Goodwill	1,523						1,523
Total	**1,523**						**1,523**
Impairment							
Goodwill							
Total							
Goodwill	**1,523**						**1,523**

Sensitivity testing has not been used to determine the present value of goodwill as at December 31, 2020. No sign of impairment was noted on goodwill as at December 31, 2020.

in EUR thousands	December 31, 2019	December 31, 2020
Goodwill from Ersé business (2012)	219	219
Goodwill from Portable and Mobility CGU	**219**	**219**
Goodwill from Dow Kokam business (2013) (1)	1,304	1,304
Goodwill from Transport and Storage CGU	**1,304**	**1,304**
Total	**1,523**	**1,523**

(1) The acquisition of Dow Kokam France activities in 2013 generated goodwill of EUR 1,304 thousand after recognition of a contingent liability of EUR 6.5 million related to a litigation with the tax administration on the research tax credit (CIR) for fiscal years 2010 to 2012. The tax authorities abandoned all grounds for contestation on July 3, 2017 and the provision for this contingent liability was reversed in its entirety in the income statement as at June 30, 2017.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2018	Change in scope	Acquisitions	Disposals	Impairment	Translation impact	December 31, 2019
Goodwill	1,523						1,523
Total	**1,523**						**1,523**
Impairment							
Goodwill							
Total							
Goodwill	**1,523**						**1,523**

8.2. Intangible assets

The increase of current intangible assets corresponds to research and development costs.

No sign of impairment was noted on any intangible assets as at December 31, 2020.

in EUR thousands	December 31, 2019	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	Other	December 31, 2020
Intangible assets, gross								
Development costs	4,702							4,702
Software	1,310		151					1,461
Other intangible assets	143		16	(10)		(4)		145
Development costs in progress	8,616		4,018		(3,120)			9,514
Intangible assets in progress	(2,502)		(0)	(118)	3,120			500
Total	**12,269**		**4,185**	**(128)**		**(4)**		**16,322**
Depreciation, amortization and impairment								
Research costs	(1,003)		(1,905)					(2,908)
Software	(1,099)		(180)					(1,279)
R&D Other intangible assets	(36)		(40)			2		(74)
Total	**(2,138)**		**(2,125)**			**2**		**(4,262)**
Intangible assets, net	**10,131**		**2,059**	**(128)**		**(2)**		**12,060**

Changes during the prior period are as follows:

in EUR thousands	December 31, 2018	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	Other	December 31, 2019
Intangible assets, gross								
Research costs	2,028		0		2,675			4,702
Concession, patents & similar rights	1,103				207			1,310
Other intangible assets	5,789	0	3,364	(14)	(2,881)	0		6,257
Total	**8,920**	**0**	**3,364**	**(14)**	**(1)**	**0**		**12,269**
Depreciation, amortization and impairment								
Software	**(1,275)**		**(878)**	**14**		**0**		**(2,138)**
Intangible assets, net	**7,645**	**0**	**2,486**	**(0)**	**(1)**	**0**		**10,131**

8.3. Property, plant and equipment

in EUR thousands	December 31, 2019	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	Nvx contrats de loc IFRS 16	December 31, 2020
Property, plant and equipment — gross								
Buildings	18					(1)		17
Rights of use on buildings	4,083					(21)	8,290	12,352
Technical facilities, equipment, and tooling	6,432		927	(328)	2	(30)		7,003
Other property, plant and equipment	1,882		493	(68)		(10)		2,297
Rights of use on other property, plant and equipment	225				34	(1)	23	280
Property, plant and equipment in progress	3,204		879	(147)	(2)	262		4,196
Total	**15,844**		**2,299**	**(543)**	**34**	**198**	**8,313**	**26,146**
Depreciation, amortization and impairment								
Buildings	(10)		(2)			1		(11)
Rights of use on buildings	(2,078)		(1,194)			15		(3,257)
Technical facilities, equipment, and tooling	(4,053)		(687)	116		12		(4,612)
Other property, plant and equipment	(1,008)		(345)	36		4		(1,313)
Rights of use on other property, plant and equipment	(124)		(89)		(8)	0		(221)
Total	**(7,273)**		**(2,317)**	**152**	**(8)**	**33**		**(9,414)**
Property, plant and equipment, net	**8,570**		**(18)**	**(391)**	**26**	**231**	**8,313**	**16,731**

The increase in current property, plant and equipment corresponds to expenses related to the automatic production lines that will be commissioned in 2022 at the Chasseneuil-du-Poitou site.

No sign of impairment was noted on any property, plant and equipment as at December 31, 2020.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2018	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	Adoption of IFRS 16	December 31, 2019
Property, plant and equipment — gross								
Buildings	18					0		18
Right of use on real estate			412			(9)	3,680	4,083
Technical facilities, equipment, and tooling	5,316		1,163	(45)		(2)		6,432
Other property, plant and equipment	1,557	0	337	(12)		1		1,882
Right of use on passenger vehicles			17		(23)		230	225
Property, plant and equipment in progress	1,273		1,947	(14)		(1)		3,204
Total	**8,165**	**0**	**3,875**	**(72)**	**(23)**	**(12)**	**3,911**	**15,844**
Depreciation, amortization and impairment								
Buildings	(8)		(2)			(0)		(10)
Depreciation of right of use on real estate			(541)			6	(1,543)	(2,078)
Technical facilities, equipment, and tooling	(3,509)		(562)	17		1		(4,053)
Depreciation of right of use on passenger vehicles			(75)		23		(71)	(124)
Other property, plant and equipment	(778)		(268)	38		(0)		(1,008)
Total	**(4,294)**		**(1,449)**	**55**	**23**	**6**	**(1,614)**	**(7,273)**
Property, plant and equipment, net	**3,870**	**0**	**2,427**	**(17)**		**(6)**	**2,297**	**8,570**

8.4. Financial assets

in EUR thousands	December 31, 2019	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	Other	December 31, 2020
Financial assets								
Capitalized securities (1)	558					(0)		558
Prepaid deposits and sureties	165		3,674		1	(0)		3,840
Other financial assets (unpaid)	(0)			0	(1)	25	(24)	(0)
Total	**723**		**3,674**	**0**		**24**	**(24)**	**4,398**
Of which								
Current								
Non-current	723		3,674	0		24	(24)	4,398

(1) The capitalized securities relate to the acquisition of a 15% equity and interest for EUR 557.5 thousand in NEOT CAPITAL (see Note 5).

Non-current financial assets not bearing interest are not discounted as at December 31, 2020 due to non-material amounts and the Euribor 12-month rate.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2018	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	Other	December 31, 2019
Financial assets								
Capitalized securities	38		520			0		558
Prepaid deposits and sureties	178			(12)				165
Total	**215**		**520**	**(12)**		**(8)**	**8**	**723**
Of which								
Current								
Non-current	215		520	(12)		(8)	8	723

8.5. Inventories and work in progress

in EUR thousands	December 31, 2020	December 31, 2019
Raw materials and other supplies	17,327	12,584
Work in progress	1,463	1,701
Finished goods	13,506	5,082
Impairment of inventories	(2,112)	(1,197)
Inventories, net	**30,184**	**18,170**

8.6. Trade receivables

in EUR thousands	December 31, 2020	December 31, 2019
Trade receivables	8,789	18,613
Impairment of trade receivables	(184)	(104)
Accounts payable — Advances and prepayments	5,574	7,010
Trade receivables, net	**14,180**	**25,519**

Trade receivables due are as follows:

in EUR thousands	December 31, 2020	December 31, 2019
Trade receivables	8,789	18,613
Not due	8,789	0
Due in less than 1 year		18,613
Due in more than 1 year	0	0

8.7. Other assets

in EUR thousands	December 31, 2020	December 31, 2019
Social Security receivables	24	56
Tax receivables	800	2,168
Current accounts	270	75
Other receivables (1)	1,344	1,056
Prepaid expenses (2)	1,205	441
Impairment on other current assets	(30)	(30)
Other assets	**3,612**	**3,766**
Of which		
Current	*3,013*	*3,752*
Non-current	*600*	*14*

1) Of which EUR 655 thousand from Zhongshan Uniross Industry Ltd. versus EUR 676 thousand in 2019;
2) Of which EUR 559 thousand from lease debts

8.8. Cash

in EUR thousands	December 31, 2020	December 31, 2019
Cash equivalents		
Cash	11,273	2,913
Cash and cash equivalents	**11,273**	**2,913**

Cash and cash equivalents	11,273	2,913
Bank overdrafts		
Cash, net	**11,273**	**2,913**

in EUR thousands	December 31, 2019	December 31, 2018
Cash equivalents		
Cash	2,913	12,075
Cash and cash equivalents	**2,913**	**12,075**

Cash and cash equivalents	2,913	12,075
Bank overdrafts		
Cash, net	**2,913**	**12,075**

8.9. Equity

8.9.1 Share capital

As at December 31, 2020, the number of FORSEE POWER SAS outstanding securities was 299,876 at a par value of EUR 10, i.e. total share capital of EUR 2,998,760.

During the extraordinary shareholder meeting on December 18, 2017, preferred shares have been created: category C2 preferred shares (ADPC2) and category C3 preferred shares (ADPC3). Each ADPC2 has a 0.67 voting right attached and each ADPC3 has a share of voting attached that corresponds to the share of capital represented by the ADPC3. The extraordinary shareholder meeting on the December 18, 2017 converted 5,275 ordinary shares into 5,275 ADPC3 and 87,074 ordinary shares into ADPC2.

The share capital of FORSEE POWER SAS was modified during the fiscal year 2017 due to the Group's recapitalization operations:

- On December 18, 2017, for EUR 40,700 with the issue of 4,070 ordinary shares at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 1,502,481.20 by offset of debt;
- On December 18, 2017, for EUR 342,990 with the issue of 34,299 ADPC2 at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 12,661,818.84 by offset of debt;
- On December 18, 2017, for EUR 474,730 with the issue of 47,473 ADPC3 at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 17,525,132.68 in cash;

The share capital of FORSEE POWER SAS was modified during the 2018 period due to Group refinancing operations:

- On December 21, 2018, with the issue of 26,375 ADP C3 at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 9,736,595 in cash.

The share capital of FORSEE POWER SAS was modified during the 2019 period due to Group refinancing operations:

- On March 13, 2019 for EUR 105,500 with the issue of 10,550 ADPC3 at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 3,894,638 in cash;
- On December 18, for EUR 131,880 with the issue of 13,188 ADPC3 at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 4,868,482 in cash;
- On December 18 for EUR 52,750 with the issue of 5,275 ADPC3b at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 1,947,319 in cash;
- On December 18 for EUR 118,670 with the issue of 11,867 ADPC3b at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 4,380,822 in cash;
- On December 26 for EUR 82,610 with the subscription of 8,261 ADPC3b through conversion of 7913 OC3 at the unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium EUR 3,049,631 in cash;
- On December 26 for EUR 55,160 with the subscription of 5,516 ADPC3 through the conversion of 5,274 OC4 at the unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 2,036,287 in cash.

The Group did not hold any of its own shares in the periods presented.

8.9.2 Dividends

FORSEE POWER SAS did not distribute any dividends were distributed for the fiscal year ending December 31, 2019.

The Group does not plan to distribute dividends for the fiscal year ending December 31, 2020.

8.9.3 Share-based payments

8.9.3.1. Share subscription warrants (BSA)

As part of the latest fundraising, the company issued several guarantees for new investors to cover some specific risks. These financial guarantees took the form of the issue of several share subscription warrants:

- 100 BSA_{G1} during the extraordinary shareholder meeting of December 18, 2017 at the total issue price of one euro (EUR 1), convertible into a maximum of 52,748 ADPC3;
- 100 $BSA_{EIB\ 2}$ as of March 15, 2018 at the total issue price of one euro (EUR 1), convertible into a maximum of 1,650 ADPC3;
- 100 BSA_{G2} during the extraordinary shareholder meeting of December 21, 2018 at the total issue price of one euro (EUR 1), convertible into a maximum of 26,375 ADPC3.

These warrants are not a component of a hybrid financial instrument with a debt/equity component. In addition, as the beneficiaries of these share subscription warrants are investor shareholders, the warrants attached to these shares are not considered share-based payment under IFRS 2.

These warrants have similar characteristics to Redemption warrants, enabling investors to maintain their average investment price. These warrants can be exercised at any time until their maturity dates, subject to the occurrence of a covered risk.

However, given that the conditions for exercising these warrants have never been met for the main risks covered by the guarantee, Management believes that the likelihood of meeting the conditions for exercising these warrants is very low. Management therefore considers that these financial instruments have a non-material value, and are therefore not presented as derivative liabilities.

Given these elements, these share subscription warrants are considered to be equity instruments under IAS 32, and will be recorded in equity for their transaction amount on the issue and exercise dates.

8.9.3.2. Stock Options

The table below shows the stock options allocated as at December 31, 2020:

	Grant date	Number of SO granted	Number of SO canceled	Number in progress	Vesting period	Maturity
Stock Options (SO 2019)	April 2, 2019	6,000	0	6,000	4 years	April 2, 2023
Stock Options (SO 2019)	January 28, 2020	1,800	0	1,800	4 years	January 28, 2024
Stock Options (SO 2019)	November 13, 2020	750	0	750	4 years	November 13, 2020
Total		**8,550**	**0**	**8,550**		

The recognized expense for share-based transactions over the periods presented is as follows:

in EUR thousands	December 31, 2020	December 31, 2019
Costs already recognized in reserves at the reporting date	**268**	**0**
Expenses recognized in income for the period	464	268
Reversal of costs for stock option grants expired over the period	0	0
Costs in reserves at the reporting date	**733**	**268**
Expenses to be recognized in future years	1,323	1,163
Reversal of costs of stock option grants exercised over the period	0	
Total cost at grant date	**2,056**	**1,432**

The table below summarizes the data used in the pricing model:

	Assumptions used at December 31, 2020 — fair value at PER according to IFRS 2 (Black & Scholes)				Unitary valuation according to IFRS 2	Probable cost IFRS 2
	Strike price in EUR	Risk-free rate	Risk premium	Expected volatility		in EUR thousands
Stock Options (SO 2019)	340.00 €	-0.44%	10.0%	69.6%	238.63 €	1,432
Stock Options (SO 2019)	340.00 €	-0.59%	10.0%	70.8%	240.11 €	432
Stock Options (SO 2019)	340.00 €	-0.74%	10.0%	80.4%	256.01 €	192

8.9.4 Earnings per share

	December 31, 2020	December 31, 2019
Net income (loss)	(29,412)	(26,347)
Average number of shares outstanding	299,876	255,252
Earnings per share	**€ (98.08)**	**€ (103.22)**
Net income (loss)	(29,412)	(26,347)
Effect of dilutions:		
6857 BSA $_{\text{EIB Warrant A}}$ issued on March 15, 2018 which can be converted into Ordinary shares (1)	7,965	7,965
100 BSA $_{G1}$ issued on December 18, 2017 which can be converted for a maximum amount of 52,748 ADP $_{C3}$ (2)	52,748	52,748
100 BSA $_{\text{EIB Warrant B}}$ issued on March 15, 2018 which can be converted for a maximum amount of 1650 ordinary shares (2)	1,650	1,650
100 BSA $_{G2}$ issued on December 21, 2018 which can be converted for a maximum amount of 26,375 ADP $_{C3}$ (2)	26,375	26,375
Diluted earnings per share	**€ (75.68)**	**€ (76.59)**

1) Share subscription warrant (BSA) issued with the EIB loan of EUR 20 million and presented separately in derivative financial instruments (see Note 8.12). The exercise ratio of the BSA $_{\text{EIB A}}$ led to an adjustment during the extraordinary shareholder meeting of December 18, 2019 of the maximum number of ordinary shares that can be subscribed from 6,857 to 7,965.

2) Share subscription warrant issued to the incoming investors profile since December 2017 (see Note 8.9.3.1);

8.10 Provisions for risks and charges

8.10.1. Breakdown of provisions for risks and charges

in EUR thousands	December 31, 2019	Change in scope	Allocations	Reversals	*Of which used*	Reclassification	Fair value	Translation impact	December 31, 2020
Provisions									
Litigation	1,895		377	(113)	(113)	(0)			2,158
Employee benefits	235			(9)	(9)				227
Provisions for risks and charges	3,259		3,561	(664)	(664)	0		(0)	6,156
Provision réglementaire									
Provisions	**5,389**		**3,938**	**(785)**	**(785)**	**(0)**		**(0)**	**8,541**
Of which									
Current									
Non-current	5,389		3,938	(785)	(785)	(0)		(0)	8,541

The main provisions are:

- EUR 294 thousand in labor disputes;
- EUR 615 thousand of provision for commercial risk;
- EUR 803 thousand related to procedural costs;
- EUR 1,000 thousand for battery recycling;
- EUR 2,476 thousand for the after-sales guarantee;
- EUR 1,900 thousand for the inventory provision.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2018	Change in scope	Allocations	Reversals	*Of which used*	Reclassification	Fair value	Translation impact	December 31, 2019
Provisions									
Litigation	482		2,521	(1,108)					1,895
Employee benefits	204		31						235
Provisions for risks and charges	2,329		1,110	(180)					3,259
Provision réglementaire									
Provisions	**3,014**		**3,662**	**(1,288)**					**5,389**
Of which									
Current									
Non-current	3,014		3,662	(1,288)					5,389

8.10.2. Post-employment benefits

8.10.2.1. Defined contribution plans

An expense has been recognized as at December 31, 2020 related to defined contribution plans.

8.10.2.2. Defined benefits plans

There is no defined benefits plan for the Group.

8.10.2.3. Retirement benefits plan

Provisions for pension obligations and other social engagements are as follows:

in EUR thousands	December 31, 2020	December 31, 2019
Retirement benefits plan	227	235
Long-service awards		
Total	**227**	**235**

in EUR thousands	December 31, 2020	December 31, 2019
Provision at start of period	**235**	**204**
Net cost over period	(9)	31
Benefits paid		
Actuarial (gains) and losses recognized in equity		
Provision at end of period	**227**	**235**

ACTUARIAL ASSUMPTIONS

For the retirement benefits plan, the basic assumptions (staff turnover rate, salary increase) for these calculations have been determined on the basis of the Group's forecasting and historical policy. The assumptions used for the assessments are as follows:

in EUR thousands	December 31, 2020	December 31, 2019
Financial assumptions		
Discount rate	0.65%	0.81%
Long-term salary increase assumption	1.00%	3.00%
Rate for social charges, management	44.00%	44.00%
Rate for social charges, non-management	17 to 35%	17 to 35%
Demographic assumptions		
Age of retirement used for management	65-67 years	65-67 years
Age of retirement used for non-management	65-67 years	65-67 years
Mortality table	INSEE 2019	INSEE 2018

The discount rates applied are based on the rate of return on bonds issued by leading companies equivalent to the duration of the plans being valued, approximately 10 years:

The rate has been determined considering the values of market indices for AA-rated bonds available at end of December 2020.

No sensitivity analysis of the obligation had been realized as at December 31, 2020.

8.11 Loans and financial debts

in EUR thousands	December 31, 2019	Issuances	Interests on zero rate loans	Repayments	Reclassification	Translation impact	Effective interest method impact	Net change	Fair value	Loan issuances IFRS 16	December 31, 2020
Bonds (1)		30,000									30,000
EIB loans (2)	18,107	0					658				18,765
BPI loans	19		14	(33)							0
BPI Atout loan (Covid liquidity support)		5,000									5,000
BPI State-guaranteed loan		5,000									5,000
BNP State-guaranteed loan (3)		7,500	(1,237)								6,263
HSBC State-guaranteed loan (3)		7,500	(1,237)								6,263
Debt on right of use — non-current (4)	1,815			(634)	(199)	(6)				8,313	9,289
Deposits and sureties received	56										56
Related parties financial liabilities	6,162	660		0							6,821
Debt for financing trade receivables	9,238							(7,856)			1,382
Non-current financial debt	**35,396**	**55,660**	**(2,461)**	**(666)**	**(199)**	**(6)**	**658**	**(7,856)**		**8,313**	**88,839**
Accrued interest on financial debt	1,080	3,856		(1,080)		(0)					3,856
Other bonds issued					(1,478)				206		(1,272)
Debt on right of use — current	674				224	(3)					896
Short-term credit line (5)	4,500							(4,500)			
Accrued interest not yet due — liability	10							(8)			3
Bank overdrafts (cash liability)											
Current financial debt	**6,264**	**3,856**		**(1,080)**	**(1,254)**	**(3)**		**(4,508)**	**206**		**3,482**
Gross financial debt and similar	**41,661**	**59,516**	**(2,461)**	**(1,746)**	**(1,453)**	**(9)**	**658**	**(12,364)**	**206**	**8,313**	**92,321**
Of which											
Current	*15,518*	*3,856*		*(1,080)*	*(1,254)*	*(3)*		*(12,379)*	*206*		*4,865*
Non-current	*26,142*	*55,660*	*(2,461)*	*(666)*	*(199)*	*(6)*	*658*	*15*		*8,313*	*87,455*

1) FORSEE POWER issued EUR 30 million in OC5 convertible bonds with the SPI Fund (EUR 15 million), and with Idinvest (EUR 15 million) in February and May 2020. These bonds were not converted into shares in December 2020.

2) Refinancing by the EIB and provision of the first tranche of EUR 7.5 million in March 2018, the second tranche of EUR 7.5 million in October 2018 and the third and final tranche of EUR 5 million in December 2019.

   The costs directly attributable to loan issues are spread over the life of the loan using the effective interest method in accordance with IFRS 9, and presented under financial result in the statement of comprehensive income. Loan issuance costs are presented as a deduction from the initial value of the financial debt.

   The EIB's EUR 20 million loan is accompanied by 6,857 BSA $_{\text{EIB A}}$ issued on March 15, 2018. The derivative financial instrument on the loan and the share subscription warrants (BSA) is presented in Note 8.12 below.
3) The state-guaranteed loans with BNP and HSBC were granted at an interest rate of zero.

   This rate does not correspond to the normal market rate and the consolidated financial statements thus present this benefit as a reduction in financial liabilities and recognize prepaid income. This aid is spread over the term of the loans using the effective interest method in accordance with IFRS 9, and presented under financial result in the statement of comprehensive income.
4) The issue mainly corresponds to the start of the Lease in the Future State of Completion (Bail en Etat Futur d'Achèvement — BEFA) for the Chasseneuil du Poitou site in 2020 for EUR 8,257 thousand.
5) Short-term credit line for financing the WCR for the customer HEULIEZ/IVECO set up in October 2018 and repaid in 2020.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2018	Issuances	Loan issuance costs	Repayments	Reclassification	Translation impact	Effective interest method impact	Net change	Conversion into capital	Adoption of IFRS 16	December 31, 2019
Bonds (1)		5,224							(5,224)		
EIB loans	12,522	5,000	(138)				722				18,107
BPI loans	149			(130)							19
Debt on right of use — non-current		431		(650)	(694)	16				2,711	1,815
Deposits and sureties received	20	36									56
Related parties financial liabilities	10,416			(4,254)							6,162
Debt for financing trade receivables	4,033							5,205			9,238
Non-current financial debt	**27,141**	**10,691**	**(138)**	**(5,034)**	**(694)**	**16**	**722**	**5,205**	**(5,224)**	**2,711**	**35,396**
Accrued interest on financial debt	321	984		(238)	19	(0)				(6)	1,080
Debt on right of use — current					675	(1)					674
Short term credit line	6,000			(1,500)				0			4,500
Accrued interest not yet due — liability	6							4			10
Bank overdrafts (cash liability)											
Current financial debt	**6,327**	**984**		**(1,738)**	**694**	**(1)**		**5**		**(6)**	**6,264**
Gross financial debt and similar	**33,467**	**11,675**	**(138)**	**(6,772)**		**15**	**722**	**5,209**	**(5,224)**	**2,705**	**41,661**
Of which											
Current	*10,458*	*10,222*		*(5,771)*	*596*	*15*		*5*		*(6)*	*15,518*
Non-current	*23,010*	*1,453*	*(138)*	*(1,001)*	*(596)*	*0*	*722*		*(5,224)*	*2,711*	*26,142*

1) FORSEE POWER SA issued EUR 5 million in convertible bonds to Idinvest (OC3 of EUR 3 million) and to the BPI (OC4 of EUR 2 million) at the start of July 2019. These bonds were converted into shares in December 2019.

The maturity schedule for the financial debts are as follows:

in EUR thousands	December 31, 2020	Less than 1 year	1 to 4 years	5 years or more	Covenant
Bonds issued	30,000			30,000	no
EIB loans	18,765		18,765		no
BPI loans	0	0			no
BPI Atout loan (Covid liquidity support)	5,000		5,000		no
BPI State-guaranteed loan	5,000		5,000		no
BNP State-guaranteed loan	6,263		6,263		no
HSBC State-guaranteed loan	6,263		6,263		no
Debt on leased real estate	9,289		3,489	5,800	no
Deposits and sureties received	56			56	no
Related parties financial liabilities	6,821		6,821		no
Debt for financing trade receivables	1,382	1,382			no
Non-current financial debt	**88,839**	**1,382**	**51,600**	**35,856**	
Accrued interest on financial debt	3,856		3,856		no
Debt on leased real estate	896	896			no
Short-term credit line (5)					no
Accrued interest not yet due — liability	3	3			no
Current financial debt	**4,754**	**898**	**3,856**		
Gross financial debt and similar	**93,593**	**2,281**	**55,456**	**35,856**	

8.12 Derivative financial instruments

	Date of issue	Number of instruments	December 31, 2020	December 31, 2019
BSA Warrant A for EIB	March 18, 2018	6,857	2,984	2,986
Derivative on OCA 3 and OC 4	July 4, 2019	13,187	0	0
Derivative on OCA 5	March 1, 2020	123,957	1,473	0
Total		**144,001**	**4,457**	**2,986**

On March 15, 2018, the company issued 6,857 share subscription warrants (BSA $_{EIB\ A}$) for the benefit of the European Investment Bank (EIB) for the financing agreement of EUR 20 million.

These BSA $_{EIB\ A}$ share subscription warrants are presented and valued as a derivative liability for the following reasons:

- These BSA $_{EIB\ A}$ share subscription warrants do not fulfill the condition of an equity instrument insofar as their settlement cannot result in a fixed number of company shares;
- These BSA $_{EIB\ A}$ come with a put option allowing the EIB to have a cash reimbursement for the fair value of the shares not received.

The change in fair value of the derivative is recognized under financial result. The value of the derivative corresponds to the cost of the option if these warrants are exercised.

A derivative instrument was recognized on the OC 3 and OC 4 bonds issued on July 4, 2019 and converted into capital on December 18, 2019.

A derivative instrument was recognized on the OC 5 bonds issued on March 1, 2020.

Changes for the period and previous period are presented in the table below:

in EUR thousands	December 31, 2020	December 31, 2019
Derivative instrument at period-start	**2,986**	**2,577**
Change in fair value recognized in profit or loss	(8)	408
Derivative instrument issued over the period (net of costs)	1,478	29
Derivative instrument canceled following conversion		(28)
Derivative instrument at period-end	**4,457**	**2,986**

8.13 Risk management for financial assets and liabilities

8.13.1. Credit risk management

The Group is exposed to a credit risk in the event of late payments by customers or in case of default by one of its customers. The Group ensures that it does not create or maintain any dependency on its customers by diversifying the nature of customers and developing its export market share.

The Group has not subscribed to any insurance against credit risk.

At the moment, the Group is studying the implementation of a financing solution for the purchase of batteries for the Transport and Storage division.

The Group is exposed to a limited credit risk as at December 31, 2020.

8.13.2. Liquidity risk management

The Group is exposed to a liquidity risk, i.e. the risk that the Group cannot meet its financial obligations, which is inherent in research and development.

Experience shows that banks and financial partners have regularly supported the Group in its organic growth and its financing needs.

Furthermore, the related parties controlling the Group have always given their financial support to financing the Group. Indeed, the Group has received several injections of capital into its current account and financial recapitalizations when required. The financial liabilities linked to related parties is EUR 6.8 million as at December 31, 2020.

A cash capital increase in the amount of EUR 4 million was carried out in March 2019; a second capital increase occurred on December 18, 2019 in the amount of EUR 16.5 million with the arrival of a new associate, bringing the share capital to EUR 2,998,760.

Furthermore, on December 18, 2017, FORSEE POWER finalized financing of EUR 55 million to support the industrialization of its battery systems. This financing was granted by the Japanese conglomerate Mitsui & Co. Ltd (which took an equity stake through a capital contribution of EUR 18 million and the acquisition of EUR 2 million shares to the founder), the European Investment Bank (EIB) via the European Fund for Strategic Investments (EFSI) under the Juncker Plan (a loan of EUR 20 million in 3 tranches with conditions to disbursement signed in March 2018) and historical associates (capitalization of contributions in current accounts for an amount of EUR 14.6 million). In

2020, Forsee Power raised funds of EUR 55 million (EUR 30 million bond, two loans from the BPI of EUR 5 million each and two state-guaranteed loans of EUR 7.5 million each).

The Group thus always makes sure it has the financial resources to ensure the repayment of its debts at maturity date.

in EUR thousands	December 31, 2020	December 31, 2019
Overdraft authorization		
Sub-total credit facilities (a)		
Cash and cash equivalents	11,273	2,913
Bank overdrafts — Cash liability		
Net liquidity (b)	**11,273**	**2,913**
Total liquidity position (a) + (b)	**11,273**	**2,913**

8.13.3. Market risk management

8.13.3.1. Competition risk management

The Group is exposed to a competition risk, especially regarding price. At the present time, this risk is limited thanks to the high-end positioning of the Group's products.

8.13.3.1. Management of risk related to the technologies used

The Group specializes in the design and integration of specialized batteries, a business segment driven by technological progress.

In order to limit the risk related to the technologies used, the Group owns patents covering internally developed technologies and invests a significant amount in research and development every year.

8.13.3.2. Currency risk management

The Group is exposed to a currency risk due to the operations carried out with the equity interests located in China and Poland. The currencies concerned are the US dollar (USD), the Chinese yuan (RMB) and, to a lesser extent, the Polish zloty (PLN), the Hong Kong dollar (HKD), the Indian rupee (INR) and the Singapore dollar (SGD).

The Group did not hedge the currency risk as at December 31, 2020.

8.13.3.3. Price risk management

The Group is exposed to price risk on raw materials (mainly lithium) used in the batteries production process.

The Group has not hedged its price risk exposure.

8.13.3.4. Interest rate risk management

The Group has a limited exposure to interest rate risk since financial debts are repaid at a fixed rate.

With regard to the financial liabilities, the Group's exposure to interest rate risk is limited as at December 31, 2020.

8.13.3.5. Market risk management

The Group's exposure to market risk linked to the share or currency trading prices is almost non-existent because the Group has no investment in SICAV shares or cash, and does not hold any interests or marketable securities on a regulated market.

8.14 Information about fair value of financial assets and liabilities

8.14.1. Cash, loans and receivables

The Group considers that the carrying amount of cash, trade receivables, other receivables, accounts payable, other debts and various deposits and sureties is a good approximation of the market value due to the high degree of liquidity of these items and their maturity of less than 12 months.

8.14.2. Assets at fair value

The Group does not hold marketable securities.

8.14.3. Derivative and hedging financial instruments

The Group does not hold any derivative trading and hedging instruments at fair value over the periods presented.

8.14.4. Financial liabilities at amortized cost

The Group considers that the carrying amount of accounts payable is a good approximation of the market value due to the high degree of liquidity of items.

The market value of long and short term financial liabilities is determined using the value of estimated future cash flow disbursed, discounted with the interest rates observed by the Group at the end of the period for the instruments with similar conditions and maturities.

8.14.5. Financial instrument report

The market values of financial assets and liabilities measured at fair value in the statement of financial position have been classified in the chart below within the fair value hierarchy with three levels of input defined under IFRS 7:

- Level 1: fair value measured by quoted prices for similar instruments;
- Level 2: fair value measured by directly or indirectly observable market inputs;
- Level 3: fair value measured by inputs not based on observable market data.

in EUR thousands	December 31, 2020	Fair value through profit or loss	Fair value through equity	Amortized cost	Level
Capitalized securities	558			558	3
Prepaid deposits and sureties	3,840			3,840	3
Other financial assets	0			0	3
Financial assets	**4,398**			**4,398**	
Trade receivables, net	14,180			14,180	3
Other assets	3,612			3,612	3
Cash and cash equivalents	11,273	11,273			1
Assets	**33,463**	**11,273**		**22,190**	
Non-current financial debt	88,839			88,839	3
Current financial debt	3,482			3,482	3
Derivative financial instrument	4,457	4,457			3
Accounts payable	9,786			9,786	3
Other liabilities	11,751			11,751	3
Liabilities	**118,314**	**4,457**		**113,857**	

The following methods and assumptions used to estimate the fair value of financial assets and liabilities are presented below:

- Financial assets and liabilities held for trading are assessed at fair value through the income statement;
- Assets available for sale are assessed at fair value through equity;
- Loans, receivables and debts are assessed at amortized cost;
- Held to maturity investments are assessed at amortized cost;

8.15 Accounts payable and advances

in EUR thousands	December 31, 2020	December 31, 2019
Accounts payable	8,684	10,913
Trade receivables — Advances and prepayments	1,101	8,919
Accounts payable	**9,786**	**19,832**

The accounts payable maturity schedule is as follows:

in EUR thousands	December 31, 2020	December 31, 2019
Accounts payable	8,684	10,913
Not due		
Due in less than 1 year	8,684	10,913
Due in more than 1 year	0	0

8.16 Other liabilities

in EUR thousands	December 31, 2020	December 31, 2019
Social security liabilities	7,313	6,432
Tax liabilities	959	754
Deferred income (1)	2,804	417
Debts related to assets	0	0
Other current debts (2)	675	1,493
Other liabilities	**11,751**	**9,096**
Of which		
Current	*8,554*	*8,348*
Non-current	*3,197*	*748*

1) Of which EUR 2,475 thousand from the benefit received from zero rate loans
2) Of which EUR 635 thousand from Zhongshan Uniross Industry Ltd. versus EUR 745 thousand in 2019;

8.17 Details of the Working Capital Requirement (WCR)

in EUR thousands	Notes	December 31, 2019	WCR	Reclassification	Translation impact	Adoption of IFRS 16	December 31, 2020
Inventories, net	8.5	18,170	12,085	0	(70)	0	30,184
Trade receivables, net	8.6	25,519	(11,319)		(20)		14,180
Other current assets	8.7	3,422	1,732	(2,026)	140		3,269
Accounts payable	8.15	(19,832)	7,264	2,662	119		(9,786)
Other current liabilities	8.16	(9,060)	(2,049)	(636)	9		(11,737)
Total changes in working capital requirement (WCR)		**18,219**	**7,714**	**(0)**	**178**	**0**	**26,111**

in EUR thousands	Notes	December 31, 2019	Change and impact on income	Reclassification	Translation impact	Adoption of IFRS 16	December 31, 2020
Change in deferred tax		4,208	(3,476)	(0)	(245)		487
Change in corporate tax receivables and payables		308	21		(1)		330
of which research tax credit (CIR)							
Tax expense recorded in P&L		197	3,728				(3,728)
Total tax change			**273**	**(0)**	**(245)**		

Details of the Working Capital Requirement for the previous period are as follows:

in EUR thousands	Notes	December 31, 2018	Change in scope	WCR	Reclassification	Translation impact	Adoption of IFRS 16	December 31, 2019
Inventories, net	8.5	10,040		8,114		15		18,170
Trade receivables, net	8.6	12,684		12,819		15		25,519
Other current assets	8.7	4,320	(0)	545	(1,389)	(28)	(26)	3,422
Accounts payable	8.15	(9,975)		(15,778)	5,753	167		(19,832)
Other current liabilities	8.16	(5,144)		(9,068)	5,135	16		(9,060)
Total changes in working capital requirement (WCR)		**11,925**	**(0)**	**(3,367)**	**9,500**	**185**	**(26)**	**18,219**

in EUR thousands	Notes	December 31, 2018	Change in scope	Change and impact on income	Reclassification	Translation impact	Adoption of IFRS 16	December 31, 2019
Change in deferred tax		3,831		1,025	19	(794)	127	4,081
Change in corporate tax receivables and payables		270		38		0		308
of which research tax credit (CIR) inflow								
Tax expense recorded in P&L		(405)		(197)				197
Total tax change				**867**	**19**	**(794)**	**127**	

8.18 Deferred tax

Deferred taxes break down as follows:

in EUR thousands	December 31, 2020	December 31, 2019
Temporary tax differences	16	16
Provision for post-employment benefits	57	58
IFRS 16 restatement on leases	113	116
Capital increase costs	128	195
Loan issuance costs at effective interest method	80	50
IFRS 15 lease liabilities not recognized as income		168
Internal margins on inventories	35	118
Other temporary differences	60	(11)
Tax losses carryforward		3,498
Total net deferred taxes	**488**	**4,208**

In line with the recommendations of the AMF and ESMA, since December 31, 2020, the Group has been limiting the deferred tax assets on tax loss carryforwards of tax entities for which the expected prospects of recovery exceed three years.

Deferred taxes have been valued for French companies with a declining tax rate that falls to 26.5% in 2021 to reach 25% in 2022 following the 2021 finance law.

In EUR thousands	December 31, 2020		December 31, 2019	
	Tax loss carryforwards (base)	Deferred tax assets (1)	*Tax loss carryforwards (base)*	Deferred tax assets
Forsee Power	*0*	0	*13,991*	3,498
Forsee Power Industry				
Z.U.I.				
Forsee Power Spz				
Total items recognized in the financial statements	***0***	**0**	***13,991***	**3,498**
Forsee Power	*110,351*	27,588	*71,533*	17,883
Forsee Power Industry				
Z.U.I.				
Forsee Power Spz				
Total items not recognized in the financial statements	***110,351***	**27,588**	***71,533***	**17,883**
Total	***110,351***	**27,588**	***85,524***	**21,381**

(1) Deferred tax asset not recognized according to the projected tax schedule.

The changes in deferred taxes are as follows:

in EUR thousands	December 31, 2020	December 31, 2019
Deferred tax assets at period-start	**4,212**	**3,836**
Expense recognized in comprehensive income	(4,270)	0
DTA on lease activation	116	116
DTA/DTL offset for tax entity	(0)	0
Other	434	376
Deferred tax assets at period-end	**492**	**4,212**
Deferred tax liabilities at period-start	**5**	**0**
Expense recognized in comprehensive income	0	0
DTA/DTL offset for tax entity	(0)	0
Other	0	5
Deferred tax liabilities at period-end	**5**	**5**

9. Information relating to items in the consolidated statement of comprehensive income

9.1. Revenue breakdown

in EUR thousands	December 31, 2020	December 31, 2019
Breakdown of revenue by nature	62,060	50,342
Sale of goods	58,206	48,066
Service delivery	3,403	2,107
Other activities	451	169
Total	**62,060**	**50,342**

9.2. Other operating income and expenses

in EUR thousands	December 31, 2020	December 31, 2019
Inventoried production	8,057	3,162
Operating subsidies	117	34
Transfer of charges	0	0
Income from disposal of fixed assets	121	(3)
Change in fair value	0	0
Other income and expenses	(4,213)	(821)
Other non-current income and expenses	(186)	(962)
Other operating income and expenses	**4,224**	**1,409**

9.3. External services and consumables purchased

in EUR thousands	December 31, 2020	December 31, 2019
Consumables purchased	(50,287)	(41,575)
Fees and other external fees	(3,447)	(2,696)
Leases, maintenance and insurance	(795)	(995)
Transport, travel and conference expenses	(2,233)	(3,008)
Study and research costs	(1,583)	(3,340)
Telecommunication and mail fees	(261)	(169)
Sub-contracting	(327)	(80)
Foreign exchange gains and losses on purchases	982	268
Other	(43)	(40)
External services and consumables purchased	**(57,993)**	**(51,635)**

9.4. Employee and workforce expenses

in EUR thousands	December 31, 2020	December 31, 2019
Employee expenses		
Remuneration	(13,280)	(12,953)
Social security contributions	(4,098)	(3,833)
Other short-term benefits and CICE	(359)	(289)
Stock option expenses	(464)	(268)
Employee profit sharing	0	0
Total	**(18,200)**	**(17,343)**
Average headcount		
Management	181	178
Non-management	278	290
Total	**459**	**468**

9.5. Taxes

in EUR thousands	December 31, 2020	December 31, 2019
Taxes on salaries	(371)	(224)
Other taxes	(495)	(360)
Taxes	**(867)**	**(584)**

9.6. Depreciation, amortization and provisions allocations and reversals

in EUR thousands	December 31, 2020	December 31, 2019
Amortization and impairment of intangible assets	(2,123)	(849)
Depreciation on rights of use for property, plant and equipment	(1,036)	(855)
Depreciation and impairment of property, plant and equipment	(1,283)	(610)
Provisions for risks and charges	(3,152)	(2,374)
Net impairments of assets	(1,003)	(268)
Dotations nettes	**(8,597)**	**(4,957)**

9.7. Financial result

in EUR thousands	December 31, 2020	December 31, 2019
Financial income received on financial assets	0	0
Financial result	**0**	**0**
Interests expense on loan	(5,251)	(2,214)
Cost of debt, gross	**(5,251)**	**(2,214)**
Foreign exchange gains and losses	(335)	(103)
Foreign exchange gains and losses related to translation reserves	0	0
Net impairments of financial assets at amortized cost	0	0
Change in fair value of the derivative and effective interest method impact	(657)	(1 412)
Financial expenses for liabilities on real estate lease	(333)	(99)
Other financial expenses	(86)	
Other financial income	352	52
Other financial income and expenses, net	**(1,060)**	**(1,562)**
Financial result	**(6,311)**	**(3,776)**

9.8. Income tax

in EUR thousands	December 31, 2020	December 31, 2019
Current tax	(8)	(35)
Deferred tax	(3,720)	231
Income tax expense	**(3,728)**	**197**

The tax proof for the periods presented is as follows:

in EUR thousands	December 31, 2020	December 31, 2019
Theoretical tax expense (at the current rate)	6,806	7,432
Actual tax expense	(3,728)	197
Difference	**10,534**	**7,236**
Permanent differences	128	155
Tax credits (CIR, CICE)		(8)
Derivative financial instrument	174	288
Adjustment of corporate tax rate in France (for tax losses carryforward)	(7)	(2)
Non-deductible and unrecognized financial expenses	151	239
Tax losses occurring during the year not recognized	6,419	6,542
Prior tax losses not recognized	3,498	
Other differences	172	21
Breakdown of differences	**10,534**	**7,235**

10. Other information

10.1. Related party transactions

10.1.1 Remuneration paid to management

Since the Group is not subject to the legal obligation to publish the consolidated financial statements, remuneration paid to the Group's management is not published.

10.1.2 Other transactions with related parties

The transactions between the Group and related parties are carried out under normal market conditions.

in EUR thousands	December 31, 2020	December 31, 2019
Current account Assets	270	75
Current account Liabilities	6,821	6,162
Total items in the statement of financial position	**7,091**	**6,237**
Interest expenses	(616)	(984)
Operating expenses		
Total items in the income statement	**(616)**	**(984)**

10.2. Off-balance sheet commitments

As at December 31, 2020, FORSEE POWER SAS had granted four guarantees to the benefit of some of its shareholders (see Notes 4.3.12.1 and 8.9.3.1). If a declaration of the guarantee proves to be inaccurate, the company undertakes to repair the damage suffered by the shareholders concerned through either a payment, a reserved share issue on exercise of a warrant, or an increase in capital subscribed by

the investors that offsets the claim they have on the company resulting from the damage suffered. The maximum amount of compensation that may be due by the company is capped at EUR 18,717 thousand.

10.3. Audit fees

in EUR thousands	December 31, 2020	December 31, 2019
Statutory auditors, certification, audit of individual and consolidated financial statements	68	147
Services other than certification of financial statements		
Total	**68**	**147**

Net of VAT and other costs

18.1.2. Group consolidated financial statements for the financial year ended December 31, 2019

FORSEE POWER

GROUP

IFRS Consolidated Financial Statements

as at December 31, 2019

FORSEE POWER S.A.S.

Société par Actions Simplifiée with capital of EUR 2,998,760

Registered Office: 54-56, Avenue Hoche

75008 Paris

RCS Paris 494 605 488

Consolidated Statement of Financial Position

in EUR thousands	Note	December 31, 2019	December 31, 2018
Non-current assets		**25,173**	**17,117**
Goodwill	8.1	1,523	1,523
Intangible assets	8.2	10,131	7,645
Property, plant and equipment	8.3	8,570	3,870
Non-current financial assets	8.4	723	215
Other non-current assets	8.7	14	28
Deferred tax assets	8.18	4,212	3,836
Current assets		**50,354**	**39,408**
Inventories	8.5	18,170	10,040
Trade receivables	8.6	25,519	12,685
Other current assets	8.7	3,752	4,608
Current financial assets	8.6		
Cash and cash equivalents	8.8	2,913	12,075
Total Assets		**75,527**	**56,525**
Equity		**(3,441)**	**2,297**
Equity attributable to owners of the parent company		**(3,441)**	**2,297**
Share capital issued	8.9	2,999	2,452
Issue premiums	8.9	82,585	62,475
Currency translation reserve, Group		(0)	0
Reserves*	8.9	(62,677)	(39,433)
Net income (loss)	8.9	(26,347)	(23,197)
Non-controlling interests			
Reserves of non-controlling interests			
Non-controlling interests for the period			
Liabilities		**78,968**	**54,228**
Non-current liabilities		**35,286**	**29,041**
Financial liabilities	8.11	26,158	23,010
Employee benefits	8.10	235	204
Provisions for risks and charges	8.10	5,153	2,811
Other non-current liabilities	8.16	748	435
Derivative financial instrument	8.11	2,986	2,577
Deferred tax liabilities	8.18	5	5
Current liabilities		**43,682**	**25,187**
Financial liabilities	8.11	15,502	10,458
Provisions for risks and charges	8.10		
Accounts payable	8.15	19,832	9,975
Other current liabilities	8.16	8,348	4,755
Total Equity and Liabilities		**75,527**	**56,525**

Consolidated Statement of Comprehensive Income

in EUR thousands	Note	December 31, 2019	December 31, 2018
Revenue	9.1	**50,342**	**23,157**
Other operating income and expenses	9.2	1,409	(504)
External services and consumables purchased	9.3	(51,635)	(27,850)
Employee expenses	9.4	(17,343)	(12,663)
Taxes	9.5	(584)	(368)
Depreciation and amortization	9.6	(2,315)	(1,059)
Provisions and impairment, net	9.6	(2,642)	(1,448)
Operating income (EBIT)		**(22,768)**	**(20,736)**
Financial income	9.7		
Cost of debt, gross	9.7	(2,214)	(1,284)
Other financial income and expenses, net	9.7	(1,562)	(772)
Financial income	9.7	**(3,776)**	**(2,056)**
Income before tax		**(26,544)**	**(22,793)**
Income tax expense	9.8	197	(405)
Net income (loss) from continuing operations		**(26,347)**	**(23,197)**
Net income (loss) from discontinued operations			
Net income (loss)		**(26,347)**	**(23,197)**
Attributable to owners of the parent company		*(26,347)*	*(23,197)*
Attributable to non-controlling interests			
Other comprehensive income			
Other comprehensive income			
Comprehensive income		**(26,347)**	**(23,197)**
Attributable to owners of the parent company		*(26,347)*	*(23,197)*
Attributable to non-controlling interests			

Consolidated Cash Flow Statement

in EUR thousands	Notes	December 31, 2019	December 31, 2018
Net income (loss)		(26,347)	(23,197)
Translation differences in financial income	9.7	0	(47)
Depreciation, amortization and provisions	9.6	4,689	3,269
(Gain)/Loss on disposal	9.2	16	(154)
Share-based payments	8.9.3.2	268	
Change in derivative on financial instrument	8.12	409	3
Change in deferred tax	8.18	(231)	376
Tax expense paid	9.8	35	29
Profit/loss related to change in fair value and to effective interest method	9.2	616	474
Net financial expense	9.7	3,776	2,056
Cash flow from operations before cost of financial debt and tax		**(16,769)**	**(17,193)**
Change in grants		**0**	**(82)**
Change in corporate tax receivables and payables (excl. research tax credit — CIR)	8.17	(38)	159
Tax expense paid	8.17	(35)	(29)
Change in tax receivables and payables		**(73)**	**131**
Inventories	8.17	(8,114)	(4,972)
Trade receivables	8.17	(12,819)	(3,717)
Other receivables	8.17	(545)	(4 832)
Accounts payable	8.17	15,778	6,483
Other payables	8.17	9,068	1,974
Change in working capital requirement (WCR)		**3,367**	**(5,064)**
Cash flow from (used in) operating activities (A)		**(13,475)**	**(22,208)**
Acquisition of fixed assets (net of liabilities)	8.2	(7,331)	(7,339)
Proceeds from disposals of fixed assets (net of receivables)	8.2	1	0
Proceeds from financial assets	8.4	4	(14)
Cash flow from (used in) investing activities (B)		**(7,325)**	**(7,353)**
Capital increase in cash	8.9	6,000	10,000
Expenses paid on capital issues	8.9	(115)	(374)
Change in other financial liabilities	8.11	4	(3)
Research tax credit (CIR) and operating subsidy received		26	86
Debt issues	8.11	10,224	15,000
Short-term credit line for WCR financing	8.11	(1,500)	6,000
Loan repayments	8.11	(130)	(413)
Debt repayments on leased real estate	8.11	(650)	

Factoring financing	8.11	5,205	(772)
Loan issuance costs	8.11	(138)	(513)
Change in financial liabilities with related parties	8.11	(4,254)	(1,049)
Financial expenses paid	9.7	(3,030)	(1,736)
Cash flow from (used in) financing activities (C)		**11,643**	**26,227**
Impact of currency translation rates		(4)	(2)
Change in cash (A) + (B) + (C)		**(9,162)**	**(3,336)**
Net cash at beginning of year	8.8	12,076	15,412
Net cash at end of year	8.8	2,914	12,076
Change in net cash		**(9,162)**	**(3,336)**

Consolidated Statement of Changes in Equity

in EUR thousands	Notes	Share capital issued	Share premium	Translation reserves	Other reserves and comprehensive income	Total attributable to owners of the parent company	Non-controlling interests	Equity
Equity at January 1, 2018		**2,188**	**52,828**	**(0)**	**(39,424)**	**15,592**		**15,592**
Transactions between shareholders	8.9.3							
Change in capital in cash		264	9,736			10,000		10,000
Cost of share capital issued and bonds conversion (net of transaction			(89)			(89)		(89)
Comprehensive income					(23,197)	(23,197)		(23,197)
Other comprehensive income								
Translation impact				0	(9)	(9)		(9)
Equity at December 31, 2018		**2,452**	**62,475**	**0**	**(62,630)**	**2,297**		**2,297**
Transactions between shareholders	8.9.3							
Change in capital in cash	8.9	158	5,842			6,000		6,000
Change in capital by conversion of related party financial liabilities	8.9	251	9,249			9,500		9,500
Change in capital by conversion of convertible bonds		138	5,086			5,224		5,224
Cost of share capital issued and bonds conversion (net of transaction			(67)		19	(48)		(48)
Comprehensive income					(26,347)	(26,347)		(26,347)
Other comprehensive income								
Adoption of IFRS 16 on January 1, 2019					(316)	(316)		(316)
Share-based payments					268	268		268
Other				(0)	(18)	(18)		(18)
Equity at December 31, 2019		**2,999**	**82,585**	**(0)**	**(89,024)**	**(3,441)**		**(3,441)**

SUMMARY OF THE NOTES TO THE IFRS CONSOLIDATED FINANCIAL STATEMENTS

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1. Presentation of the FORSEE POWER GROUP

FORSEE POWER SAS ("FORSEE POWER GROUP" or the "Group"), is a Société par Actions Simplifiées (Simplified Joint Stock Company), governed by French law. It is registered since 2007 in the Paris Trade and Companies Register under number 494 605 488.

FORSEE POWER SAS's registered office is located at 54-56 Avenue Hoche, 75008 Paris, France.

FORSEE POWER SAS specializes in the design and the integration of specialized batteries:

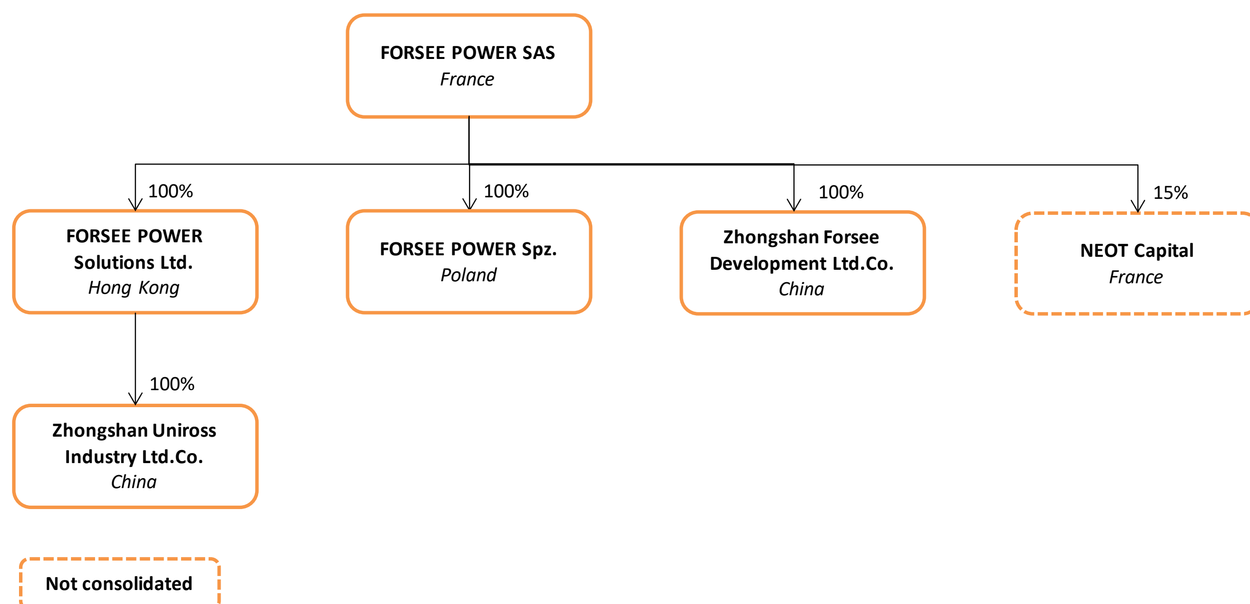
- in the field of autonomy and mobility (bicycles, scooters, rolling stock, medical facilities, home automation, professional tooling and more);
- in electric transport (buses, trucks, trams, shipping and rail transport, marine and offshore) and storage of electricity (residential, commercial and industrial markets).

The Group is made up of several acquisitions: Uniross Batteries activities (formerly Alcatel Saft) in 2011, Erse in 2012 and Dow Kokam France (formerly Société de Véhicules Electriques — SVE) in 2013.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and approved by the Chairman of the Company FORSEE POWER SAS on June 5, 2020.

The Group is not listed as at December 31, 2019.

Group Organizational Chart as at December 31, 2019



2. Main events

The Group conducted several operations over the year ended December 31, 2019:

Financing:

- Repayment of the first tranche of the EUR 6 million short term credit line with our partner BNP for EUR 1.5 million on January 31, 2019 as per the contract. The Company is in negotiations with our partner BNP to set up a medium term line of between EUR 8 million and EUR 10 million to replace the first contract.
- The company agreed a capital increase of EUR 4 million on March 13, 2019 through the issuance of 10,550 new preferred shares (category C3) to SPI Fund.
- The company issued EUR 5 million in convertible bonds to the BPI (EUR 2 million) and Idinvest (EUR 3 million) in early July 2019.
- The Company recorded a capital increase of EUR 16.5 million on December 18, 2019, through the contribution of EUR 2.5 million from shareholders Idinvest and Mitsui, the conversion of EUR 5 million of convertible bonds issued in July 2019 (OC3 and OC4), the conversion of EUR 4.5 million from Mitsui supplier accounts and EUR 4.5 million from associated Idinvest current accounts.
- Availability of the third tranche of EUR 5 million by the European Investment Bank in December 2019.

Operational evolutions/Human resources:

- Ongoing operations on the non-renovated Chasseneuil du Poitou site, production on FLEX, PULSE and ZEN lines.
- First production of Transport batteries at the Chinese site, PULSE 2.5 battery, for Wrightbus.
- Extensive delivery delays for the PULSE 15 and ZEN 35 automatic lines, which — in the end — were only delivered in October and December 2019, respectively.
- Industrial action by employees of the Chasseneuil du Poitou site in early July, following the heat wave and working conditions with excessively high temperatures.
- Election of a works council in October 2019 representing the employees of the Ivry and Chasseneuil du Poitou sites. This works council will replace the last two elected members of the staff delegates as of January 1, 2020.
- Start of rehabilitation work on the Chasseneuil site in December 2019. This work should last until the end of July 2020 for the vast majority of the site to be made available and continue until the start of 2021 for the remaining areas.

Business development:

- 19 cases of batteries igniting on the UNU product between February 2019 and March 2020. The probable cause identified is the change of engine and controller by UNU on versions 1.1 and 1.2 of their scooter from early 2018, which are clearly out of specification for the battery use.
- Liquidation of the customer Wrightbus in September 2019, which was then bought by the company Bamford Bus in December of the same year.

3. Subsequent events

Financing:

- Repayment of an additional EUR 500 thousand tranche relating to the short-term credit line with our partner BNP. The balance outstanding on the short-term credit line is EUR 4 million.
- The company issued EUR 15 million in convertible bonds to the BPI (EUR 10 million) and Idinvest (EUR 5 million) in February 2020.
- The company issued EUR 15 million of convertible bonds to the BPI (EUR 5 million) and Idinvest (EUR 10 million) in May 2020 by decisions of the chairman using the delegations of authority granted for this purpose by the extraordinary shareholder meeting of February 28, 2020.
- The company has obtained an agreement from its banks and the BPI on additional financing for an amount of EUR 25 million in the form of a state-guaranteed loan of EUR 7.5 million from the BNPP, a state-guaranteed loan of EUR 7.5 million from HSBC, an Atout loan (Covid liquidity support) of EUR 5 million and an Innovation Support Loan of EUR 5 million with BPI Financement.

  These loans are conditional on the following three points which should be lifted in the coming weeks:

  - Release of the EUR 15 million tranche of convertible bonds issued in May 2020
  - Repayment of EUR 4 million of short-term credit with BNPP
  - Approval of the resolution of the ordinary shareholder meeting concerning the allocation of losses and retained earnings to be deducted from Issue premiums.

Operational evolutions/Human resources:

- During the COVID-19 Crisis, the company had to face a complete shutdown of the Chinese factory for several weeks between the end of January and the beginning of March, then a total shutdown of production in France from March 19, 2020 (almost 100% of batteries for heavy vehicles), i.e. more than 80% of total revenue over this period with an assumption of reopening in early May 2020. During this same period, production continued in Poland and China but with reduced activity due to customers being in Europe and the USA, except for the medical segment (respirators, defibrillators, oxygen concentrators, injection pumps) whose production accelerated.

4. Accounting standards, basis of consolidation, measurement methods and rules

4.1. Accounting standards

4.1.1. Basis of preparation for the consolidated financial statements

The consolidated financial statements of FORSEE POWER Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union at the closing date for the reporting period. This standard, available on the European Commission website (http://ec.europa.eu/internal_market/accounting/ias_fr.htm), includes international accounting standards (IAS and IFRS), and Standard Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations.

The new mandatory standards on January 1, 2019 are as follows:

- IFRS 16 relating to leases.

The implementation and impacts of the initial application of IFRS 16 are described in Note 6.3.1.

The new standards and interpretations issued by the IASB but not yet adopted by the European Union are only mandatory following adoption and so were not applied by the Group as at December 31, 2019.

After a preliminary analysis, the Group does not expect the above changes to have a material impact on its comprehensive income and financial position.

Options contained with the accounting standards and used by the Group are as follows:

- IAS 38 — Intangible assets: the Group has chosen to record intangible assets using the amortized historical cost method;
- IAS 16 — Property, plant and equipment: the Group has chosen to record property, plant and equipment using the amortized historical cost method;
- IAS 12 — Income taxes: the Group has chosen to present the French CVAE tax (corporate tax on value-added) in income taxes in accordance with the IFRIC interpretation of 2006 and the publication issued by the French Accounting Standards Authority (Autorité des Normes Comptables — ANC) on January 14, 2010;
- IAS 33 — Earnings per share: the Group is not listed on a regulated market but has opted to publish earnings per share information;
- IFRS 8 — Operating segments: the Group is not listed on a regulated market but has opted to publish operating segment information;

In the absence of applicable interpretations or standards, the Group uses accounting principles that will provide relevant and reliable information so that the financial statements present an accurate view of the Group's financial position, financial performance and cash flows.

The consolidated financial statements and notes thereto are expressed in euro (EUR).

4.1.2. Accounting estimates used by Management

The preparation of the Group's financial statements, in compliance with international accounting standards, requires management to make estimates and assumptions that affect the application of the accounting methods, the amounts of assets and liabilities, income and expenses, and the disclosure of assets and contingent liabilities.

The estimates and underlying assumptions are established according to the information available when the consolidated financial statements were prepared. These estimates may be reviewed if circumstances

on which they were based change or following new information. The actual future results may be different from these estimates. Management reviews these estimates according to past experience and its overview of the market. If an estimate is reassessed, it is not correction of an error.

The accounting estimates requiring the formulation of hypotheses are used mainly for the following items:

(a) *Valuation of the recoverable amount of goodwill*

The main assumptions used by Management in its annual assessment of the recoverable amount of goodwill are future cash flows and the discount rate.

Future cash flows used to determine the value in use are flows from updated forecasts for a five-year period on the basis of the last strategic plan. The strategic plan for the 2020-2024 period has been produced with economic assumptions judged to be realistic by Management, for both revenue and production costs.

The discount rates used are related to the WACC (Weighted Average Cost of Capital) estimated on the basis of sector parameters. A spread for specific risk of the asset tested might be added. Data used to determine these rates comes mainly from independent external sources.

(b) *Research and development costs*

Management identifies development projects related to improvement or creation of a product and/or technology used by one or more clients. These projects and expenses are regularly analyzed by Management according to information obtained over the period. The Management decides on the amortization periods for development projects in accordance with internal feedback on the lifespan of the technologies developed for the current divisions (between 5 and 7 years).

(c) *French Research Tax Credit (CIR)*

Management assesses the Research Tax Credit income on the basis of eligible expenses, discussions with tax authorities and the conclusions obtained from its advisors and experts.

(d) *Costs relating to capital increases*

As part of the capital increases occurring during the period, Management used its judgment to identify the costs related to these operations as at December 31; 2019. These fees are allocated to issue premiums.

(e) *Assessment of Accounts receivables*

Management assesses the current value of receivables according to the likelihood of recovery.

(f) *Provisions*

With the aid of its legal advisors, Management analyzes disputes and assesses the provisions to be recorded if the Group needs to make a cash provision.

(g) *Recognition of deferred tax assets on tax losses*

Deferred tax assets relating to tax loss carryforwards are recognized if Management has sufficient visibility in the recovery of these losses under the imputation and spread tax rules.

Deferred tax assets related to tax loss carryforwards have been recognized as a precautionary measure for the estimated imputation on the forecast future tax profits of the next five fiscal years.

(h) *Employee Benefits*

Management reviews actuarial assumptions used in the estimation of the post-employment benefits such as discount rate, turnover rate and growth rate of wages.

(i) *Debt issuance costs*

The debt issuance costs are identified by Management and presented in the income statement, in line with the financial cost of the issued debt.

(j) *Assessment of the fair value of share-based payments (Stock Options)*

The cost of transactions carried out for staff members and settled in equity instruments by means of stock options is evaluated by Management at the fair value of the equity instruments on the date on which they were allocated.

Estimating the fair value of these share-based payments requires use of the Black & Scholes option pricing model which takes into account complex assumptions and variables: the company's share value, the life of the option, the exercise price, the expected volatility of the share, the risk-free rate, the share risk premium, the share liquidity, and others.

(k) *Fair value measurement of derivatives on financial instruments*

The fair value of derivatives on financial instruments is evaluated on the Black & Scholes model which takes into account complex assumptions and variables: the value of the company's share, the life of the option, the exercise price, the expected volatility of the share, the risk-free rate, the share risk premium, the share liquidity premium, etc.

(l) *Assessment of financial liabilities on leases*

Management has assessed all the facts and circumstances to determine the probability that early termination or one of the renewal options included in the leases should be exercised in the future in order to assess the liabilities on the leases under IFRS 16.

Management used available data such as the risk premium and the company's spread over the risk-free rate to assess the marginal debt ratio used for assessing liabilities under IFRS 16.

4.2. Consolidation methods

4.2.1. Reporting date and annual financial statements of consolidated subsidiaries

These consolidated financial statements have been established on the basis of the corporate accounts for subsidiary companies of the company FORSEE POWER SAS. All these financial statements cover a 12-month period with a period-end date of December 31, 2019.

The financial statements used as comparative information are those presented for the year ended December 31, 2018 covering a 12-month period.

The annual financial statements of consolidated companies for the periods presented are prepared in accordance with the accounting principles and valuation methods applied by the Group. They are restated as necessary to comply with the accounting principles used in preparing the consolidated financial statements.

4.2.2. Consolidation method

4.2.2.1. Equity interests under exclusive control: full consolidation

An equity interest is a subsidiary controlled by the Group. Control exists where the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing whether control exists, potential voting rights that are exercisable or convertible at the reporting date are taken into account.

Subsidiaries' financial statements are included in the consolidated financial statements from the date on which the Group obtains control and until the date that such control ceases.

Full consolidation consists of:

- Incorporating the items from the consolidated companies' financial statements into the consolidating company's financial statements, after any restatements;

- Divide the equity and the income between the interests of the consolidating company under "Share attributable to owners of the parent company" or "Group share," and the interests of the other shareholders or associates under "Non-controlling interests" or "Minority interests;"
- Eliminate transactions in the financial statements between the fully consolidated company and the other consolidated companies.

4.2.2.2. Operations eliminated in the consolidated financial statements

The following items are eliminated in the consolidated financial statements:

- Reciprocal receivables and payables;
- Intra-group transactions (purchases, sales, dividends, internal margins, etc.);
- Provisions for consolidated companies;
- Any operation involving two or more Group companies.

4.2.2.3. Translation of financial statements established in foreign currencies

The equity interests that present their financial statements in foreign currencies are those entities based outside France (China and Poland) whose operations are mainly directed by the Group from France according Group's production objectives. These foreign entities do not currently control their own operations and are not managed independently, in particular on a financial level.

As these equity interests are internal production centers, the financial statements of these foreign entities are not established in the entity's functional currency (euro, US dollar or Hong Kong dollar), this currency might be different from the entity's local currency, e.g. the yuan for China and the zloty for Poland.

Financial statements established in foreign currencies are translated according to the historical rate method:

- Non-monetary assets and liabilities items (property, plant & equipment, intangible assets, and goodwill) and components of equity are translated into euros using the exchange rate at the transaction date;
- Monetary assets and liabilities items are translated into euros using the exchange rate on the reporting date;
- Income statement and cash flow items are translated into euros using the exchange rate on the transaction dates or—in practice—at a rate that is similar and that corresponds to the average rate of the reporting period, unless significant fluctuations occur;
- Translation differences that occur are recognized under financial result.

4.2.2.4. Business combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3. The Group is considered the acquirer once it controls the acquiree.

Acquisition cost is measured at fair value on the acquisition date. External acquisition costs that are assumed are recognized in expenses for the period in which the corresponding services are received.

When the Group acquires a company, it measures the identifiable assets and liabilities of the entity acquired at their fair value, except as provided for by IFRS 3. Non-identifiable assets, such as goodwill or a technical loss, are not included in the assets acquired. Contingent liabilities are also assessed and recognized if they are a current obligation. Deferred taxes are recognized in accordance with IAS 12.

The Group has 12 months from the acquisition date to assess the fair value of the acquisition price, including earn-outs, and to determine the fair value of the identifiable assets and liabilities. After this

period, each modification of acquisition price or value of identifiable assets and liabilities is recognized in comprehensive income.

For each business combination, the Group measures the fair value of the identifiable net assets for non-controlling interests (minority interests) and recognizes full goodwill allocated between the Group and the non-controlling interests. The full goodwill is presented in the statement of financial position and it is not amortized but impaired if necessary.

In case of negative goodwill, when the acquisition cost is lower than the fair value of the net assets of the subsidiary acquired, the Group reviews the value of assets and liabilities to check for impairment or for provisions for risks and charges. If there is a difference in the valuation of the intangible assets, these assets are capped to avoid recognizing negative goodwill. After these analyses, negative goodwill is considered as profit resulting from an acquisition under favorable conditions and is recognized in the income statement for the acquisition period.

4.2.2.5. Transactions with non-controlling interests

Transactions with non-controlling interests that do not impact control of a subsidiary over which the Group has exclusive control are considered to be transactions between associates with no impact on the Group's economic value and are recognized in equity in accordance with IFRS 10:

- For an additional acquisition of non-controlling interests, the difference between the acquisition price of the securities and the supplementary share of consolidated equity thus acquired is recognized by the Group as a deduction from equity;
- In the case of disposals to non-controlling interests, the difference between the disposal price of the securities and the share of consolidated equity sold by the Group is recorded under equity.

These transactions do not affect accounting values of assets and liabilities for the equity interest concerned, including goodwill and valuation differences.

4.3. Accounting methods and measurement rules

4.3.1. Presentation of non-current and current items

The Statement of Financial Position presents current and non-current assets and liabilities in accordance with IAS 1, "Presentation of Financial Statements."

Assets and liabilities are classified as current when:

- the Group expects to gain the asset or settle the liability in its normal operating cycle or within 12 months of the reporting date;
- the asset or liability is held for the purpose of being traded or for transactions;
- the asset comprises cash or cash equivalents.

Any asset or liability which does not meet one of these criteria is classified as non-current.

Non-current financial assets and other non-current assets measured at amortized cost are presented with an update to the original effective interest rate generally corresponding to the Euribor 1-year rate at the reporting date of the consolidated financial statements.

4.3.2. Goodwill

Full goodwill from business combinations is allocated to the relevant cash generating unit (CGU). A CGU is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash flows from other assets or groups of assets.

Goodwill is not amortized but is tested for impairment through the CGU to which it belongs every reporting date as a minimum. An impairment loss is recognized when the carrying amount of the CGU

is greater than its recoverable amount (see below for the assessment method used). The loss to be recorded for a CGU is first deducted from the carrying amount of full goodwill allocated to the CGU, then deducted from the carrying amount of each of the unit's assets. Goodwill impairment cannot be reversed and is recognized in operating income under "Goodwill impairment."

The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. To determine the value in use of a CGU, future cash flows are discounted at rates, after tax, that reflect current market estimates of the time value of money and the specific risks associated with the asset. The Group uses only one discount rate for its future cash flows which is calculated on the WACC (Weighted Average Cost of Capital). Future cash flows are determined on the basis of reasonable and documented assumptions. The Group uses the most recent projections that are generally established for a five-year period; beyond this period, the terminal value is determined by capitalizing the final year's projected cash flow to infinity, with a zero growth rate.

4.3.3. Development costs

The development costs incurred must be recognized as an intangible asset when the following conditions defined by IAS 38 can be demonstrated:

- The technical feasibility of and capacity to complete the intangible asset so that it will be available for use or sale;
- The intention to complete, ability to use or sell the asset, and availability of financial resources;
- It is probable that future economic benefits from the asset will flow to the entity;
- The cost of the asset can be reliably measured.

The development costs incurred are related to the improvement of the product or technology that will be used by one or more customers. The Group determines eligible expenses on a regular basis through a Project Monitoring Committee. These are mainly time spent, the project start date and the estimated project end date (SOP Date).

Amortization periods for development projects are established from internal feedback on the lifespan of the technologies developed for the current divisions. The amortization period chosen for all projects is five years from the estimated project end date.

Expenses that do not respect activation criteria of development costs, and expenses related to research costs, are recognized in the income statement.

4.3.4. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are presented in the consolidated financial statements at acquisition price or production cost, or fair value if acquired as part of a business combination, less accumulated depreciations and impairment losses recognized.

The depreciation and amortization are calculated by reference to the estimated useful lives of each asset class. Where applicable, the total cost of property, plant and equipment is allocated to its component parts, with each part being accounted for separately. This is the case when the various components of an asset have different useful lives or if they provide benefits to the business at a different pace thereby requiring different depreciation and amortization rates and methods.

This is the case when the various components of an asset have different useful lives or if they provide benefits to the business at a different pace thereby requiring different depreciation and amortization rates and methods. The amortization periods are reviewed annually and modified if the expectations differ from previous estimates. Changes in these estimates are recorded on a prospective basis.

Depreciation is calculated using the straight-line method, based on the estimated useful life of each component as follows:

Software and licenses	Straight-line method	5 years
Industrial equipment	Straight-line method	5 years
General installations and fittings	Straight-line method	8 to 10 years
Transport equipment	Straight-line method	5 years
Office and IT equipment	Straight-line method	3 years

4.3.5.Lease agreements

IFRS 16 on leases replaces IAS 17 and related interpretations. It introduces a single principle of lease accounting for lessees with the recognition of a fixed asset and a lease debt for the vast majority of leases.

The lessee thus records:

- A non-current asset representing the right of use for the leased property on the assets side of the consolidated statement of financial position;
- A financial debt representative of the obligation to pay for this right on the liabilities side of the consolidated statement of financial position;
- Depreciation charges on rights of use and interest charges on lease debts in the consolidated income statement.

On the effective date of the lease, the lease debt is recognized for an amount equal to the present value of the minimum payments remaining to be made over the non-cancellable period of the lease, as well as the payments linked to options that the lessee has reasonable certainty to exercise. This amount is then measured at amortized cost using the effective interest method.

On this same date, the right of use is recognized for a value corresponding to the initial amount of the debt to which are added, if applicable, (i) the advance payments made to the lessor, net if applicable, benefits received from the lessor, (ii) the initial direct costs incurred by the lessee for the conclusion of the lease as well as (iii) the estimate of the costs of dismantling or repairing the leased property according to the terms of the lease. This amount is then reduced by depreciation and impairment losses. The rights of use are depreciated on a straight-line basis over the term of the lease, including the options for early termination and renewal that the lessee is reasonably certain to exercise. When the contract has the effect of transferring ownership of the property to the lessee or when it includes a purchase option, which will be exercised with reasonable certainty, the right of use is depreciated over the useful life of the underlying asset under the same conditions as those applied to assets held directly.

Lease payments are broken down between the financial expense and the repayment of the principal of the rental liability and are recognized in cash flows from financing activities in the consolidated cash flow statement.

Thereafter, the debt and the right of use for the underlying asset must be re-estimated to take into account the following situations:

- The revision of the rental period;
- Any change related to the assessment of a reasonably certain nature (or not) of the exercise of an early termination or renewal option;
- Re-estimation of residual value guarantees;
- The revision of the rates or indices on which rents are based;
- Rent adjustments.

The main simplification measures provided by the standard and adopted by the Group are (i) the exclusion of short-term leases and (ii) the exclusion of leases relating to low-value assets.

Rents from leases that are excluded from the scope of IFRS 16 as well as variable payments, not taken into account during the initial assessment of the debt, are recognized in operating expenses.

4.3.6.Impairment of fixed assets

Fixed assets, with definite and indefinite useful lives, are tested for impairment when there is an indication that they may be impaired as a result of events or circumstances that occurred during the period, and it appears that their recoverable amount will remain lower than their net carrying amount. Impairment testing is carried out to compare the recoverable amount and the net carrying amount. When an impairment loss appears necessary, the amount recognized is equal to the difference between the net carrying amount and the recoverable amount. The recoverable amount is the higher value of the fair value net less costs to sell and the value in use.

4.3.7.Financial assets

Financial assets are recognized in accordance with the provisions of IAS 39, and presented in accordance with the provisions of IAS 32 and IFRS 7.

The Group recognizes a financial asset on its balance sheet when it becomes a party to the contractual provisions of the instrument. The financial assets used by the Group are classified according to the following four categories:

- Financial assets at fair value through profit or loss, such as marketable securities: these are securities assets acquired by the Group with the aim of making a profit from short-term price fluctuations. They are initially recognized at fair value (excluding direct transaction costs recognized in the income statement). At each reporting date, changes in fair value are recorded in the income statement.
- Held-to-Maturity (HTM) investments such as deposits and guarantees: fixed or determinable income securities for which the Group has the intention and ability to hold to maturity. With few exceptions, the standard prohibits the selling of these securities before their maturity. After initial recognition at the acquisition price, they are recognized at amortized cost using the effective interest method. If there is indication of impairment, an impairment loss is recorded for the difference between the carrying amount and the estimated recoverable amount, i.e. future cash flows are estimated and discounted using the original effective interest method.
- Loans and receivables; whether related or not to equity interests: this category records non-derivative financial assets with payments already determined or to be determined. Such financial assets are carried at amortized cost using the effective interest method. Loans and receivables due less than 12 months after the reporting date are not discounted. If there is indication of impairment, an impairment loss is recorded for the difference between the carrying amount and the estimated recoverable amount, i.e. future cash flows are estimated and discounted using the original effective interest method.
- Available-for-sale financial assets: this category includes the other financial assets such as non-consolidated equity interests. They are initially recognized at the acquisition price (transaction costs included). At each reporting date, these assets are measured at fair value. In the absence of an active market, the Group measures the fair value of a non-consolidated equity interest on the basis of a share of the equity and the expected profitability of the investment. Changes in fair value are recorded in equity in a special reserve if there is objective evidence of significant or permanent impairment, the unrealized loss is recognized in equity. These changes, including impairment, are written back and recorded in the income statement for the fiscal year when the financial asset is sold.

  The Group did not have any available-for-sale financial assets as at December 31, 2019.

4.3.8. Inventories and work in progress

Inventories are measured at acquisition cost using the weighted average cost method.

Inventories of goods are valued at purchase cost, which includes the purchase price, forwarding costs (transport and customs), labeling, and related costs. Financial costs are not presented in the assessment of inventories.

Internal margins, applied between the various Group companies on merchandise in inventories at the reporting date, are eliminated in the consolidated financial statements.

An impairment loss may be recognized on the inventories to take into account the current values of the products at the reporting date.

4.3.9. Trade receivables

Trade receivables are initially recognized at fair value, and mainly comprise the difference between the revenue recognized, billed, and the payments received from customers. Trade receivables recognized at fair value are depreciated if necessary, in case of recovery difficulties taking into account the amounts covered by credit insurers. Impairment is determined by customer. Any impairment is recognized in the income statement under the line item "Provisions and impairment, net," excepted for impairment related to receivables acquired over the period which is presented as a deduction from revenue in accordance with IFRS 15.

Trade receivables assigned and transferred to a factoring organization are maintained in the consolidated financial statements.

There are no trade receivables related to holdbacks or After Sales Service because this is not material.

Income related to the sale of services and goods that are not delivered at the reporting date are recorded as a deduction from trade receivables (prepaid income).

4.3.10. Cash and cash equivalents

Cash and cash equivalents comprise bank balances, plus highly liquid short-term investments with a minimal risk of changes in value.

Short-term investments are assessed at fair value at the reporting date (financial assets at fair value by income). The changes in value are recorded in “financial result”.

4.3.11. Share capital and capital issuance costs

When equity instruments are issued, they are recorded at the transaction price after deduction of transaction costs. Equity instruments are not reassessed. If the equity instrument is canceled or repaid, the payment is directly deducted in equity and there is no profit or loss recognized.

The transaction costs directly related to a share capital increase shall be registered as a deduction from the issue premium, i.e., deducted from equity in accordance with IAS 32.

4.3.12. Share-based payments

4.3.12.1. Transactions with investor shareholders

Share-based transactions to investor associates are not considered share-based payments under IFRS 2 but are treated as equity instruments under IAS 32. They are recorded in equity at their transaction price (subscription amount) and are not reassessed at period-end.

The share subscription warrants (BSA_G) correspond to instruments issued by the company for the benefit of associated investors, and are presented in Note 8.9.3.

4.3.12.2. Transactions with Management and employees

Stock option distributions to employees are considered share-based payments and are assessed and presented in the consolidated financial statements in accordance with IFRS 2.

Share-based payments are valued at the fair value of the equity instruments in return for the services rendered by the members of staff. Fair value measurement is established on the date of grant of stock options and using the Black & Scholes option pricing model. This pricing model includes several complex assumptions and variables: the value of the company's share, the life of the option, the exercise price, the expected volatility of the share, the risk-free rate, the share risk premium, the share liquidity premium, etc.

The cost of a share-based payment is recognized as an expense for the period on the "Employee expenses" line, in proportion to the services rendered from the date the free shares were granted. If the rights vesting period spans several periods, the cost of a share-based payment is allocated pro rata temporis.

The cost is adjusted at each reporting date if during the period the number of shares to be issued varies. The cost recognized as an expense is not included under income even if the option is not exercised by the beneficiary.

4.3.13. Employee benefits

Employee benefits are measured and presented in accordance with IAS 19 according to:

- Short-term benefits such as wages, social security contributions, bonuses payable, employee vehicles whether owned by the Group or leased, expenses related to training, and other employee fringe benefits;
- Long-term benefits such as long-service awards and bonuses payable beyond 12 months after the reporting date;
- Termination benefits and severance payment;
- Post-employment benefits (defined benefit plans or defined contribution plans).

Short-term benefits are recognized in the income statement under "Employee benefits" and are presented in Note 9.4 below.

The Group pays the contributions for basic pension plans to insurance institutions. Under these defined contribution post-employment benefit plans, the Group's only obligation is to pay the premiums recorded in the income statement under "Employee benefits."

The Group has not set up any defined benefit pension plan for employees. Its commitment is limited to the legal retirement benefits payments that are assessed using the projected unit credit method. According to this method, each period of service gives rise to an additional unit of rights entitlement, and each of these units is assessed separately to obtain the final obligation. This obligation is then discounted to obtain the final obligation. These calculations incorporate financial assumptions and demographic assumptions.

4.3.14. Provisions for risks and charges

A provision for risks and charges is recorded as soon as a clearly defined obligation exists, resulting from past or current events, and which makes an outflow of resources likely to be incurred at an unknown future date. The amount provided for in the financial position is the best estimate of the amount required to settle the obligation at the reporting date, excluding any expected income. Each risk or charge is assessed on a case-by-case basis at the reporting date and provisions are adjusted to reflect the best estimate at that date.

Provisions are recognized as current provisions if they cover an obligation that must be paid or settled within 12 months following the reporting date, otherwise they are considered non-current.

Non-current provisions are discounted if the time value effect is material in accordance with IAS 37.

Contingent assets and liabilities, i.e. a potential asset or liability depending on uncertain future events, are not recognized in the financial position except for contingent liabilities recognized in a business combination.

4.3.15. Financial liabilities

The financial liabilities are assessed in accordance with IAS 39, and recognized in accordance with IAS 32 and IFRS 7.

They are recognized at fair value at their acquisition date (including transaction costs) and then recognized at amortized cost using the effective interest method.

They are broken down in the consolidated financial statements between:

- The long-term loans and financial debts for the portion due beyond 12 months following the reporting date, which are classified in non-current liabilities;
- The short term loans and financial debts for the portion due within 12 months following the reporting date, which are classified in current liabilities.

The non-current interest-bearing financial debt is not discounted to present value at the reporting date.

The cash from assigned receivables transferred to the factoring companies is recognized in financial debt net of reserves and deposits held by the factoring company.

The Group does not have any financial liabilities at fair value (other than derivative financial instruments) in the statement of financial position at the reporting date.

Financial liabilities obtained under non-market conditions (loan with a zero rate) are presented at their fair value with a profit contra entry recorded in income. The profit is then written-back within income to be incorporated within the effective interest rate of the loan to record it with a normal market rate.

Debt issuance costs are recorded as a deduction of the initial fair value of the debt issued, and spread over the life of the loan using the effective interest method.

4.3.16. Accounts payable

The accounts payable sold and transferred to a factoring organization are maintained in the consolidated financial statements.

4.3.17. Derivative instruments

Share subscription warrants (Bons de souscription d'action — BSA) issued by the company that do not meet the definition of an equity instrument, that is to say when the settlement of the instrument does not result in the delivery of a fixed number of company shares, are classified and valued as a derivative instrument and presented as a liability.

This passive financial instrument is measured at fair value on the date of issue of the instrument, and on each reporting date. The change in fair value of the derivative instrument is recognized in the income statement and presented as a financial expense.

4.3.18. Hedge accounting

The Group does not have any instruments with a hedging relationship (fair value or cash flow) over the periods presented.

4.3.19. Revenue recognition

Group revenues are assessed and presented in accordance with IFRS 15. Revenues are assessed on the basis of the transfer of control.

The Group has no return of goods commitment or repurchase commitment except for Flex 7 batteries that are covered by a contractual agreement to recover the batteries at the end of their life. This commitment is recognized as a provision in the financial statements.

Income that is not likely to be recovered is not recognized in financial statements for the period in which the transaction was realized.

4.3.20. Grants, subsidies, Research tax credit (CIR), Competitiveness and employment tax credit (CICE)

The income from operational grants or subsidies is recognized under other operational income.

Research tax credits (CIR) are granted to companies in France to encourage them to carry out technical and scientific research. Companies able to justify expenses that fulfill the requisite criteria benefit from a tax credit that can be used for the corporate income tax payment for the year in which the expenses occurred and for the three subsequent years or that can be repaid for the excess portion, if applicable. The research tax credit income is recognized as a deduction from the research tax credit-related expenses (CIR), net of fees related to the assessment of this tax credit. Cash flows related to the research tax credit are disclosed in cash flows from financing activities.

Grants that operate in the same manner as the research tax credit are recognized in the same way as this tax credit.

The income from the French competitiveness and employment tax credit (CICE) is recognized as a deduction from "Employee benefits."

The tax receivables relating to the tax credit are presented in the "Other non-current assets" if the settlement or imputation on the tax payables occur more than 12 months after the reporting date and are discounted to present value.

4.3.21. Taxation

4.3.21.1. Corporate taxation

There is no tax group within the Group as at December 31, 2019.

The tax receivables related to carry back on current tax are presented in the "Other non-current assets" if payment will occur more than 12 months after the reporting date and are discounted to present value.

4.3.21.2. Deferred taxes

Deferred tax is recognized on all temporary differences observed between the value of assets and liabilities in the consolidated financial statements and their tax bases, in accordance with IAS 12. The permanent differences such as goodwill impairments and share-based payments do not generate deferred tax.

Deferred taxes are measured at the tax rates relating to the tax entity and for which application is expected when the asset is realized or the liability is settled. The tax rate applied for French companies is 28%. Temporary differences based on real estate are subject to the rules for capital gains and losses on real estate disposals.

The impact of tax rate changes (variable deferral) is recognized in the income statement for the period in which the change is decided by the local tax authorities, except where the contra entry was initially recognized in equity, in which case the impact of the rate change is also recognized in equity.

Deferred taxes have been recorded in accordance with the temporary reversal periods and the new French tax rate from the 2019 finance law for French companies (gradual reduction in tax rate to 25% in 2022).

The deferred tax assets or liabilities are presented using a net position (net deferred tax) for each tax entity.

In the case of net deferred tax assets resulting mainly from tax deficit positions (tax loss carryforwards), these deferred tax assets are recognized in the financial position at each reporting date only to the extent that it is highly probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized for the tax entity concerned. Unrecognized deferred tax assets mentioned in Note 8.18 below.

The deferred taxes are presented in the non-current section of the statement of financial position and are not discounted at present value.

4.3.22. Territorial economic contribution

The territorial economic contribution (contribution économique territoriale — CET) of the Group's French companies is presented in the consolidated income statement:

- In "Taxes" for the corporate real estate contribution (Contribution foncière des entreprises — CFE). This tax is based on the lease value of the assets subject to real estate taxes. It fulfills the criteria for recognition as an operating expense;
- In "Corporate taxation," the French corporate tax on value-added (Cotisation sur la valeur ajoutée des entreprises — CVAE) tax component is based on the value-added produced by the Group. It fulfills the criteria for income tax under IAS 12. A deferred tax is recognized at the CVAE rates in accordance with IAS 12 on all adjustments on the value-added defined by the French General Tax Code.

4.3.23. Financial result

The financial result includes the following paid-in elements:

- Financial income received from financial instruments such as revenue from securities, loans, and receivables, and income from sales of marketable securities;
- Financial expenses paid out such as financial cost related to bank overdrafts, borrowings, financial leases, factoring, and other banking services costs;

Financial result also includes the following calculated elements:

- The effect of discounting on the financial position items;
- The fair value change of the financial instruments with a cash flow hedging relationship;
- The impairments and reversals of provisions for financial assets assessed at amortized cost.

The cost of net debt comprises financial income received and financial expenses paid.

4.3.24. Translation for transactions denominated in foreign currency

The recognition and the assessment of the transactions denominated in foreign currency are defined by IAS 21 "The Effects of Changes in Foreign Exchange Rates."

In accordance with this standard, the transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the transaction date.

At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate of the reporting date. Realized foreign exchange gains or losses are recognized in the income statement:

- In operating income for commercial transactions;
- In cash income or in the cost of financial debt for financial operations.

4.3.25. Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to equity holders of the company FORSEE POWER SAS by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the profit or loss attributable to equity holders of the company FORSEE POWER SAS by the weighted average number of dilutive potential ordinary shares outstanding during the period.

Potential ordinary shares are considered dilutive if — and only if — their conversion to ordinary shares reduces the earnings per share.

If the inclusion of deferred equity instruments within the calculation of diluted earnings per share results in an anti-dilutive effect, these instruments are not taken into account.

4.3.26. Operating segments

An operating segment is a distinct component:

- which engages in activities from which the Group may earn revenue from ordinary activities and incur expenses, including revenue from ordinary activities and expenses related to transactions with other parties of the Group;
- whose operating income is regularly reviewed by Group Management to make decisions about resources to be allocated to the segment and to assess its performance; and
- for which isolated financial information is available.

The Group has two operating segments:

- Portable and mobility;
- Transport and storage.

The Group's primary segment reporting level is by operating segment and the secondary level is by geographical segment.

Segment data from internal reporting and data presented in Note 7 below follow the same accounting rules applied in the consolidated financial statements.

The performance of each segment is analyzed using EBITDA, EBIT and operating income. EBITDA and EBIT are defined as follows:

- EBITDA is defined as operating income before depreciation, amortization and impairment on receivables;
- EBIT is defined as the operating income.

4.3.27. Related parties

Related parties presented in the consolidated financial statements are defined as follows:

- Parties controlled by the Group: no controlled equity interest or associate company has been identified;
- The parties controlling the Group such as legal entity shareholders;
- Individuals who are members of the Group's management or of parties controlling the Group or who influence it significantly.

Financial assets and liabilities for related parties are presented in non-current financial assets or liabilities if they are to be paid or will become due in the 12 months following the period reporting date,

otherwise these items are presented as current financial assets and liabilities. Non-current assets or liabilities for related parties are discounted for the non-current part if the time value effect is material.

Information about related parties is presented in Note 10.1 in accordance with IAS 24.

5. Information on the scope of consolidation

Companies included in the scope of consolidation as at December 31, 2019 are the following:

		December 31, 2019			December 31, 2018		
Company	Location	% Control	% Interest	Consolidation method	% Control	% Interest	Consolidation method
FORSEE POWER SAS	France	100%	100%	FC	100%	100%	FC
FORSEE POWER SOLUTIONS Ltd.	Hong Kong	100%	100%	FC	100%	100%	FC
FORSEE POWER Spz	Poland	100%	100%	FC	100%	100%	FC
ZHONGSHAN UNIROSS INDUSTRY Ltd. Co.	China	100%	100%	FC	100%	100%	FC
ZHONGSHAN FORSEE DEVELOPMENT Ltd. Co. (1)	China	100%	100%	FC			NC
NEOT CAPITAL	France	15%	15%	NC	15%	15%	NC

(1) Creation in May 2019

As at December 31, 2019, four companies were fully consolidated.

The equity interests below were not consolidated as at December 31, 2019, due to the non-material impact on the Group's 2019 results:

- NEOT CAPITAL (15%)
- N Green Mobility, subsidiary of NEOT CAPITAL
- Forsee Power Pte Ltd (Singapore)

6. Information about comparability of the financial statements

6.1. Change in scope for the current financial year

- Creation of the Chinese entity Zhongshan Forsee Development in May 2019 and wholly owned by Forsee Power SAS.

This creation is part of a partial demerger of Zhongshan Uniross Industry.

6.2. Change in scope the previous financial year

There is no change in the scope of consolidation for the year ended December 31, 2018.

6.3. Change in presentation and accounting methods

6.3.1. Initial application of IFRS 16 on lease agreements

The Group has applied IFRS 16 using the simplified retrospective approach. As such, the financial statements published before the date that the standard was applied and presented in comparison have not been restated.

As part of the transition, the main simplification measures provided for in IFRS 16 and adopted by the Group are as follows:

- Exclusion of leases with a duration of 12 months or less and low value contracts;
- Application of the standard only to contracts previously identified as leases according to IAS 17;
- Right of use equal to the carrying amount of the asset if IFRS 16 had been applied on the effective date of the lease;
- Use of the remaining term of the lease on the transition date to determine the discount rate at the transition date;
- Exclusion of the initial direct costs from the assessment of the right of use on the initial application date.

Rental payments for leases that excluded from the scope of IFRS 16 are recognized directly in operating expenses.

The discount rates applied on the transition date are based on the Group's marginal borrowing rate to which a spread is applied to take into account the terms of the lease.

The weighted average marginal debt ratio on January 1, 2019 was 3.61%.

Impacts of the initial application of IFRS 16 on the Group's consolidated financial statements as at January 1, 2019

in EUR thousands	December 31, 2018	Application of IFRS 16	January 1, 2019
Property, plant and equipment — Gross value	8,165	3,910	12,074
Depreciation, amortization and impairment	(4,294)	(1,616)	(5,910)
Total net value,	**3,870**	**2,294**	**6,164**
Deferred tax assets	3,838	127	3,965
Other current assets	6,868	(26)	6,842
Total Assets	**14,576**	**2,395**	**16,971**

in EUR thousands	December 31, 2018	Application of IFRS 16	January 1, 2019
Equity	2,852	(316)	2,536
Non-current financial liabilities	25,034	2,711	27,745
Total Equity and Liabilities	**27,886**	**2,395**	**30,281**

The Group's consolidated net income as at December 31, 2019 was impacted by the restatement of rental expenses for EUR 749 thousand, the recognition of interest expenses for EUR (99) thousand and depreciation expenses for right of use EUR (610) thousand.

As of December 31, 2019, the net disbursement related to leases and classified as "Cash from financing activities" amounted to EUR (650) thousand of repayment of principal of debt on leased real estate.

6.3.2. Reclassification of financial instruments

Accounting presentation reclassifications for certain financial instruments have been made in the consolidated financial statements:

- Debt assignment operations (factoring):

  The IFRS consolidated financial statements have always presented receivables assigned to factoring as trade receivables, as a contra entry to a financial debt presented net of holdbacks.(see Notes 4.3.9 and 4.3.15).

  However, given the development of transactions relating to factoring transactions, some accounts relating to these assignment transactions were not identified as such and treated in a consistent manner.

  All of the trade receivables assigned to the factoring companies (HSBC and BNP) have been reconstituted to be presented in financial debt, after deduction of holdbacks and of the unfunded part of assigned receivables (see Notes 4.3.9 and 4.3.15).

- EIB Share Subscription Warrants (BSA $_{EIB\ A}$)

  The previously published financial statements presented the BSA $_{EIB\ A}$ issued on March 15, 2018 by the company for the benefit of the EIB as an equity instrument, that is to say without impact as long as the instrument does not unwind.

  These BSA $_{EIB\ A}$ are settled by the delivery of a number of shares which is not fixed, and moreover include a put option which can be redeemed with the EIB.

  Consequently, these BSA $_{EIB\ A}$ cannot be considered an equity instrument and have been classified and measured as a derivative liability in the financial statements as at December 31, 2019 and December 31, 2018.

  The change in fair value of the derivative between the date of issue and December 31, 2018 has been recognized in financial result. The value of the derivative corresponds to the cost of the option if these warrants are exercised.

  The presentation of the debt component of the EIB loan issued was presented at amortized cost as at December 31, 2018.

The items contained in the financial statements dated December 31, 2018 that are impacted by this change in presentation are presented below according to IAS 8:

in EUR thousands	December 31, 2018 published	Factoring reclassification	Derivative on BSA EIB Warrant A	Deferred taxes	December 31, 2018
Non-current assets	**17,119**	**0**	**0**	**(2)**	**17,117**
Goodwill	1,523				1,523
Intangible assets	7,645				7,645
Property, plant and equipment	3,870				3,870
Non-current financial assets	215				215
Other non-current assets	28				28
Deferred tax assets	3,838			(2)	3,836
Current assets	**38,861**	**547**	**0**	**0**	**39,408**
Inventories	10,040				10,040
Trade receivables	9,878	2,807			12,685
Other current assets	6,868	(2,260)			4,608
Financial instruments, assets — portion< 1 year	0				0
Current financial assets	0				0
Cash and cash equivalents	12,075				12,075
Total Assets	**55,980**	**547**	**0**	**(2)**	**56,525**
					0
Equity	**2,852**	**0**	**(552)**	**(2)**	**2,298**
Equity attributable to owners of the parent company	**2,852**	**0**	**(552)**	**(2)**	**2,298**
Share capital issued	2,452				2,452
Issue premiums	62,475				62,475
Currency translation reserve, Group	0				0
Reserves*	(39,433)				(39,433)
Net income (loss)	(22,643)		(552)	(2)	(23,197)
Non-controlling interests	**0**				**0**
Reserves of non-controlling interests	0				0
Non-controlling interests for the period	0				0
Liabilities	**53,128**	**547**	**552**	**0**	**54,228**
Non-current liabilities	**28,488**	**0**	**552**	**0**	**29,041**
Financial liabilities	25,034		(2,025)	0	23,010
Employee benefits	204				204
Provisions for risks and charges	2,811				2,811
Other non-current liabilities	435				435
Derivative financial instrument			2,577		2,577
Deferred tax liabilities	5				5
Current liabilities	**24,640**	**547**	**0**	**0**	**25,187**
Financial liabilities	9,910	547			10,457
Provisions for risks and charges	0				0
Accounts payable	9,975				9,975
Other current liabilities	4,755				4,755
Total Equity and Liabilities	**55,980**	**547**	**0**	**(2)**	**56,525**

The income statement dated December 31, 2018 was impacted by EUR (552) thousand in financial expense, and EUR (2) thousand in deferred tax expense.

These reclassifications impact the cash flow statement of December 31, 2018 at the level of non-calculated items.

7. Information by business segment and by geographical zone

Management has defined the business segments on the basis of reporting that it analyses on a regular basis to take decisions relating to the allocation of resources to segments and the evaluation of their performance.

Group reporting has two operating segments called:

- *Smart Life*: includes the light mobility market and portable devices and applications for which energy consumption is lower than 2 to 4 kWh. The Group develops battery packs meeting most of the market needs for the following segments: e-Bikes, e-Scooters, other light 1- to 4-wheeled vehicles, medical equipment, Internet of Things, home automation, robotics and professional tooling.
- *Smart Transport & Mobility*: covers the market for solutions adapted to the development of vehicles with hybrid or electric motorization for various means of transport (commercial and 'last kilometer' vehicles, bus, truck, marine, offshore, tram and train) and the market for stationary storage (residential, commercial and industrial).

7.1. Information by business segment

The consolidated income statement by business segment is not available as at December 31, 2018 or December 31, 2019.

The amount of revenue generated by customers who individually represent more than 10% of the income is EUR 6 million for the Smart Life segment and EUR 26.5 million for the Transport and Storage segment as at December 31, 2019.

The amount of revenue generated by customers who individually represent more than 10% of the income is EUR 5.8 million for the Smart Life segment and EUR 6 million for the Transport and Storage segment as at December 31, 2018.

The guidelines established by Management for 2019 will enable the Group to become less dependent on its customers.

in EUR thousands	Smart Life	Smart Transport and Mobility	Inter segment and Other	December 31, 2019
Non-current segment assets	7,029	16,549	1,595	25,173
Current segment assets	25,153	20,341	4,860	50,354
Non-current segment liabilities	(4,003)	(3,494)	(27,789)	(35,286)
Current segment liabilities	(10,974)	(14,718)	(17,990)	(43,682)
Total	**17,206**	**18,678**	**(39,325)**	**(3,441)**
Capitalization of R&D expenses	24	2,956		2,980
Acquisition of fixed assets	1,297	498	2,557	4,351
Other non-current investment expenses	-	-	-	-
Total	**1,321**	**3,454**	**2,557**	**7,331**

in EUR thousands	Smart Life	Smart Transport and Mobility	Inter segment and Other	December 31, 2018
Non-current segment assets	11,958	3,889	1,270	17,117
Current segment assets	13,497	10,441	15,469	39,407
Non-current segment liabilities	(364)	(2,807)	(25,869)	(29,040)
Current segment liabilities	(6,681)	(10,021)	(8,485)	(25,187)
Total	**18,410**	**1,502**	**(17,615)**	**2,298**
Capitalization of R&D expenses	688	3,735		4,423
Acquisition of fixed assets	693	498	1726	2,917
Other non-current investment expenses				
Total	**1,381**	**4,232**	**1726**	**7,339**

7.2. Information by geographical region

in EUR thousands	December 31, 2019	December 31, 2018
France	28,116	9,021
Europe	16,457	8,256
Asia	2,880	1,344
United States	2,598	4,495
Rest of the world	291	41
Total Revenues	**50,342**	**23,157**

	December 31, 2019	December 31, 2018
France	6,508	7,120
Europe	8	23
Asia	815	196
Rest of the world		
Total Investments	**7,331**	**7,339**

8. Information relating to items on the consolidated statement of financial position

8.1. Goodwill

in EUR thousands	December 31, 2018	Change in scope	Increase Allocations	Decrease Reversals	Fair value	Translation impact	December 31, 2019
Goodwill	1,523						1,523
Total	**1,523**						**1,523**
Impairment							
Goodwill							
Total							
Goodwill	**1,523**						**1,523**

Sensitivity testing has not been used to determine the present value of goodwill as at December 31, 2019. No sign of impairment was noted on goodwill as at December 31, 2019.

in EUR thousands	December 31, 2018	December 31, 2019
Goodwill from Ersé business (2012)	219	219
Goodwill from Portable and Mobility CGU	**219**	**219**
Goodwill from Dow Kokam business (2013) (1)	1,304	1,304
Goodwill from Transport and Storage CGU	**1,304**	**1,304**
Total	**1,523**	**1,523**

(2) The acquisition of Dow Kokam France activities in 2013 generated goodwill of EUR 1,304 thousand after recognition of a contingent liability of EUR 6.5 million related to a litigation with the tax administration on the research tax credit (CIR) for fiscal years 2010 to 2012. The tax authorities abandoned all grounds for contestation on July 3, 2017 and the provision for this contingent liability was reversed in its entirety in the income statement as at June 30, 2017.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2017	Change in scope	Acquisitions	Disposals	Impairment	Translation impact	December 31, 2018
Goodwill	1,523						1,523
Total	**1,523**						**1,523**
Impairment							
Goodwill							
Total							
Goodwill	**1,523**						**1,523**

8.2. Intangible assets

The increase of current intangible assets corresponds to research and development costs.

No sign of impairment was noted on any intangible assets as at December 31, 2019.

in EUR thousands	December 31, 2018	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	Other	December 31, 2019
Intangible assets, gross								
Development costs	2,028		0		2,675			4,702
Software	1,103				207			1,310
Other intangible assets	86	0	72	(14)		0		143
Development costs in progress	5,636		2,980					8,616
Intangible assets in progress	66		313		(2,881)			(2,502)
Total	**8,920**	**0**	**3,364**	**(14)**	**(0)**	**0**		**12,269**
Depreciation, amortization and impairment								
Research costs	(253)		(750)					(1,003)
Software	(1,010)		(89)					(1,099)
R&D Other intangible assets	(12)		(39)	14		0		(36)
Total	**(1,275)**		**(878)**	**14**		**0**		**(2,138)**
Intangible assets, net	**7,645**	**0**	**2,486**	**(0)**	**(0)**	**0**		**10,131**

Changes during the prior period are as follows:

in EUR thousands	December 31, 2017	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	December 31, 2018
Intangible assets, gross							
Research costs	(0)				2,028		2,028
Concession, patents & similar rights	1,026		77				1,103
Other intangible assets	3,535		4,511	(229)	(2,028)	(1)	5,789
Total	**4,561**		**4,588**	**(228)**	**(1)**	**(1)**	**8,920**
Depreciation, amortization and impairment							
Software	**(957)**		**(318)**			**0**	**(1,275)**
Intangible assets, net	**3,605**		**4,270**	**(228)**	**(1)**	**(1)**	**7,645**

8.3. Property, plant and equipment

in EUR thousands	December 31, 2018	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	Adoption of IFRS 16	December 31, 2019
Property, plant and equipment — gross								
Buildings	18					0		18
Rights of use on buildings			412			(9)	3,680	4,083
Technical facilities, equipment, and tooling	5,316		1,163	(45)		(2)		6,432
Other property, plant and equipment	1,557	0	337	(12)		1		1,882
Rights of use on other property, plant and equipment			17		(23)	0	230	225
Property, plant and equipment in progress	1,273		1,947	(14)		(1)		3,204
Total	**8,165**	**0**	**3,875**	**(72)**	**(23)**	**(12)**	**3,911**	**15,844**
Depreciation, amortization and impairment								
Buildings	(8)		(2)			(0)		(10)
Rights of use on buildings			(541)			6	(1,543)	(2,078)
Technical facilities, equipment, and tooling	(3,509)		(562)	17		1		(4,053)
Other property, plant and equipment	(778)		(268)	38		(0)		(1,008)
Rights of use on other property, plant and equipment			(75)		23	(0)	(71)	(124)
Total	**(4,294)**		**(1,449)**	**55**	**23**	**6**	**(1,614)**	**(7,273)**
Property, plant and equipment, net	**3,870**	**0**	**2,427**	**(17)**		**(6)**	**2,297**	**8,570**

The increase in property, plant and equipment in progress corresponds to the creation of the new industrial site in Chasseneuil du Poitou.

No sign of impairment was noted on any property, plant and equipment as at December 31, 2019.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2017	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	December 31, 2018
Property, plant and equipment — gross							
Buildings	19					(1)	18
Technical facilities, equipment, and tooling	4,283		1,031			2	5,316
Other property, plant and equipment	2,043		520		(1,005)	(2)	1,557
Property, plant and equipment in progress	392		1,176	(295)		(0)	1,273
Total	**6,736**		**2,728**	**(295)**	**(1,005)**	**(0)**	**8,165**
Depreciation, amortization and impairment							
Buildings	(6)		(2)			0	(8)
Technical facilities, equipment, and tooling	(2,994)		(490)		(14)	(11)	(3,509)
Other property, plant and equipment	(1,523)		(952)	678	1,018	1	(778)
Total	**(4,523)**		**(1,444)**	**678**	**1,005**	**(9)**	**(4,294)**
Property, plant and equipment, net	**2,213**		**1,284**	**383**	**(0)**	**(10)**	**3,870**

8.4. Financial assets

in EUR thousands	December 31, 2018	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	Other	December 31, 2019
Financial assets								
Capitalized securities (1)	38		520			0		558
Prepaid deposits and sureties	178			(12)				165
Other financial assets (unpaid)	0			(0)		(8)	8	(0)
Total	**215**		**520**	**(12)**		**(8)**	**8**	**723**
Of which								
Current								
Non-current	215		520	(12)		(8)	8	723

(1) The capitalized securities relate to the acquisition of a 15% equity interest for EUR 557.5 thousand in NEOT CAPITAL (see Note 5).

Non-current financial assets not bearing interest are not discounted as at December 31, 2019 due to non-material amounts and the Euribor 12-month rate.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2017	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	Other	December 31, 2018
Financial assets								
Capitalized securities	37		0			(0)		38
Prepaid deposits and sureties	154		23				0	178
Total	**192**		**23**			**(14)**	**14**	**215**
Of which								
Current								
Non-current	192		23			(14)	14	215

8.5. Inventories and work in progress

in EUR thousands	December 31, 2019	December 31, 2018
Raw materials and other supplies	12,584	7,254
Work in progress	1,701	1,056
Finished goods	5,082	2,682
Impairment of inventories	(1,197)	(951)
Inventories, net	**18,170**	**10,040**

8.6. Trade receivables

in EUR thousands	December 31, 2019	December 31, 2018
Trade receivables	18,613	8,008
Impairment of trade receivables	(104)	(80)
Accounts payable — Advances and prepayments	7,010	4,757
Trade receivables, net	**25,519**	**12,685**

Trade receivables due are as follows:

in EUR thousands	December 31, 2019	December 31, 2018
Trade receivables	18,613	8,008
Not due	0	0
Due in less than 1 year	18,613	8,008
Due in more than 1 year	0	0

8.7. Other assets

in EUR thousands	December 31, 2019	December 31, 2018
Social Security receivables	56	45
Tax receivables	2,168	3,349
Current accounts	75	462
Other receivables (1)	1,056	432
Prepaid expenses	441	379
Impairment on other current assets	(30)	(30)
Other assets	**3,766**	**4,636**
Of which		
Current	*3,752*	*4,608*
Non-current	*14*	*28*

1) Of which EUR 676 thousand from Zhongshan Uniross Industry Ltd.;

8.8. Cash

in EUR thousands	December 31, 2019	December 31, 2018
Cash equivalents		
Cash	2,913	12,075
Cash and cash equivalents	**2,913**	**12,075**
Cash and cash equivalents	2,913	12,075
Bank overdrafts		
Cash, net	**2,914**	**12,076**

in EUR thousands	December 31, 2018	December 31, 2017
Cash equivalents		
Cash	12,075	15,415
Cash and cash equivalents	**12,075**	**15,415**
Cash and cash equivalents	12,075	15,415
Bank overdrafts		3
Cash, net	**12,076**	**15,412**

8.9. Equity

8.9.1.Share capital

As at December 31, 2019, the number of FORSEE POWER SAS outstanding securities was 299,876 at a par value of EUR 10, i.e. total share capital of EUR 2,998,760.

During the extraordinary shareholder meeting on December 18, 2017, preferred shares have been created: category C2 preferred shares (ADPC2) and category C3 preferred shares (ADPC3). Each ADPC2 has a 0.67 voting right attached and each ADPC3 has a share of voting attached that corresponds to the share of capital represented by the ADPC3. The extraordinary shareholder meeting on the December 18, 2017 converted 5,275 ordinary shares into 5,275 ADPC3 and 87,074 ordinary shares into ADPC2.

The share capital of FORSEE POWER SAS was modified during the fiscal year 2017 due to the Group's recapitalization operations:

- On December 18, 2017, for EUR 40,700 with the issue of 4,070 ordinary shares at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 1,502,481.20 by offset of debt;
- On December 18, 2017, for EUR 342,990 with the issue of 34,299 ADPC2 at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 12,661,818.84 by offset of debt;
- On December 18, 2017, for EUR 474,730 with the issue of 47,473 ADPC3 at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 17,525,132.68 in cash;

The share capital of FORSEE POWER SAS was modified during the 2018 period due to Group refinancing operations:

- On December 21, 2018, with the issue of 26,375 ADP C3 at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 9,736,595 in cash.

The share capital of FORSEE POWER SAS was modified during the 2019 period due to Group refinancing operations:

- On March 13, 2019 for EUR 105,500 with the issue of 10,550 ADPC3 at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 3,894,638 in cash;
- On December 18, for EUR 131,880 with the issue of 13,188 ADPC3 at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 4,868,482 in cash;
- On December 18 for EUR 52,750 with the issue of 5,275 ADPC3b at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 1,947,319 in cash;
- On December 18 for EUR 118,670 with the issue of 11,867 ADPC3b at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 4,380,822 in cash;
- On December 26 for EUR 82,610 with the subscription of 8,261 ADPC3b through conversion of 7,913 OC3 at the unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium EUR 3,049,631 in cash;
- On December 26 for EUR 55,160 with the subscription of 5,516 ADPC3 through the conversion of 5,274 OC4 at the unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 2,036,287 in cash.

The Group did not hold any of its own shares in the periods presented.

8.9.2. Dividends

FORSEE POWER SAS did not distribute any dividends were distributed for the fiscal year ending December 31, 2018.

The Group does not plan to distribute dividends for the fiscal year ending December 31, 2019.

8.9.3. Share-based payments

8.9.3.1. Share subscription warrants (BSA)

As part of the latest fundraising, the company issued several guarantees for new investors to cover some specific risks. These financial guarantees took the form of the issue of several share subscription warrants:

- 100 BSA_{G1} during the extraordinary shareholder meeting of December 18, 2017 at the total issue price of one euro (EUR 1), convertible into a maximum of 52,748 ADPC3;
- 100 $BSA_{EIB\ 2}$ as of March 15, 2018 at the total issue price of one euro (EUR 1), convertible into a maximum of 1,650 ADPC3;
- 100 BSA_{G2} during the extraordinary shareholder meeting of December 21, 2018 at the total issue price of one euro (EUR 1), convertible into a maximum of 26,375 ADPC3.

These warrants are not a component of a hybrid financial instrument with a debt/equity component. In addition, as the beneficiaries of these share subscription warrants are investor shareholders, the warrants attached to these shares are not considered share-based payment under IFRS 2.

These warrants have similar characteristics to Redemption warrants, enabling investors to maintain their average investment price. These warrants can be exercised at any time until their maturity dates, subject to the occurrence of a covered risk.

However, given that the conditions for exercising these warrants have never been met for the main risks covered by the guarantee, Management believes that the likelihood of meeting the conditions for exercising these warrants is very low. Management therefore considers that these financial instruments have a non-material value, and are therefore not presented as derivative liabilities.

Given these elements, these share subscription warrants are considered to be equity instruments under IAS 32, and will be recorded in equity for their transaction amount on the issue and exercise dates.

8.9.3.2. Stock options

The table below shows the stock options allocated as at December 31, 2019:

	Grant date	Number of SO granted	Number of SO canceled	Number in progress	Vesting period	Maturity
Stock Options (SO 2019)	April 4, 2019	6,000	0	6,000	4 years	April 4, 2023
Total		**6,000**	**0**	**6,000**		

The recognized expense for share-based transactions over the periods presented is as follows:

in EUR thousands	December 31, 2019	December 31, 2018
Costs already recognized in reserves at the reporting date	**0**	**0**
Expenses recognized in income for the period	268	
Reversal of costs for stock option grants expired over the period	0	
Costs in reserves at the reporting date	**268**	**0**
Expenses to be recognized in future years	1,163	
Reversal of costs of stock option grants exercised over the period	0	
Total cost at grant date	**1,432**	**0**

The table below summarizes the data used in the pricing model:

	Assumptions used at December 31, 2019 - fair value at PER according to IFRS 2 (Black & Scholes)				Unitary valuation according to IFRS 2	Probable cost IFRS 2
	Strike price in EUR	Risk-free rate	Risk premium	Expected volatility		in EUR thousands
Stock Options (SO 2019)	340.00 €	-0.44%	10.0%	69.6%	238.63 €	1,432

8.9.4. Earnings per share

	December 31, 2019	December 31, 2018
Net income (loss)	(26,347)	(23,197)
Average number of shares outstanding	255,252	219,566
Earnings per share	**(103.22) €**	**(105.65) €**

Net income (loss)	(26,347)	(23,197)
Effect of dilutions:		
6,857 BSA $_{\text{EIB Warrant A}}$ issued on March 15, 2018 which can be converted into ordinary shares (1)	7,965	6,857
100 BSA $_{\text{G1}}$ issued on December 18, 2017 which can be converted for a maximum amount of 52,748 ADP $_{\text{C3}}$ (2)	52,748	52,748
100 BSA $_{\text{EIB Warrant B}}$ issued on March 15, 2018 which can be converted for a maximum amount of 1,650 ordinary shares (2)	1,650	1,650
100 BSA $_{\text{G2}}$ issued on December 21, 2018 which can be converted for a maximum amount of 26,375 ADP $_{\text{C3}}$ (2)	26,375	26,375
Diluted earnings per share	**(76.59) €**	**(82.64) €**

1) Share subscription warrant (BSA) issued with the EIB loan of EUR 20 million and presented separately in derivative financial instruments (see Note 8.12). The exercise ratio of the BSA $_{\text{EIB A}}$ led to an adjustment during the extraordinary shareholder meeting of December 18, 2019 of the maximum number of ordinary shares that can be subscribed from 6,857 to 7,965.

2) Share subscription warrant issued to the incoming investors profile since December 2017 (see Note 8.9.3.1);

8.10. Provisions for risks and charges

8.10.1. Breakdown of provisions for risks and charges

in EUR thousands	December 31, 2018	Change in scope	Allocations	Reversals	*Of which used*	Reclassification	Fair value	Translation impact	December 31, 2019
Provisions									
Litigation	482		2,521	(1,108)					1,895
Employee benefits	204		31						235
Other provisions for risks and charges	2,329		1,110	(180)					3,259
Regulatory provision									
Provisions	**3,014**		**3,662**	**(1,288)**					**5,389**
Of which									
Current									
Non-current	3,014		3,662	(1,288)					5,389

The main changes in provisions are:

- EUR 130 thousand in labor disputes;
- EUR 400 thousand in penalty provision for IVECO;
- EUR 900 thousand of UNU recall provision;
- EUR 1,000 thousand for battery recycling;
- EUR 1,000 thousand for the after-sales guarantee;
- EUR 200 thousand for the inventory provision;
- EUR (1,100) thousand reversal on provisions related to the exit from the Moissy site.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2017	Change in scope	Allocations	Reversals	*Of which used*	Reclassification	Fair value	Translation impact	December 31, 2018
Provisions									
Litigation	827		323	(668)					482
Employee benefits	207			(3)	(3)				204
Other provisions for risks and charges	473		2,116	(260)					2,329
Regulatory provision									
Provisions	**1,508**		**2,438**	**(932)**	**(3)**				**3,014**
Of which									
Current									
Non-current	1,508		2,438	(932)	(3)				3,014

8.10.2. Post-employment benefits

8.10.2.1. Defined contribution plans

An expense has been recognized as at December 31, 2019 related to defined contribution plans.

8.10.2.2. Defined benefits plans

There is no defined benefits plan for the Group.

8.10.2.3. Retirement benefits plan

Provisions for pension obligations and other social engagements are as follows:

in EUR thousands	December 31, 2019	December 31, 2018
Retirement benefits plan	235	204
Long-service awards		
Total	**235**	**204**

in EUR thousands	December 31, 2019	December 31, 2018
Provision at start of period	**204**	**207**
Net cost over period	31	(3)
Benefits paid		
Actuarial (gains) and losses recognized in equity		
Provision at end of period	**235**	**204**

ACTUARIAL ASSUMPTIONS

For the retirement benefits plan, the basic assumptions (staff turnover rate, salary increase) for these calculations have been determined on the basis of the Group's forecasting and historical policy. The assumptions used for the assessments are as follows:

in EUR thousands	December 31, 2019	December 31, 2018
Financial assumptions		
Discount rate	0.81%	1.46%
Long-term salary increase assumption	3.00%	3.00%
Rate for social charges, management	44.00%	43.00%
Rate for social charges, non-management	17 to 35%	17 to 37%
Demographic assumptions		
Age of retirement used for management	65-67 years	65-67 years
Age of retirement used for non-management	65-67 years	65-67 years
Mortality table	INSEE 2018	INSEE 2018

The discount rates applied are based on the rate of return on bonds issued by leading companies equivalent to the duration of the plans being valued, approximately 10 years:

The rate has been determined considering the values of market indices for AA-rated bonds available at end of December 2019.

No sensitivity analysis of the obligation had been realized as at December 31, 2019.

8.11. Loans and financial debts

in EUR thousands	December 31, 2018	Issuances	Loan issuance costs	Repayments	Reclassification	Translation impact	Effective interest method impact	Net change	Conversion into capital	Adoption of IFRS 16	December 31, 2019
Bonds (1)		5,224							(5,224)		
EIB loans (2)	12,522	5,000	(138)				722				18,107
BPI loans	149			(130)							19
Debt on right of use — non-current		431		(650)	(694)	16				2,711	1,815
Deposits and sureties received	20	36									56
Related parties financial liabilities	10,416			(4,254)							6,162
Debt for financing trade receivables	4,033							5,205			9,238
Non-current financial debt	**27,141**	**10,691**	**(138)**	**(5,034)**	**(694)**	**16**	**722**	**5,205**	**(5,224)**	**2,711**	**35,396**
Accrued interest on financial debt	321	984		(238)	19	(0)				(6)	1,080
Debt on right of use — current					675	(1)					674
Short term credit line (3)	6,000			(1,500)				0			4,500
Accrued interest not yet due — liability	6							4			10
Bank overdrafts (cash liability)											
Current financial debt	**6,327**	**984**		**(1,738)**	**694**	**(1)**		**5**		**(6)**	**6,264**
Gross financial debt and similar	**33,467**	**11,675**	**(138)**	**(6,772)**		**15**	**722**	**5,209**	**(5,224)**	**2,705**	**41,661**
Of which											
Current	*10,458*	*10,222*		*(5,771)*	*596*	*15*		*5*		*(6)*	*15,518*
Non-current	*23,010*	*1,453*	*(138)*	*(1,001)*	*(596)*	*0*	*722*		*(5,224)*	*2,711*	*26,142*

1) FORSEE POWER SA issued EUR 5 million in convertible bonds to Idinvest (OC3 of EUR 3 million) and to the BPI (OC4 of EUR 2 million) at the start of July 2019. These bonds were converted into shares in December 2019.
2) Refinancing by the EIB and provision of the first tranche of EUR 7.5 million in March 2018, the second tranche of EUR 7.5 million in October 2018 and the third and final tranche of EUR 5 million in December 2019.
   The costs directly attributable to loan issues are spread over the life of the loan using the effective interest method in accordance with IFRS 9, and presented under financial result in the statement of comprehensive income. Loan issuance costs are presented as a deduction from the initial value of the financial debt.
   The EIB's EUR 20 million loan is accompanied by 6,857 BSA $_{\text{EIB A}}$ issued on March 15, 2018. The derivative financial instrument on the loan and the share subscription warrants (BSA) is presented in Note 8.12 below.
3) Short-term credit line for financing the WCR for the customer HEULIEZ/IVECO set up in October 2018 with a repayment of EUR 1.5 million in January 2019.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2017	Issuances	Loan issuance costs	Repayments	Effective interest method impact	Translation impact	Net change	December 31, 2018
Bonds issued								
Bank borrowing	561	15,000	(513)	(413)	616		(2,580)	12,671
Deposits and sureties received				(0)			20	20
Related parties financial liabilities	11,485	10,416		(11,465)			(20)	10,416
Debt for financing trade receivables	4,805						(772)	4,033
Non-current financial debt	**16,852**	**25,416**	**(513)**	**(11,878)**	**616**		**(3,352)**	**27,141**
Accrued interest on financial debt		321						321
Short term credit line		6,000						6,000
Bank overdrafts (cash liability)	3						(3)	
Accrued interest not yet due — liability	9						(3)	6
Current financial debt	**12**	**6,321**				**0**	**(6)**	**6,327**
Gross financial debt and similar	**16,864**	**31,737**	**(513)**	**(11,878)**	**616**	**0**	**(3,358)**	**33,467**
Of which								
Current	*4,947*	*6,321*		*(130)*	*98*		*(3,358)*	*7,878*
Non-current	*11,917*	*25,416*	*(513)*	*(11,748)*	*518*	*0*		*25,589*

The maturity schedule for the financial debts are as follows:

in EUR thousands	December 31, 2019	Less than 1 year	1 to 4 years	5 years or more	Covenant
EIB loans	18,107			18,107	no
BPI loans	19	19			no
Debt on leased real estate	1,815		1,482	333	no
Deposits and sureties received	56			56	no
Related parties financial liabilities	6,162		6,162		no
Debt for financing trade receivables	9,238	9,238			no
Non-current financial debt	**35,396**	**9,257**	**7,643**	**18,496**	
Accrued interest on financial debt	1,080	1,080			no
Debt on leased real estate	674	674			no
Short term credit line (3)	4,500	4,500			no
Accrued interest not yet due — liability	10	10			no
Current financial debt	**6,264**	**6,264**			
Gross financial debt and similar	**41,661**	**15,521**	**7,643**	**18,496**	

8.12. Derivative financial instruments

	Date of issue	Number of instruments	December 31, 2019	December 31, 2018
BSA Warrant A for EIB	March 18, 2018	6,857	2,986	2,577
Derivative on OCA 3 and OC 4	July 4, 2019	13,187	0	0
Total		**20,044**	**2,986**	**2,577**

On March 15, 2018, the company issued 6,857 share subscription warrants (BSA $_{EIB\ A}$) for the benefit of the European Investment Bank (EIB) for the financing agreement of EUR 20 million.

These BSA $_{EIB\ A}$ share subscription warrants are presented and valued as a derivative liability for the following reasons:

- These BSA $_{EIB\ A}$ share subscription warrants do not fulfill the condition of an equity instrument insofar as their settlement cannot result in a fixed number of company shares;
- These BSA $_{EIB\ A}$ come with a put option allowing the EIB to have a cash reimbursement for the fair value of the shares not received.

The change in fair value of the derivative is recognized under financial result. The value of the derivative corresponds to the cost of the option if these warrants are exercised.

A derivative instrument was recognized on the OC 3 and OC 4 bonds issued on July 4, 2019 and converted into capital on December 18, 2019.

Changes for the period and previous period are presented in the table below:

in EUR thousands	December 31, 2019	December 31, 2018
Derivative instrument at period-start	**2,577**	**0**
Change in fair value recognized in profit or loss	408	(3)
Derivative instrument issued over the period (net of costs)	29	2,580
Derivative instrument canceled following conversion	(28)	0
Derivative instrument at period-end	**2,986**	**2,577**

8.13. Risk management for financial assets and liabilities

8.13.1. Credit risk management

The Group is exposed to a credit risk in the event of late payments by customers or in case of default by one of its customers. The Group ensures that it does not create or maintain any dependency on its customers by diversifying the nature of customers and developing its export market share.

The Group has not subscribed to any insurance against credit risk.

At the moment, the Group is studying the implementation of a financing solution for the purchase of batteries for the Transport and Storage division.

The Group is exposed to a limited credit risk as at December 31, 2019.

8.13.2. Liquidity risk management

The Group is exposed to a liquidity risk, i.e. the risk that the Group cannot meet its financial obligations, which is inherent in research and development.

The Finance Department has implemented several factoring contracts to assign trade receivables for a maximum amount of EUR 9.5 million.

Experience shows that banks and financial partners have regularly supported the Group in its organic growth and its financing needs.

Furthermore, the related parties controlling the Group have always given their financial support to financing the Group. Indeed, the Group has received several injections of capital into its current account and financial recapitalizations when required. The financial liabilities linked to related parties is EUR 6.2 million as at December 31, 2019.

A cash capital increase in the amount of EUR 4 million was carried out in March 2019; a second capital increase occurred on December 18, 2019 in the amount of EUR 16.5 million with the arrival of a new associate, bringing the share capital to EUR 2,998,760.

Furthermore, on December 18, 2017, FORSEE POWER finalized financing of EUR 55 million to support the industrialization of its battery systems. This financing was granted by the Japanese conglomerate Mitsui & Co. Ltd (which took an equity stake through a capital contribution of EUR 18 million and the acquisition of EUR 2 million shares to the founder), the European Investment Bank (EIB) via the European Fund for Strategic Investments (EFSI) under the Juncker Plan (a loan of EUR 20 million in 3 tranches with conditions to disbursement signed in March 2018) and historical associates (capitalization of contributions in current accounts for an amount of EUR 14.6 million).

The Group thus always makes sure it has the financial resources to ensure the repayment of its debts at maturity date.

in EUR thousands	December 31, 2019	December 31, 2018
Overdraft authorization		
Sub-total credit facilities (a)		
Cash and cash equivalents	2,913	12,075
Bank overdrafts — Cash liability		
Net liquidity (b)	**2,914**	**12,075**
Total liquidity position (a) + (b)	**2,914**	**12,075**

Finally, the Group is negotiating with the BNP to set up a medium-term financing contract of between EUR 8 and 10 million.

The Group places its available cash in banks on low-risk short-term investment accounts.

8.13.3. Market risk management

8.13.3.1. Competition risk management

The Group is exposed to a competition risk, especially regarding price. At the present time, this risk is limited thanks to the high-end positioning of the Group's products.

8.13.3.1. Management of risk related to the technologies used

The Group specializes in the design and integration of specialized batteries, a business segment driven by technological progress.

In order to limit the risk related to the technologies used, the Group owns patents covering internally developed technologies and invests a significant amount in research and development every year.

8.13.3.2. Currency risk management

The Group is exposed to a currency risk due to the operations carried out with the equity interests located in China and Poland. The currencies concerned are the US dollar (USD), the Chinese yuan (RMB) and, to a lesser extent, the Polish zloty (PLN) and the Hong Kong dollar (HKD).

The Group did not hedge the currency risk as at December 31, 2019.

8.13.3.3. Price risk management

The Group is exposed to price risk on raw materials (mainly lithium) used in the batteries production process.

The Group has not hedged its price risk exposure.

8.13.3.4. Interest rate risk management

The Group has a limited exposure to interest rate risk since:

- cash and financial assets include term deposits;
- only fixed-rate debt rate has been subscribed.

With regard to the financial liabilities, the Group's exposure to interest rate risk is limited as at December 31, 2019.

8.13.3.5. Market risk management

The Group's exposure to market risk linked to the share or currency trading prices is almost non-existent because the Group has no investment in SICAV shares or cash, and does not hold any interests or marketable securities on a regulated market.

8.14. Information about fair value of financial assets and liabilities

8.14.1. Cash, loans and receivables

The Group considers that the carrying amount of cash, trade receivables, other receivables, accounts payable, other debts and various deposits and sureties is a good approximation of the market value due to the high degree of liquidity of these items and their maturity of less than 12 months.

8.14.2. Assets at fair value

The Group does not hold marketable securities but invests in short-term current accounts. These are recognized under financial assets at fair value through the income statement.

8.14.3. Derivative and hedging financial instruments

The Group does not hold any derivative trading and hedging instruments at fair value over the periods presented.

8.14.4. Financial liabilities at amortized cost

The Group considers that the carrying amount of accounts payable is a good approximation of the market value due to the high degree of liquidity of items.

The market value of long and short-term financial liabilities is determined using the value of estimated future cash flow disbursed, discounted with the interest rates observed by the Group at the end of the period for the instruments with similar conditions and maturities.

8.14.5. Financial instrument report

The market values of financial assets and liabilities measured at fair value in the statement of financial position have been classified in the chart below within the fair value hierarchy with three levels of input defined under IFRS 7:

- Level 1: fair value measured by quoted prices for similar instruments;
- Level 2: fair value measured by directly or indirectly observable market inputs;
- Level 3: fair value measured by inputs not based on observable market data.

in EUR thousands	December 31, 2019	Fair value through profit or loss	Fair value through equity	Amortized cost	Level
Capitalized securities	558			558	3
Receivables related to equity interests					3
Prepaid deposits and sureties	165			165	3
Other financial assets	0			0	3
Financial assets	**723**			**723**	
Trade receivables, net	25,519			25,519	3
Other assets	3,766			3,766	3
Cash and cash equivalents	2,913	2,913			1
Assets	**32,921**	**2,913**		**30,008**	
Non-current financial debt	35,396			35,396	3
Current financial debt	6,264			6,264	3
Derivative financial instrument	2,986	2,986			3
Accounts payable	19,832			19,832	3
Other liabilities	9,096			9,096	3
Liabilities	**73,575**	**2,986**		**70,589**	

The following methods and assumptions used to estimate the fair value of financial assets and liabilities are presented below:

- Financial assets and liabilities held for trading are assessed at fair value through the income statement;
- Assets available for sale are assessed at fair value through equity;
- Loans, receivables and debts are assessed at amortized cost;
- Held to maturity investments are assessed at amortized cost;

8.15. Accounts payable and advances

in EUR thousands	December 31, 2019	December 31, 2018
Accounts payable	10,913	8,984
Trade receivables — Advances and prepayments	8,919	991
Accounts payable	**19,832**	**9,975**

The accounts payable maturity schedule is as follows:

in EUR thousands	December 31, 2019	December 31, 2018
Accounts payable	10,913	8,984
Not due		
Due in less than 1 year	10,913	8,984
Due in more than 1 year	0	(0)

8.16. Other liabilities

in EUR thousands	December 31, 2019	December 31, 2018
Social security liabilities	6,432	3,946
Tax liabilities	754	418
Deferred income	417	277
Debts related to assets	0	0
Other current debts (1)	1,493	549
Other liabilities	**9,096**	**5,190**
Of which		
Current	*8,348*	*4,755*
Non-current	*748*	*435*

1) Of which EUR 745 thousand from Zhongshan Uniross Industry Ltd.

8.17. Details of the Working Capital Requirement (WCR)

in EUR thousands	Notes	December 31, 2018	WCR	Reclassification (1)	Translation impact	Adoption of IFRS 16	December 31, 2019
Inventories, net	8.5	10,040	8,114		15		18,170
Trade receivables, net	8.6	12,685	12,819		15		25,519
Other current assets	8.7	4,320	545	(1,389)	(28)	(26)	3,422
Accounts payable	8.15	(9,975)	(15,778)	5,753	167		(19,832)
Other current liabilities	8.16	(5,144)	(9,068)	5,135	16		(9,060)
Total changes in working capital requirement (WCR)		**11,926**	**(3,367)**	**9,500**	**185**	**(26)**	**18,219**

1) Conversion into capital of EUR 9.5 million of Mitsui accounts payable and current accounts

in EUR thousands	Notes	December 31, 2018	Change and impact on income	Reclassification	Translation impact	Adoption of IFRS 16	December 31, 2019
Change in deferred tax		3,831	1,025	19	(794)	127	4,208
Change in corporate tax receivables and payables		270	38		0		308
of which research tax credit (CIR)							
Tax expense recorded in P&L		(405)	(197)				197
Total tax change			**867**	**19**	**(794)**	**127**	

Details of the Working Capital Requirement for the previous period are as follows:

in EUR thousands	Notes	December 31, 2017	Change in scope	WCR	Reclassification	Translation impact	December 31, 2018
Inventories, net	8.5	5,093		4,972		(25)	10,040
Trade receivables, net	8.6	9,006		3,717	0	(38)	12,685
Other current assets	8.7	1,833		4,832	(2,385)	40	4,320
Accounts payable	8.15	(6,069)		(6,483)	2,602	(24)	(9,975)
Other current liabilities	8.16	(3,172)		(1,974)		3	(5,144)
Total changes in working capital requirement (WCR)		**6,690**		**5,064**	**217**	**(44)**	**11,927**

in EUR thousands	Notes	December 31, 2017	Change in scope	Change and impact on income	Reclassification	Translation impact	December 31, 2018
Change in deferred tax		4,207		(376)		0	3,831
Change in corporate tax receivables and payables		342		(73)		(0)	270
of which research tax credit (CIR) inflow				*86*			
Tax expense recorded in P&L		2,603		405			(405)
Total tax change				**41**			

8.18. Deferred taxes

Deferred taxes break down as follows:

in EUR thousands	December 31, 2019	December 31, 2018
Temporary tax differences	16	18
Provision for post-employment benefits	58	34
IFRS 16 restatement on leases	116	
Capital increase costs	195	211
Loan issuance costs at effective interest method	50	18
IFRS 15 lease liabilities not recognized as income	168	0
Internal margins on inventories	118	0
Other temporary differences	(11)	(6)
Tax losses carryforward	3,498	3,556
Total net deferred taxes	**4,208**	**3,831**

The Group recognizes deferred tax assets on tax loss carryforwards from tax entities for which recovery is expected in the near future.

Deferred taxes have been valued for French companies with a declining tax rate that falls to 28% in 2020 to reach 25% in 2022 following the 2020 finance law.

In EUR thousands	December 31, 2019		December 31, 2018	
	Tax loss carryforwards (base)	Deferred tax assets (1)	*Tax loss carryforwards (base)*	Deferred tax assets
Forsee Power	*13,991*	3,498	*13,991*	3,556
Forsee Power Industry				
Z.U.I.				
Forsee Power Spz				
Total items recognized in the financial statements	***13,991***	**3,498**	***13,991***	**3,556**
Forsee Power	*71,533*	17,883	*45,723*	11,431
Forsee Power Industry				
Z.U.I.				
Forsee Power Spz				
Total items not recognized in the financial statements	***71,533***	**17,883**	***45,723***	**11,431**
Total	***85,524***	**21,381**	***59,714***	**14,987**

(1) Deferred tax asset assessed according to the tax rate in effect on the date of use of the tax loss carryforward according to the projected tax schedule.

The changes in deferred taxes are as follows:

in EUR thousands	December 31, 2019	December 31, 2018
Deferred tax assets at period-start	**3,836**	**4,211**
Expense recognized in comprehensive income	231	(394)
DTA on lease activation	116	32
DTA/DTL offset for tax entity	19	(14)
Other	11	32
Deferred tax assets at period-end	**4,212**	**3,836**
Deferred tax liabilities at period-start	**5**	**5**
Expense recognized in comprehensive income	0	(18)
DTA/DTL offset for tax entity	19	(14)
Other	(19)	32
Deferred tax liabilities at period-end	**5**	**5**

9. Information relating to items in the consolidated statement of comprehensive income

9.1. Revenue breakdown

in EUR thousands	December 31, 2019	December 31, 2018
Breakdown of revenue by nature	50,342	23,157
Sale of goods	48,066	21,548
Service delivery	2,107	1,318
Other activities	169	291
Total	**50,342**	**23,157**

9.2. Other operating income and expenses

in EUR thousands	December 31, 2019	December 31, 2018
Inventoried production	3,162	99
Operating subsidies	34	740
Transfer of charges	0	(0)
Income from disposal of fixed assets	(3)	(229)
Change in fair value	0	0
Other income and expenses	(821)	(1,016)
Other non-current income and expenses	(962)	(97)
Other operating income and expenses	**1,409**	**(504)**

9.3. External services and consumables purchased

in EUR thousands	December 31, 2019	December 31, 2018
Consumables purchased	(41,575)	(18,570)
Fees and other external fees	(2,696)	(2,039)
Leases, maintenance and insurance	(995)	(2,039)
Transport, travel and conference expenses	(3,008)	(2,483)
Study and research costs	(3,340)	(1,800)
Telecommunication and mail fees	(169)	(173)
Sub-contracting	(80)	(819)
Foreign exchange gains and losses on purchases	268	91
Other	(40)	(18)
External services and consumables purchased	**(51,635)**	**(27,850)**

9.4. Employee and workforce expenses

in EUR thousands	December 31, 2019	December 31, 2018
Employee expenses		
Remuneration	(12,953)	(9,401)
Social security contributions	(3,833)	(3,214)
Other short-term benefits and CICE	(289)	(48)
Stock option expenses	(268)	
Employee profit sharing	0	0
Total	**(17,343)**	**(12,663)**
Average headcount		
Management	178	137
Non-management	290	203
Total	**468**	**340**

9.5. Taxes

in EUR thousands	December 31, 2019	December 31, 2018
Taxes on salaries	(224)	(300)
Other taxes	(360)	(68)
Taxes	**(584)**	**(368)**

9.6. Depreciation, amortization and provisions allocations and reversals

in EUR thousands	December 31, 2019	December 31, 2018
Amortization and impairment of intangible assets	(849)	(307)
Depreciation on rights of use for property, plant and equipment	(610)	0
Depreciation and impairment of property, plant and equipment	(855)	(752)
Provisions for risks and charges	(2,374)	(1,445)
Net impairments of assets	(268)	(3)
Net allocations	**(4,957)**	**(2,507)**

9.7. Financial result

in EUR thousands	December 31, 2019	December 31, 2018

Financial income received on financial assets	0	0
Financial result	**0**	**0**
Interests expense on loan	(2,214)	(1,284)
Cost of debt, gross	**(2,214)**	**(1,284)**
Foreign exchange gains and losses	(103)	(16)
Foreign exchange gains and losses related to translation reserves	0	47
Net impairments of financial assets at amortized cost	0	0
Change in fair value of the derivative and effective interest method impact	(1,412)	(837)
Financial expenses for liabilities on real estate lease	(99)	0
Other financial income	52	34
Other financial income and expenses, net	**(1,562)**	**(772)**
Financial result	**(3,776)**	**(2,056)**

9.8. Income tax

in EUR thousands	December 31, 2019	December 31, 2018
Current tax	(35)	(29)
Deferred tax	231	(376)
Income tax expense	**197**	**(405)**

The tax proof for the periods presented is as follows:

in EUR thousands	December 31, 2019	December 31, 2018
Theoretical tax expense (at the current rate)	7,432	7,597
Actual tax expense	197	(405)
Difference	**7,236**	**8,002**
Permanent differences	155	21
Tax credits (CIR, CICE)	(8)	(77)
Derivative financial instrument	288	1
Adjustment of corporate tax rate in France (for tax losses carryforward)	(2)	326
Non-deductible and unrecognized financial expenses	239	218
Tax losses occurring during the year not recognized	6,542	7,362
Other differences	21	151
Breakdown of differences	**7,235**	**8,002**

9.9. Income Statement by function

in EUR thousands	Note	December 31, 2019	December 31, 2018
Revenue	9.1	**50,342**	**23,157**
Production costs of goods sold	9.2	(41,510)	(19,516)
Gross Margin (a)		**8,832**	**3,641**
Indirect production costs	9.3	(8,561)	(8,116)
Research and development costs	9.4	(6,083)	(4,866)
Distribution and sales costs	9.6	(3,603)	(3,333)
Administrative expenses	9.5	(6,715)	(4,299)
Other operating income and expenses		(260)	(149)
EBITDA (b)		**(16,391)**	**(17,122)**
Depreciation, amortization, provisions and impairment, net	9.6	(6,350)	(2,504)
Operating income (EBIT)		**(22,741)**	**(19,626)**
Financial income	9.7	**(3,776)**	**(2,056)**
Income before tax		**(26,517)**	**(21,683)**
Income tax expense	9.8	169	(405)
Net income (loss) from continuing operations		**(26,347)**	**(22,087)**
Net income (loss) from discontinued operations			(1,110)
Net income (loss)		**(26,347)**	**(23,197)**
Attributable to owners of the parent company		*(26,347)*	*(23,197)*
Attributable to non-controlling interests			
Other comprehensive income			
Actuarial gains and losses			
Other comprehensive income			
Comprehensive income		**(26,347)**	**(23,197)**
Attributable to owners of the parent company		*(26,347)*	*(23,197)*
Attributable to non-controlling interests			

a) Income or expense related to foreign exchange gains or losses on purchases and sales are disclosed in "Other operating income and expenses."

b) EBITDA includes impairment of inventories. Impairment of receivables are disclosed under EBIT.

10. Other information

10.1. Related party transactions

10.1.1. Remuneration paid to management

Since the Group is not subject to the legal obligation to publish the consolidated financial statements, remuneration paid to the Group's management is not published.

10.1.2. Other transactions with related parties

The transactions between the Group and related parties are carried out under normal market conditions.

in EUR thousands	December 31, 2019	December 31, 2018
Current account Assets	75	462
Current account Liabilities	6,162	10,416
Total items in the statement of financial position	**6,237**	**10,878**
Interest expenses	(984)	(804)
Operating expenses		
Total items in the income statement	**(984)**	**(804)**

10.2. Off-balance sheet commitments

In July 2019, the company FORSEE POWER SAS signed a pledge agreement with Heuliez BUS relating to components as a guarantee, for security, in principal, interest, costs and accessories, of the deposit paid by the company for orders. As at December 31, 2019, the value of the pledged components amounted to EUR 2.7 million.

As at December 31, 2019, FORSEE POWER SAS had granted three guarantees to some of its shareholders (see Notes 4.3.12.1 and 8.9.3.1). If a declaration of the guarantee proves to be inaccurate, the company undertakes to repair the damage suffered by the shareholders concerned through either a payment, a reserved share issue on exercise of a warrant, or an increase in capital subscribed by the investors that offsets the claim they have on the company resulting from the damage suffered. The maximum amount of compensation that may be due by the company is capped at EUR 11,667 thousand.

10.3. Audit fees

in EUR thousands	December 31, 2019	December 31, 2018
Statutory auditors, certification, audit of individual and consolidated financial statements	147	126
Services other than certification of financial statements		
Total	**147**	**126**

Net of VAT and other costs

18.1.3. Group consolidated financial statements for the financial year ended December 31, 2018

FORSEE POWER

GROUP

IFRS Consolidated Financial Statements

for the year ended December 31, 2018

FORSEE POWER S.A.S.

Société par Actions Simplifiée with capital of EUR 2,452,190

Registered office: 54-56, Avenue Hoche

75008 Paris

RCS Paris 494 605 488

Consolidated Statement of Financial Position

in EUR thousands	Note	December 31, 2018	December 31, 2017
Non-current assets		**17,119**	**11,761**
Goodwill	8.1	1,523	1,523
Intangible assets	8.2	7,645	3,605
Property, plant and equipment	8.3	3,870	2,213
Non-current financial assets	8.4	215	192
Other non-current assets	8.7	28	17
Deferred tax assets	8.17	3,838	4,211
Current assets		**38,861**	**28,277**
Inventories	8.5	10,040	5,093
Trade receivables	8.6	9,878	4,713
Other current assets	8.7	6,868	3,056
Current financial assets	8.6		
Cash and cash equivalents	8.8	12,075	15,415
Assets held for sale			
Total Assets		**55,980**	**40,038**
Equity		**2,852**	**15,592**
Equity attributable to owners of the parent company		**2,852**	**15,592**
Share capital issued	8.9	2,452	2,188
Issue premiums	8.9	62,475	52,828
Currency translation reserve, Group		0	(0)
Reserves*	8.9	(39,433)	(24,965)
Net income (loss)	8.9	(22,643)	(14,459)
Non-controlling interests			
Reserves of non-controlling interests			
Non-controlling interests for the period			
Liabilities		**53,128**	**24,446**
Non-current liabilities		**28,488**	**13,802**
Financial liabilities	8.11	25,034	11,917
Employee benefits	8.10	204	207
Provisions for risks and charges	8.10	2,811	1,301
Other non-current liabilities	8.15	435	372
Deferred tax liabilities	8.17	5	5
Current liabilities		**24,640**	**10,644**
Financial liabilities	8.11	9,910	1,421
Provisions for risks and charges	8.9		
Accounts payable	8.14	9,975	6,372
Other current liabilities	8.15	4,755	2,851
Liabilities held for sale			
Total Equity and Liabilities		**55,980**	**40,038**

Consolidated Statement of Comprehensive Income

in EUR thousands	Note	December 31, 2018	December 31, 2017
Revenue from sales	9.1	**23,157**	**17,774**
Other operating income and expenses	9.2	(504)	(3,602)
Purchases, net of inventory variation	9.3	(27,850)	(20,184)
Employee expenses	9.4	(12,663)	(8,946)
Taxes	9.5	(368)	(187)
Depreciation and amortization	9.6	(1,059)	(1,344)
Net provisions and depreciations	9.6	(1,448)	1,054
Operating income (EBIT)		**(20,736)**	**(15,437)**
Financial income	9.7		
Cost of debt, gross	9.7	(1,284)	(1,716)
Other financial income and expenses, net	9.7	(219)	91
Financial income	9.7	**(1,504)**	**(1,625)**
Income before tax		**(22,240)**	**(17,062)**
Income tax expense	9.8	(403)	2,603
Net income (loss) from continuing operations		**(22,643)**	**(14,459)**
Net income (loss) from discontinued operations			
Net income (loss)		**(22,643)**	**(14,459)**
Attributable to owners of the parent company		*(22,643)*	*(14,459)*
Attributable to non-controlling interests			
Other comprehensive income			
Other comprehensive income			
Comprehensive income		**(22,643)**	**(14,459)**
Attributable to owners of the parent company		*(22,643)*	*(14,459)*
Attributable to non-controlling interests			

Consolidated Cash Flow Statement

in EUR thousands	Notes	December 31, 2018	December 31, 2017
Net income (loss)		(22,643)	(14,459)
Reversal of research tax credit (CIR) provision		0	(3,090)
Translation differences in financial income	9.7	(47)	(179)
Depreciation, amortization and provisions	9.6	3,269	1,489
(Gain)/Loss on disposal	9.2	(154)	1 031
Change in deferred tax	8.16	374	427
Tax expense paid	9.8	29	60
Profit/loss related to change in fair value	9.2	60	0
Net financial expense	9.7	1,504	1,716
Cash flow from operations before cost of financial debt and tax		**(17,609)**	**(13,005)**
Change in grants		**(82)**	**(170)**
Change in corporate tax receivables and payables (excl. research tax credit — CIR)	8.16	159	(87)
Tax expense paid	8.16	(29)	(60)
Change in tax receivables and payables		**131**	**(147)**
Inventories	8.16	(4,972)	715
Trade receivables	8.16	(5,175)	(965)
Other receivables	8.16	(6,300)	(899)
Accounts payable	8.16	6,294	1,397
Other payables	8.16	1,974	1,221
Change in working capital requirement (WCR)		**(8,179)**	**1,470**
Cash flow from (used in) operating activities (A)		**(25,740)**	**(11,853)**
Acquisition of fixed assets (net of liabilities)	8.2	(7,339)	(3,810)
Proceeds from disposals of fixed assets (net of receivables)	8.2	0	2
Proceeds from financial assets	8.4	(14)	23
Cash flow from (used in) investing activities (B)		**(7,353)**	**(3,785)**
Capital increase in cash	8.9	10,000	18,000
Expenses paid on capital issues	8.9	(374)	(667)
Change in other financial liabilities	8.11	(3)	5
Research tax credit (CIR) and operating subsidy received		86	235
Debt issues	8.11	15,000	4,980
Short-term credit line for WCR financing	8.11	6,000	
Loan repayments	8.11	(413)	(598)
Factoring financing	8.11	2,207	(1,344)
Loan issuance costs	8.11	(513)	
Change in financial liabilities with related parties	8.11	(1,049)	11,309

Financial expenses paid	9.7	(1,183)	(1,716)
Cash flow from (used in) financing activities (C)		**29,759**	**30,204**
Impact of currency translation rates		(3)	(12)
Change in cash (A) + (B) + (C)		**(3,337)**	**14,555**
Net cash at beginning of year	8.8	15,413	858
Net cash at end of year	8.8	12,076	15,413
Change in net cash		**(3,337)**	**14,555**

Consolidated Statement of Changes in Equity

in EUR thousands	Notes	Share capital issued	Share premium	Translation reserves	Other reserves and comprehensive income	Total attributable to owners of the parent company	Non-controlling interests	Equity
Equity at January 1, 2017		**1,330**	**22,108**	**0**	**(25,288)**	**(1,850)**		**(1,850)**
Transactions between shareholders	8.9.3				(29)	(29)		(29)
Change in capital in cash		475	17,525			18,000		18,000
Change in capital by conversion of related party financial liabilities	8.11	384	14,163		0	14,547		14,547
Cost of share capital issued and bonds conversion (net of transaction differed tax)			(969)		323	(646)		(646)
Comprehensive income					(14,459)	(14,459)		(14,459)
Other comprehensive income								
Translation impact				(0)	29	29		29
Equity at December 31, 2017		**2,188**	**52,828**	**(0)**	**(39,424)**	**15,592**		**15,592**
Transactions between shareholders	8.9.3							
Change in capital in cash	8.9	264	9,736			10,000		10,000
Change in capital by conversion of related party financial liabilities	8.9				(0)	(0)		(0)
Cost of share capital issued and bonds conversion (net of transaction differed tax)			(89)			(89)		(89)
Comprehensive income					(22,643)	(22,643)		(22,643)
Other comprehensive income								
Translation impact				0	(9)	(9)		(9)
Equity at December 31, 2018		**2,452**	**62,475**	**0**	**(62,076)**	**2,852**		**2,852**

SUMMARY OF THE NOTES TO THE IFRS CONSOLIDATED FINANCIAL STATEMENTS

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1. Presentation of the FORSEE POWER GROUP

FORSEE POWER SAS ("FORSEE POWER GROUP" or the "Group"), is a *Société par Actions Simplifiée* (Simplified Joint Stock Company), governed by French law. It is registered since 2007 in the Paris Trade and Companies Register under number 494 605 488.

FORSEE POWER SAS's registered office is located at 54-56 Avenue Hoche, 75008 Paris, France.

FORSEE POWER SAS specializes in the design and the integration of specialized batteries:

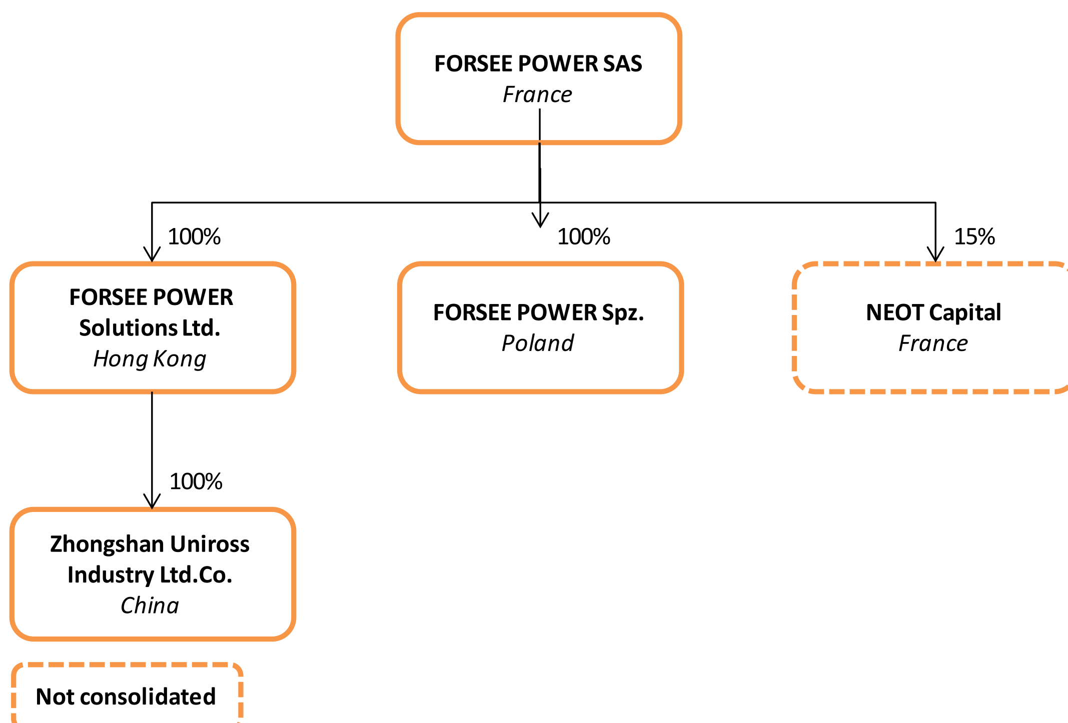
- in the field of autonomy and mobility (bicycles, scooters, rolling stock, medical facilities, home automation, professional tooling and more);
- in electric transport (buses, trucks, trams, shipping and rail transport, marine and offshore) and storage of electricity (residential, commercial and industrial markets).

The Group is made up of several acquisitions: Uniross Batteries activities (formerly Alcatel Saft) in 2011, Erse in 2012 and Dow Kokam France (formerly Société de Véhicules Electriques — SVE) in 2013.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and approved by the Chairman of the Company FORSEE POWER SAS on May 20, 2019.

The Group is not listed as at December 31, 2018.

Group Organizational Chart as at December 31, 2018



2. Main events

The Group conducted several operations over the year ended December 31, 2018:

Financing:

- Implementation of the BEI protocol agreement signed in December 2017:
  - On March 18, 2018, issuance of 6,857 share subscription warrants BSA EIB A and 100 BSA EIB B by decisions of the Chairman using his delegations of authority;
  - Subscription by the European Investment Bank to BSA EBI A and BSA BEI B;
- Availability of the first tranche of EUR 7.5 million by the European Investment Bank at the end of March 2018;
- Availability of the second tranche of EUR 7.5 million by the European Investment Bank in October 2018;
- Implementation of a EUR 6 million short term credit line with the BNP in October 2018 to finance the WCR of the customer HEULIEZ/IVECO.
- Capital increase of EUR 10 million on December 21, 2018 with SPI Fund becoming a shareholder.

Operational evolutions/Human resources:

- Closure of the Maison Rouge site and collective redundancy plan for less than nine people linked to the production unit closure. A convocation letter was sent to the staff representative bodies on the December 28, 2017 and the first consultation meeting took place in early January 2018. The eight people involved in the plan left the Group's workforce in March 2018.
- Consultation of the staff representative bodies about a new industrial site in the first quarter 2018.
- Creation of a new industrial site in Chasseneuil du Poitou from June 2018 with the following main characteristics:
  - 9,200 m² of production area
  - 1,720 m² of storage area
  - 2,490 m² of offices and social spaces
- Consultation of the staff representative bodies in April 2018 about the staff transfer project to the new Poitiers industrial site. The transfer impacts every staff member assigned to the Moissy Cramayel site, i.e. 33 people.
- Move of the operational teams and all the assets from the Moissy Cramayel site to the new Chasseneuil du Poitou site in August 2018.
- Moissy Cramayel site closure at the end of October 2018 and implementation of an employment protection plan.
- Following the proposal of transfer to the Poitiers site made to the Moissy Cramayel staff and subsequent refusal of more than nine employees, the company consulted the staff representative bodies about an employment protection plan relating to the Moissy Cramayel site. The consultations that took place between July and September 2018 resulted in the approval of the Document Unique risk assessment report by DIRECCTE (Regional Department of Business, Competition, Consumption, Labor and Employment) for the Moissy Cramayel employment protection plan at the end of September 2018. The implementation of this plan resulted in the redundancy of 21 employees.

Business development:

- Signing of a contract for development and delivery of batteries with ALSTOM/NTL for six years from 2018 to 2023, for their APTIS bus project.
- Signing of a contract for delivery of batteries with BOSCH China for three years from 2018 to 2021, in order to equip the powertrains for electric scooters.
- Signing of a contract for development and delivery of batteries with ALSTOM Ferroviaire for four years from 2019 to 2022, for their hybrid regional express train project Regiolis.
- In December 2018, announcement of a partnership with the Chinese company NIU Technologie with the aim of equipping electric scooters. This contract requires the first battery deliveries from the first quarter 2019 and will last until 2022.

3. Subsequent events

Financing:

- Repayment of the first tranche of the EUR 6 million short term credit line with our partner BNP for EUR 1.5 million on January 31, 2019 as per the contract. The Company is in negotiations with our partner BNP to set up a medium term line of between EUR 8 million and EUR 10 million to replace the first contract.
- The Company agreed a capital increase of EUR 4 million on March 13, 2019 through the issuance of 10,550 new preferred shares (category C3) to SPI Fund.

Operational evolutions/Human resources:

- Moissy Cramayel site closure: the two last employees (included a protected employee) affected by the employment protection plan must leave before the end of April 2019.

4. Accounting standards, basis of consolidation, measurement methods and rules

4.1. Accounting standards

4.1.1. Basis of preparation for the consolidated financial statements

The consolidated financial statements of FORSEE POWER Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union at the closing date for the reporting period. This standard, available on the European Commission website (http://ec.europa.eu/internal_market/accounting/ias_fr.htm), includes international accounting standards (IAS and IFRS), and Standard Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations.

The new standards and interpretations mandatorily applicable as at December 31, 2018 have had no material impact on comprehensive income or on the consolidated financial position for the periods presented.

The new mandatory standards on January 1, 2018 are as follows:

- IFRS 15 relating to the recognition of revenue: the new IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and establishes a five-step model applicable to all contracts with customers. The application of this new standard has not generated any material impact on the financial information presented.
- IFRS 9 relating to financial instruments: application of the new IFRS 9 has not had any material impact on comprehensive income or on the consolidated financial position for the

periods presented. Management has assessed the expected loss on receivables as non-material given the quality of the Group's customer portfolio. The Group does not use interest rate hedging instruments.

The Group has not applied in advance any standards and interpretations whose application is not required as at December 31, 2018.

- IFRS 16 relating to lease agreements;

The Group is currently assessing any potential impacts resulting from the initial application of IFRS 16 on the total comprehensive income and the financial position.

The new standards and interpretations issued by the IASB but not yet adopted by the European Union are only mandatory following adoption and so were not applied by the Group as at December 31, 2018.

After a preliminary analysis, the Group does not expect the above changes to have a material impact on its comprehensive income and financial position.

Options contained with the accounting standards and used by the Group are as follows:

- IAS 38 — Intangible assets: the Group has chosen to record intangible assets using the amortized historical cost method;
- IAS 16 — Property, plant and equipment: the Group has chosen to record property, plant and equipment using the amortized historical cost method;
- IAS 12 — Income taxes: the Group has chosen to present the French CVAE tax (corporate tax on value-added) in income taxes in accordance with the IFRIC interpretation of 2006 and the publication issued by the French Accounting Standards Authority (Autorité des Normes Comptables — ANC) on January 14, 2010;
- IAS 33 — Earnings per share: the Group is not listed on a regulated market but has opted to publish earnings per share information;
- IFRS 8 — Operating segments: the Group is not listed on a regulated market but has opted to publish operating segment information;

In the absence of applicable interpretations or standards, the Group uses accounting principles that will provide relevant and reliable information so that the financial statements present an accurate view of the Group's financial position, financial performance and cash flows.

The consolidated financial statements and notes thereto are expressed in euro (EUR).

4.1.2. Accounting estimates used by Management

The preparation of the Group's financial statements, in compliance with international accounting standards, requires management to make estimates and assumptions that affect the application of the accounting methods, the amounts of assets and liabilities, income and expenses, and the disclosure of assets and contingent liabilities.

The estimates and underlying assumptions are established according to the information available when the consolidated financial statements were prepared. These estimates may be reviewed if circumstances on which they were based change or following new information. The actual future results may be different from these estimates. Management reviews these estimates according to past experience and its overview of the market. If an estimate is reassessed, it is not correction of an error.

The accounting estimates requiring the formulation of hypotheses are used mainly for the following items:

(a) Valuation of the recoverable amount of goodwill

The main assumptions used by Management in its annual assessment of the recoverable amount of goodwill are future cash flows and the discount rate.

Future cash flows used to determine the value in use are flows from updated forecasts for a five-year period on the basis of the last strategic plan. The strategic plan for the 2018-2022 period has been produced with economic assumptions judged to be realistic by Management, for both turnover and production cost levels.

The discount rates used are related to the WACC (Weighted Average Cost of Capital) estimated on the basis of sector parameters. A spread for specific risk of the asset tested might be added. Data used to determine these rates comes mainly from independent external sources.

(b) Research and development costs

Management identifies development projects related to improvement or creation of a product and/or technology used by one or more clients. These projects and expenses are regularly analyzed by Management according to information obtained over the period. The Management decides on the amortization periods for development projects in accordance with internal feedback on the lifespan of the technologies developed for the current divisions (between 5 and 7 years).

(c) French Research Tax Credit (CIR)

Management assesses the Research Tax Credit income on the basis of eligible expenses, discussions with tax authorities and the conclusions obtained from its advisors and experts.

(d) Costs relating to capital increases

As part of the capital increases occurring during the period, Management used its judgment to identify the costs related to these operations as at December 31; 2018. These fees are allocated to 2018 issue premiums.

(e) Assessment of Accounts receivables

Management assesses the current value of receivables according to the likelihood of recovery.

(f) Provisions

With the aid of its legal advisors, Management analyzes disputes and assesses the provisions to be recorded if the Group needs to make a cash provision.

(g) Recognition of deferred tax assets on tax losses

Deferred tax assets relating to tax loss carryforwards are recognized if Management has sufficient visibility in the recovery of these losses under the imputation and spread tax rules.

Deferred tax assets related to tax loss carryforwards have been recognized as a precautionary measure for the estimated imputation on the forecast future tax profits of the next five financial years.

(h) Employee Benefits

Management reviews actuarial assumptions used in the estimation of the post-employment benefits such as discount rate, turnover rate and growth rate of wages.

(i) Debt issuance costs

The debt issuance costs are identified by Management and presented in the income statement, in line with the financial cost of the issued debt.

4.2. Consolidation methods

4.2.1. Reporting date and annual financial statements of consolidated subsidiaries

These consolidated financial statements have been established on the basis of the corporate accounts for subsidiary companies of the company FORSEE POWER SAS. All these financial statements cover a 12-month period with a period-end date of December 31, 2018.

The financial statements used as comparative information are those presented for the year ended December 31, 2017 covering a 12-month period.

The annual financial statements of consolidated companies for the periods presented are prepared in accordance with the accounting principles and valuation methods applied by the Group. They are restated as necessary to comply with the accounting principles used in preparing the consolidated financial statements.

4.2.2. Consolidation method

4.2.2.1. Equity interests under exclusive control: full consolidation

An equity interest is a subsidiary controlled by the Group. Control exists where the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing whether control exists, potential voting rights that are exercisable or convertible at the reporting date are taken into account.

Subsidiaries' financial statements are included in the consolidated financial statements from the date on which the Group obtains control and until the date that such control ceases.

Full consolidation consists of:

- Incorporating the items from the consolidated companies' financial statements into the consolidating company's financial statements, after any restatements;
- Divide the equity and the income between the interests of the consolidating company under "Share attributable to owners of the parent company" or "Group share," and the interests of the other shareholders or associates under "Non-controlling interests" or "Minority interests;"
- Eliminate transactions in the financial statements between the fully consolidated company and the other consolidated companies.

4.2.2.2. Operations eliminated in the consolidated financial statements

The following items are eliminated in the consolidated financial statements:

- Reciprocal receivables and payables;
- Intra-group transactions (purchases, sales, dividends, internal margins, etc.);
- Provisions for consolidated companies;
- Any operation involving two or more Group companies.

4.2.2.3. Translation of financial statements established in foreign currencies

The equity interests that present their financial statements in foreign currencies are those entities based outside France (China and Poland) whose operations are mainly directed by the Group from France according Group's production objectives. These foreign entities do not currently control their own operations and are not managed independently, in particular on a financial level.

As these equity interests are internal production centers, the financial statements of these foreign entities are not established in the entity's functional currency (euro, US dollar or Hong Kong dollar), this

currency might be different from the entity's local currency, e.g. the yuan for China and the zloty for Poland.

Financial statements established in foreign currencies are translated according to the historical rate method:

- Non-monetary assets and liabilities items (property, plant & equipment, intangible assets, and goodwill) and components of equity are translated into euros using the exchange rate at the transaction date;
- Monetary assets and liabilities items are translated into euros using the exchange rate on the reporting date;
- Income statement and cash flow items are translated into euros using the exchange rate on the transaction dates or—in practice—at a rate that is similar and that corresponds to the average rate of the reporting period, unless significant fluctuations occur;
- Translation differences that occur are recognized under financial result.

4.2.2.4. Business combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3. The Group is considered the acquirer once it controls the acquiree.

Acquisition cost is measured at fair value on the acquisition date. External acquisition costs that are assumed are recognized in expenses for the period in which the corresponding services are received.

When the Group acquires a company, it measures the identifiable assets and liabilities of the entity acquired at their fair value, except as provided for by IFRS 3. Non-identifiable assets, such as goodwill or a technical loss, are not included in the assets acquired. Contingent liabilities are also assessed and recognized if they are a current obligation. Deferred taxes are recognized in accordance with IAS 12.

The Group has 12 months from the acquisition date to assess the fair value of the acquisition price, including earn-outs, and to determine the fair value of the identifiable assets and liabilities. After this period, each modification of acquisition price or value of identifiable assets and liabilities is recognized in comprehensive income.

For each business combination, the Group measures the fair value of the identifiable net assets for non-controlling interests (minority interests) and recognizes full goodwill allocated between the Group and the non-controlling interests. The full goodwill is presented in the statement of financial position and it is not amortized but impaired if necessary.

In case of negative goodwill, when the acquisition cost is lower than the fair value of the net assets of the subsidiary acquired, the Group reviews the value of assets and liabilities to check for impairment or for provisions for risks and charges. If there is a difference in the valuation of the intangible assets, these assets are capped to avoid recognizing negative goodwill. After these analyses, negative goodwill is considered as profit resulting from an acquisition under favorable conditions and is recognized in the income statement for the acquisition period.

4.2.2.5. Transactions with non-controlling interests

Transactions with non-controlling interests that do not impact control of a subsidiary over which the Group has exclusive control are considered to be transactions between associates with no impact on the Group's economic value and are recognized in equity in accordance with IFRS 10:

- For an additional acquisition of non-controlling interests, the difference between the acquisition price of the securities and the supplementary share of consolidated equity thus acquired is recognized by the Group as a deduction from equity;
- In the case of disposals to non-controlling interests, the difference between the disposal price of the securities and the share of consolidated equity sold by the Group is recorded under equity.

These transactions do not affect accounting values of assets and liabilities for the equity interest concerned, including goodwill and valuation differences.

4.3. Accounting methods and measurement rules

4.3.1. Presentation of non-current and current items

The Statement of Financial Position presents current and non-current assets and liabilities in accordance with IAS 1, "Presentation of Financial Statements."

Assets and liabilities are classified as current when:

- the Group expects to gain the asset or settle the liability in its normal operating cycle or within 12 months of the reporting date;
- the asset or liability is held for the purpose of being traded or for transactions;
- the asset comprises cash or cash equivalents.

Any asset or liability which does not meet one of these criteria is classified as non-current.

Non-current financial assets and other non-current assets measured at amortized cost are presented with an update to the original effective interest rate generally corresponding to the Euribor 1-year rate at the reporting date of the consolidated financial statements.

4.3.2. Goodwill

Full goodwill from business combinations is allocated to the relevant cash generating unit (CGU). A CGU is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash flows from other assets or groups of assets.

Goodwill is not amortized but is tested for impairment through the CGU to which it belongs every reporting date as a minimum. An impairment loss is recognized when the carrying amount of the CGU is greater than its recoverable amount (see below for the assessment method used). The loss to be recorded for a CGU is first deducted from the carrying amount of full goodwill allocated to the CGU, then deducted from the carrying amount of each of the unit's assets. Goodwill impairment cannot be reversed and is recognized in operating income under "Goodwill impairment."

The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. To determine the value in use of a CGU, future cash flows are discounted at rates, after tax, that reflect current market estimates of the time value of money and the specific risks associated with the asset. The Group uses only one discount rate for its future cash flows which is calculated on the WACC (Weighted Average Cost of Capital). Future cash flows are determined on the basis of reasonable and documented assumptions. The Group uses the most recent projections that are generally established for a five-year period; beyond this period, the terminal value is determined by capitalizing the final year's projected cash flow to infinity, with a zero growth rate.

4.3.3. Development costs

The development costs incurred must be recognized as an intangible asset when the following conditions defined by IAS 38 can be demonstrated:

- The technical feasibility of and capacity to complete the intangible asset so that it will be available for use or sale;
- The intention to complete, ability to use or sell the asset, and availability of financial resources;
- It is probable that future economic benefits from the asset will flow to the entity;
- The cost of the asset can be reliably measured.

The development costs incurred are related to the improvement of the product or technology that will be used by one or more customers. The Group determines eligible expenses on a regular basis through a Project Monitoring Committee. These are mainly time spent, the project start date and the estimated project end date (SOP Date).

Amortization periods for development projects are established from internal feedback on the lifespan of the technologies developed for the current divisions. The amortization period chosen for all projects is five years from the estimated project end date.

Expenses that do not respect activation criteria of development costs, and expenses related to research costs, are recognized in the income statement.

4.3.4. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are presented in the consolidated financial statements at acquisition price or production cost, or fair value if acquired as part of a business combination, less accumulated depreciations and impairment losses recognized.

The depreciation and amortization are calculated by reference to the estimated useful lives of each asset class. Where applicable, the total cost of property, plant and equipment is allocated to its component parts, with each part being accounted for separately. This is the case when the various components of an asset have different useful lives or if they provide benefits to the business at a different pace thereby requiring different depreciation and amortization rates and methods.

The depreciation and amortization used for impairment have been determined on the basis of the rate of consumption of the economic benefits expected per asset on the basis of its acquisition cost, according to its probable use. The amortization periods are reviewed annually and modified if the expectations differ from previous estimates. Changes in these estimates are recorded on a prospective basis.

Depreciation is calculated using the straight line method, based on the estimated useful life of each component as follows:

Software and licenses	Straight-line method	5 years
Industrial equipment	Straight-line method	5 years
General installations and fittings	Straight-line method	8 to 10 years
Transport equipment	Straight-line method	5 years
Office and IT equipment	Straight-line method	3 years

4.3.5. Lease agreements

4.3.5.1. Finance lease agreements

Assets financed by finance lease agreements, which transfer to the Group almost all the economic risks and advantages inherent in ownership of the leased property, are recognized as assets in the balance sheet at the lower of their fair value or the present value of the minimum payments for the lease agreement. The corresponding debt is recognized under financial liabilities.

Lease payments are apportioned between the finance expense and the amortization of the debt so as to achieve a constant rate of interest on the remaining balance of the loan.

These assets acquired under finance lease agreements are depreciated according to the method and useful life of the asset in accordance with Group rules.

However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the corresponding assets are depreciated over the shorter of the useful life of the asset and the lease agreement term.

4.3.5.2. Operating lease agreements

Lease agreements that do not meet the criteria for finance lease agreements and in which the lessor retains almost all the economic risks and advantages inherent in ownership of the leased asset are accounted for as operating lease agreements. Payments under these agreements are recognized in expenses on a straight line basis over the duration of the contract. Future minimum payments due are presented in financial commitments.

4.3.6. Impairment of fixed assets

Fixed assets, with definite and indefinite useful lives, are tested for impairment when there is an indication that they may be impaired as a result of events or circumstances that occurred during the period, and it appears that their recoverable amount will remain lower than their net carrying amount. Impairment testing is carried out to compare the recoverable amount and the net carrying amount. When an impairment loss appears necessary, the amount recognized is equal to the difference between the net carrying amount and the recoverable amount. The recoverable amount is the higher value of the fair value net less costs to sell and the value in use.

4.3.7. Financial assets

Financial assets are recognized in accordance with the provisions of IAS 39, and presented in accordance with the provisions of IAS 32 and IFRS 7.

The Group recognizes a financial asset on its balance sheet when it becomes a party to the contractual provisions of the instrument. The financial assets used by the Group are classified according to the following four categories:

- Financial assets at fair value through profit or loss, such as marketable securities: these are securities assets acquired by the Group with the aim of making a profit from short-term price fluctuations. They are initially recognized at fair value (excluding direct transaction costs recognized in the income statement). At each reporting date, changes in fair value are recorded in the income statement.
- Held-to-Maturity (HTM) investments such as deposits and guarantees: fixed or determinable income securities for which the Group has the intention and ability to hold to maturity. With few exceptions, the standard prohibits the selling of these securities before their maturity. After initial recognition at the acquisition price, they are recognized at amortized cost using the effective interest rate method. If there is indication of impairment, an impairment loss is recorded for the difference between the carrying amount and the estimated recoverable amount, i.e. future cash flows are estimated and discounted using the original effective interest rate method.
- Loans and receivables; whether related or not to equity interests: this category records non-derivative financial assets with payments already determined or to be determined. Such financial assets are carried at amortized cost using the effective interest rate method. Loans and receivables due less than 12 months after the reporting date are not discounted. If there is indication of impairment, an impairment loss is recorded for the difference between the carrying amount and the estimated recoverable amount, i.e. future cash flows are estimated and discounted using the original effective interest rate method.
- Available-for-sale financial assets: this category includes the other financial assets such as non-consolidated equity interests. They are initially recognized at the acquisition price (transaction costs included). At each reporting date, these assets are measured at fair value. In the absence of an active market, the Group measures the fair value of a non-consolidated equity interest on

the basis of a share of the equity and the expected profitability of the investment. Changes in fair value are recorded in equity in a special reserve. If there is objective evidence of significant or permanent impairment, the unrealized loss is recognized in equity. These changes, including impairment, are written back and recorded in the income statement for the financial year when the financial asset is sold.

The Group did not have any available-for-sale financial assets as at December 31, 2018.

4.3.8. Inventories and work in progress

Inventories are measured at acquisition cost using the weighted average cost method.

Inventories of goods are valued at purchase cost, which includes the purchase price, forwarding costs (transport and customs), labeling, and related costs. Financial costs are not presented in the assessment of inventories.

Internal margins, applied between the various Group companies on merchandise in inventories at the reporting date, are eliminated in the consolidated financial statements.

An impairment loss may be recognized on the inventories to take into account the current values of the products at the reporting date.

4.3.9. Trade receivables

Trade receivables are initially recognized at fair value, and mainly comprise the difference between the revenue from sales recognized, billed, and the payments received from customers. Trade receivables recognized at fair value are depreciated if necessary, in case of recovery difficulties taking into account the amounts covered by credit insurers. Impairment is determined by customer. Any impairment is recognized in the income statement under the line item "Net provisions and depreciations," except for impairment related to receivables acquired over the period which is presented as a deduction from revenue from sales in accordance with IFRS 15.

Trade receivables assigned and transferred to a factoring organization are maintained in the consolidated financial statements.

There are no trade receivables related to holdbacks or After Sales Service because this is not material.

Income related to the sale of services and goods that are not delivered at the reporting date are recorded as a deduction from trade receivables (prepaid income).

4.3.10. Cash and cash equivalents

Cash and cash equivalents comprise bank balances, plus highly liquid short-term investments with a minimal risk of changes in value.

Short-term investments are assessed at fair value at the reporting date (financial assets at fair value by income). The changes in value are recorded in “financial result”.

4.3.11. Share capital and capital issuance costs

When equity instruments are issued, they are recorded at the transaction price after deduction of transaction costs. Equity instruments are not reassessed. If the equity instrument is canceled or repaid, the payment is directly deducted in equity and there is no profit or loss recognized.

The transaction costs directly related to a share capital increase shall be registered as a deduction from the issue premium, i.e., deducted from equity in accordance with IAS 32.

4.3.12. Share-based payments

Share-based transactions include bonus share issuances (AGA), share subscription warrants (BSA) and business creator share subscription warrants (BSPCE).

4.3.12.1. Transactions with investor shareholders

Share-based transactions to investor associates are not considered share-based payments under IFRS 2 but are treated as equity instruments under IAS 32. They are recorded in equity at their transaction price (subscription amount) and are not reassessed at period-end.

Equity instruments issued by the company for the benefit of associated investors are share subscription warrants (BSA) and are disclosed in Note 8.9.3.

4.3.12.2. Transactions with Management and employees

Share-based transactions with members of management, employees or third parties are considered share-based payments under IFRS 2. These transactions are disclosed and measured at fair value under IFRS 2.

The Group has not allocated bonus shares of FORSEE POWER SAS to employees, members of management or supervisory bodies, or to third parties as at December 31, 2018.

4.3.13. Employee benefits

Employee benefits are measured and presented in accordance with IAS 19 according to:

- Short-term benefits such as wages, social security contributions, bonuses payable, employee vehicles whether owned by the Group or leased, expenses related to training, and other employee fringe benefits;
- Long-term benefits such as long-service awards and bonuses payable beyond 12 months after the reporting date;
- Termination benefits and severance payment;
- Post-employment benefits (defined benefit plans or defined contribution plans).

Short-term benefits are recognized in the income statement under "Employee benefits" and are presented in Note 9.4 below.

The Group pays the contributions for basic pension plans to insurance institutions. Under these defined contribution post-employment benefit plans, the Group's only obligation is to pay the premiums recorded in the income statement under "Employee benefits."

The Group has not set up any defined benefit pension plan for employees. Its commitment is limited to the legal retirement benefits payments that are assessed using the projected unit credit method. According to this method, each period of service gives rise to an additional unit of rights entitlement, and each of these units is assessed separately to obtain the final obligation. This obligation is then discounted to obtain the final obligation. These calculations incorporate financial assumptions and demographic assumptions.

4.3.14. Provisions for risks and charges

A provision for risks and charges is recorded as soon as a clearly defined obligation exists, resulting from past or current events, and which makes an outflow of resources likely to be incurred at an unknown future date. The amount provided for in the financial position is the best estimate of the expenditure required to settle the obligation at the reporting date, excluding any expected income. Each risk or charge is assessed on a case-by-case basis at the reporting date and provisions are adjusted to reflect the best estimate at that date.

Provisions are recognized as current provisions if they cover an obligation that must be paid or settled within 12 months following the reporting date, otherwise they are considered non-current.

Non-current provisions are discounted if the time value effect is material in accordance with IAS 37.

Contingent assets and liabilities, i.e. a potential asset or liability depending on uncertain future events, are not recognized in the financial position except for contingent liabilities recognized in a business combination.

4.3.15. Financial liabilities

The financial liabilities are assessed in accordance with IAS 39, and recognized in accordance with IAS 32 and IFRS 7.

They are recognized at fair value at their acquisition date (including transaction costs) and then recognized at amortized cost using the effective interest rate method.

They are broken down in the consolidated financial statements between:

- The long-term loans and financial debts for the portion due beyond 12 months following the reporting date, which are classified in non-current liabilities;
- The short term loans and financial debts for the portion due within 12 months following the reporting date, which are classified in current liabilities.

The non-current interest-bearing financial debt is not discounted to present value at the reporting date.

The cash from assigned receivables transferred to the factoring companies is recognized in financial debt net of reserves and deposits held by the factoring company.

The Group does not have any financial liabilities at fair value (other than derivative financial instruments) in the statement of financial position at the reporting date.

Financial liabilities obtained under non-market conditions (loan with a zero rate) are presented at their fair value with a profit contra entry recorded in income. The profit is then written-back within income to be incorporated within the effective interest rate of the loan to record it with a normal market rate.

Debt issuance costs are recorded as a deduction of the initial fair value of the debt issued, and spread over the life of the loan using the effective interest rate method.

4.3.16. Accounts payable

The accounts payable sold and transferred to a factoring organization are maintained in the consolidated financial statements.

4.3.17. Derivative instruments and hedge accounting

The Group did not hold any derivative instrument for transaction purposes or derivative instruments with a hedging relationship (fair value or cash flow) over the periods presented.

4.3.18. Revenue recognition

Group revenues are assessed and presented in accordance with IFRS 15. Revenues are assessed on the basis of the transfer of control.

The Group has no return of goods commitment or repurchase commitment except for Flex 7 batteries that are covered by a contractual agreement to recover the batteries at the end of their life. This commitment is recognized as a provision in the financial statements.

Income that is not likely to be recovered is not recognized in financial statements for the period in which the transaction was realized.

4.3.19. Grants, subsidies, Research tax credit (CIR), Competitiveness and employment tax credit (CICE)

The income from operational grants or subsidies is recognized under other operational income.

Research tax credits (CIR) are granted to companies in France to encourage them to carry out technical and scientific research. Companies able to justify expenses that fulfill the requisite criteria benefit from a tax credit that can be used for the corporate income tax payment for the year in which the expenses occurred and for the three subsequent years or that can be repaid for the excess portion, if applicable. The research tax credit income is recognized as a deduction from the research tax credit-related expenses (CIR), net of fees related to the assessment of this tax credit. Cash flows related to the research tax credit are disclosed in cash flows from financing activities.

Grants that operate in the same manner as the research tax credit are recognized in the same way as this tax credit.

The income from the French competitiveness and employment tax credit (CICE) is recognized as a deduction from "Employee benefits."

The tax receivables relating to the tax credit are presented in the "Other non-current assets" if the settlement or imputation on the tax payables occur more than 12 months after the reporting date and are discounted to present value.

4.3.20. Taxation

4.3.20.1. Corporate taxation

There is no tax group within the Group as at December 31, 2018.

The tax receivables related to carry back on current tax are presented in the "Other non-current assets" if payment will occur more than 12 months after the reporting date and are discounted to present value.

4.3.20.2. Deferred taxes

Deferred tax is recognized on all temporary differences observed between the value of assets and liabilities in the consolidated financial statements and their tax bases, in accordance with IAS 12. The permanent differences such as goodwill impairments and share-based payments do not generate deferred tax.

Deferred taxes are measured at the tax rates relating to the tax entity and for which application is expected when the asset is realized or the liability is settled. The tax rate applied for French companies is 33.33%. Temporary differences based on real estate are subject to the rules for capital gains and losses on real estate disposals.

The impact of tax rate changes (variable deferral) is recognized in the income statement for the period in which the change is decided by the local tax authorities, except where the contra entry was initially recognized in equity, in which case the impact of the rate change is also recognized in equity.

Deferred taxes have been recorded in accordance with the temporary reversal periods and the new French tax rate from the 2018 finance law for French companies (gradual reduction in tax rate to 25% in 2022).

The deferred tax assets or liabilities are presented using a net position (net deferred tax) for each tax entity.

In the case of net deferred tax assets resulting mainly from tax deficit positions (tax loss carryforwards), these deferred tax assets are recognized in the financial position at each reporting date only to the extent that it is highly probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized for the tax entity concerned. Unrecognized deferred tax assets are mentioned in Note 8.17 below.

The deferred taxes are presented in the non-current section of the statement of financial position and are not discounted at present value.

4.3.21. Territorial economic contribution

The territorial economic contribution (contribution économique territoriale — CET) of the Group's French companies is presented in the consolidated income statement:

- In "Taxes" for the corporate real estate contribution (Contribution foncière des entreprises — CFE). This tax is based on the lease value of the assets subject to real estate taxes. It fulfills the criteria for recognition as an operating expense;
- In "Corporate taxation," the French corporate tax on value-added (Cotisation sur la valeur ajoutée des entreprises — CVAE) tax component is based on the value-added produced by the Group. It fulfills the criteria for income tax under IAS 12. A deferred tax is recognized at the CVAE rates in accordance with IAS 12 on all adjustments on the value-added defined by the French General Tax Code.

4.3.22. Financial result

The financial result includes the following paid-in elements:

- Financial income received from financial instruments such as revenue from securities, loans, and receivables, and income from sales of marketable securities;
- Financial expenses paid out such as financial cost related to bank overdrafts, borrowings, financial leases, factoring, and other banking services costs;

Financial result also includes the following calculated elements:

- The effect of discounting on the financial position items;
- The fair value change of the financial instruments with a cash flow hedging relationship;
- The impairments and reversals of provisions for financial assets assessed at amortized cost.

The cost of net debt comprises financial income received and financial expenses paid.

4.3.23. Translation for transactions denominated in foreign currency

The recognition and the assessment of the transactions denominated in foreign currency are defined by IAS 21 "The Effects of Changes in Foreign Exchange Rates."

In accordance with this standard, the transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the transaction date.

At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate of the reporting date. Realized foreign exchange gains or losses are recognized in the income statement:

- In operating income for commercial transactions;
- In cash income or in the cost of financial debt for financial operations.

4.3.24. Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to equity holders of the company FORSEE POWER SAS by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the profit or loss attributable to equity holders of the company FORSEE POWER SAS by the weighted average number of dilutive potential ordinary shares outstanding during the period.

Potential ordinary shares are considered dilutive if — and only if — their conversion to ordinary shares reduces the earnings per share.

If the inclusion of deferred equity instruments within the calculation of diluted earnings per share results in an anti-dilutive effect, these instruments are not taken into account.

4.3.25. Operating segments

An operating segment is a distinct component:

- which engages in activities from which the Group may earn revenue from ordinary activities and incur expenses, including revenue from ordinary activities and expenses related to transactions with other parties of the Group;
- whose operating income is regularly reviewed by Group Management to make decisions about resources to be allocated to the segment and to assess its performance; and
- for which isolated financial information is available.

The Group has two operating segments:

- Portable and mobility;
- Transport and storage.

The Group's primary segment reporting level is by operating segment and the secondary level is by geographical segment.

Segment data from internal reporting and data presented in Note 7 below follow the same accounting rules applied in the consolidated financial statements.

The performance of each segment is analyzed using EBITDA, EBIT and operating income. EBITDA and EBIT are defined as follows:

- EBITDA is defined as operating income before depreciation, amortization and impairment on receivables;
- EBIT is defined as the operating income.

4.3.26. Related parties

Related parties presented in the consolidated financial statements are defined as follows:

- Parties controlled by the Group: no controlled equity interest or associate company has been identified;
- The parties controlling the Group such as legal entity shareholders;
- Individuals who are members of the Group's management or of parties controlling the Group or who influence it significantly.

Financial assets and liabilities for related parties are presented in non-current financial assets or liabilities if they are to be paid or will become due in the 12 months following the period reporting date, otherwise these items are presented as current financial assets and liabilities. Non-current assets or liabilities for related parties are discounted for the non-current part if the time value effect is material.

Information about related parties is presented in Note 10.1 in accordance with IAS 24.

5. Information on the scope of consolidation

Companies included in the scope of consolidation as at December 31, 2018 are the following:

Company	Location	As at December 31, 2018			As at December 31, 2017		
		% Control	% Interest	Consolidation method	% Control	% Interest	Consolidation method
FORSEE POWER SAS	France	100%	100%	FC	100%	100%	FC
FORSEE POWER SOLUTIONS Ltd.	Hong Kong	100%	100%	FC	100%	100%	FC
FORSEE POWER Spz	Poland	100%	100%	FC	100%	100%	FC
ZHONGSHAN UNIROSS INDUSTRY Ltd. Co.	China	100%	100%	FC	100%	100%	FC
NEOT CAPITAL	France	15%	15%	NC	15%	15%	NC

As at December 31, 2018, four companies were fully consolidated.

The NEOT CAPITAL equity interest was not consolidated as at December 31, 2018, due to the non-material impact on the Group's 2018 results.

6. Information about comparability of the financial statements

6.1. Changes in scope for the financial year

There is no change in the scope of consolidation for the year ended December 31, 2018.

6.2. Changes in scope for the previous financial year

There is no change in the scope of consolidation for the year ended December 31, 2017.

6.3. Change in presentation and accounting methods

There is no change in accounting methods from the year ended December 31, 2017.

7. Information by business segment and by geographical zone

Management has defined the business segments on the basis of reporting that it analyses on a regular basis to take decisions relating to the allocation of resources to segments and the evaluation of their performance.

Group reporting has two operating segments called:

- *Smart Life*: includes the light mobility market and portable devices and applications for which energy consumption is lower than 2 to 4 kWh. The Group develops battery packs meeting most of the market needs for the following segments: e-Bikes, e-Scooters, other light 1- to 4-wheeled vehicles, medical equipment, Internet of Things, home automation, robotics and professional tooling.
- *Smart Transport & Mobility*: covers the market for solutions adapted to the development of vehicles with hybrid or electric motorization for various means of transport (commercial and 'last kilometer' vehicles, bus, truck, marine, offshore, tram and train) and the market for stationary storage (residential, commercial and industrial).

7.1. Information by business segment

The income statement by business segment is not available as at December 31, 2017 or December 31, 2018.

The amount of revenue generated by customers who individually represent more than 10% of the income is EUR 5.8 million for the *Smart Life* segment and EUR 6 million for the Transport and Storage segment as at December 31, 2018.

The amount of revenue generated by customers who individually represent more than 10% of the income is EUR 5.9 million for the *Smart Life* segment and EUR 4.3 million for the Transport and Storage segment as at December 31, 2017.

The guidelines established by Management for 2018 will enable the Group to become less dependent on its customers.

in EUR thousands	Smart Life	Smart Transport and Mobility	Inter segment and Other	December 31, 2018
Non-current segment assets	11,964	3,889	1,270	17,123
Current segment assets	10,690	10,441	17,729	38,861
Non-current segment liabilities	(364)	(2,807)	(25,316)	(28,488)
Current segment liabilities	(6,681)	(10,021)	(7,938)	(24,640)
Total	**15,609**	**1,502**	**(14,255)**	**2,856**
Capitalization of R&D expenses	688	3,735		4,423
Acquisition of fixed assets	693	498	1,726	2,917
Other non-current investment expenses	-	-	-	-
Total	**1,381**	**4,232**	**1,726**	**7,339**

in EUR thousands	Smart Life	Smart Transport and Mobility	Inter segment and Other	December 31, 2017
Non-current segment assets	6,476	4,577	708.00	11,761
Current segment assets	6,429	4,635	17,213	28,277
Non-current segment liabilities	(637)	(1,040)	(12,124)	(13,802)
Current segment liabilities	(4,116)	(1,437)	-5091	(10,644)
Total	**8,152**	**6,735**	**706**	**15,592**
Capitalization of R&D expenses	888	1,763		2,651
Acquisition of fixed assets	601	290	268	1,159
Other non-current investment expenses				
Total	**1,489**	**2,053**	**268**	**3,811**

7.2. Information by geographical region

in EUR thousands	December 31, 2018	December 31, 2017
France	9,021	6,179
Europe	8,256	5,990
Asia	1,344	2,603
United States	4,495	2,669
Rest of the world	41	333
Total revenue from sales	**23,157**	**17,774**

	December 31, 2018	December 31, 2017
France	7,120	3,311
Europe	23	
Asia	196	499
Rest of the world		
Total Investments	**7,339**	**3,810**

8. Information relating to items on the consolidated statement of financial position

8.1. Goodwill

in EUR thousands	December 31, 2017	Change in scope	Increase Allocations	Decrease Reversals	Fair value	Currency translation impact	December 31, 2018
Goodwill	1,523						1,523
Total	**1,523**						**1,523**
Impairment							
Goodwill							
Total							
Goodwill	**1,523**						**1,523**

Sensitivity testing has not been used to determine the present value of goodwill as at December 31, 2018. No sign of impairment was noted on goodwill as at December 31, 2018.

in EUR thousands	December 31, 2017	December 31, 2018
Goodwill from Ersé business (2012)	219	219
Goodwill from Portable and Mobility CGU	**219**	**219**
Goodwill from Dow Kokam business (2013) (1)	1,304	1,304
Goodwill from Transport and Storage CGU	**1,304**	**1,304**
Total	**1,523**	**1,523**

(1) The acquisition of Dow Kokam France activities in 2013 generated goodwill of EUR 1,304 thousand after recognition of a contingent liability of EUR 6.5 million related to a litigation with the tax administration on the research tax credit (CIR) for financial years 2010 to 2012. The tax authorities abandoned all grounds for contestation on July 3, 2017 and the provision for this contingent liability was reversed in its entirety in the income statement as at June 30, 2017.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2016	Change in scope	Acquisitions	Disposals	Impairment	Currency translation impact	December 31, 2017
Goodwill	1,523						1,523
Total	**1,523**						**1,523**
Impairment							
Goodwill							
Total							
Goodwill	**1,523**						**1,523**

8.2. Intangible assets

The increase in intangible assets in progress corresponds to capitalization in progress of R&D costs.

No sign of impairment was noted on any intangible assets as at December 31, 2018.

in EUR thousands	December 31, 2017	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	December 31, 2018
Intangible assets, gross							
Development costs	(0)				2,028		2,028
Software	1,026		77				1,103
Other intangible assets	0		87			(1)	86
Development costs in progress	3,470		4,423	(229)	(2,028)		5,636
Intangible assets in progress	65		1		0		66
Total	4,561		4,588	(229)		(1)	8,920
Depreciation, amortization and impairment							
Research costs			(253)				(253)
Software	(956)		(54)				(1,010)
R&D Other intangible assets	(0)		(11)			0	(12)
Total	(957)		(318)			0	(1,275)
Intangible assets, net	**3,605**		**4,270**	**(229)**		**(1)**	**7,645**

Changes during the prior period are as follows:

in EUR thousands	December 31, 2016	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Currency translation impact	December 31, 2017
Intangible assets, gross							
Concession, patents & similar rights	962		64				1,026
Other intangible assets	1,965		2,678	(991)	(113)	(5)	3,535
Total	**2,927**		**2,742**	**(990)**	**(114)**	**(5)**	**4,561**
Depreciation, amortization and impairment							
Software	**(916)**		**(40)**			**(0)**	**(957)**
Intangible assets, net	**2,011**		**2,702**	**(990)**	**(114)**	**(5)**	**3,605**

8.3. Property, plant and equipment

in EUR thousands	December 31, 2017	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	December 31, 2018
Property, plant and equipment — gross							
Buildings	19					(1)	18
Technical facilities, equipment, and tooling	4,283		1,031			2	5,316
Other property, plant and equipment	2,043		520		(1,005)	(2)	1,557
Property, plant and equipment in progress	392		1,176	(295)		(0)	1,273
Total	**6,736**		**2,728**	**(295)**	**(1,005)**	**(0)**	**8,165**
Depreciation, amortization and impairment							
Buildings	(6)		(2)			0	(8)
Technical facilities, equipment, and tooling	(2,994)		(490)		(14)	(11)	(3,509)
Other property, plant and equipment	(1,523)		(952)	678	1,018	1	(778)
Total	**(4,523)**		**(1,444)**	**678**	**1,005**	**(9)**	**(4,294)**
Property, plant and equipment, net	**2,213**		**1,284**	**383**	**(0)**	**(10)**	**3,870**

The increase in property, plant and equipment in progress corresponds to the creation of the new industrial site in Chasseneuil du Poitou.

No sign of impairment was noted on any property, plant and equipment as at December 31, 2018.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2016	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Currency translation impact	December 31, 2017
Property, plant and equipment — gross							
Buildings	18			(0)		1	19
Technical facilities, equipment, and tooling	4,151		109	(411)	409	25	4,283
Other property, plant and equipment	1,743		13	(3)	297	(6)	2,043
Property, plant and equipment in progress	246		746		(593)	(7)	392
Total	**6,158**		**867**	**(415)**	**113**	**12**	**6,736**
Depreciation, amortization and impairment							
Buildings	(4)		(2)			(0)	(6)
Technical facilities, equipment, and tooling	(2,882)		(457)	372		(27)	(2,994)
Other property, plant and equipment	(589)		(936)	0		2	(1,523)
Total	**(3,476)**		**(1,394)**	**373**		**(26)**	**(4,523)**
Property, plant and equipment, net	**2,682**		**(527)**	**(42)**	**113**	**(13)**	**2,213**

8.4. Financial assets

in EUR thousands	December 31, 2017	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Currency translation impact	Other	December 31, 2018
Financial assets								
Capitalized securities (1)	37		0			(0)		38
Prepaid deposits and sureties	154		23				0	178
Other financial assets (unpaid)	0					(14)	14	0
Total	**192**		**23**			**(14)**	**14**	**215**
Of which								
Current								
Non-current	192		23			(14)	14	215

(1) The capitalized securities relate to the acquisition of a 15% equity interest for EUR 37.5 thousand in NEOT CAPITAL (see Note 5).

Non-current financial assets not bearing interest are not discounted as at December 31, 2018 due to non-material amounts and the Euribor 12-month rate.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2016	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Currency translation impact	Other	December 31, 2017
Financial assets								
Capitalized securities	38					(0)		37
Prepaid deposits and sureties	89		88	(23)			0	154
Total	**126**		**88**	**(23)**		**0**	**(0)**	**192**
Of which								
Current								
Non-current	126		88	(23)		0	(0)	192

8.5. Inventories and work in progress

in EUR thousands	December 31, 2018	December 31, 2017
Raw materials and other supplies	7,254	3,513
Work in progress	1,056	1,511
Finished goods	2,682	991
Impairment of inventories	(951)	(921)
Inventories, net	**10,040**	**5,093**

8.6. Trade receivables

in EUR thousands	December 31, 2018	December 31, 2017
Trade receivables	5,201	3,713
Impairment of trade receivables	(80)	(170)
Accounts payable — Advances and prepayments	4,757	1,169
Trade receivables, net	**9,878**	**4,713**

Trade receivables due are as follows:

in EUR thousands	December 31, 2018	December 31, 2017
Trade receivables	5,201	3,713
Not due	0	0
Due in less than 1 year	5,201	3,713
Due in more than 1 year	0	0

8.7. Other assets

in EUR thousands	December 31, 2018	December 31, 2017
Social Security receivables	45	28
Tax receivables	3,349	1,438
Current accounts	462	159
Other receivables	2,692	1,099
Prepaid expenses	379	380
Impairment on other current assets	(30)	(30)
Other assets	**6,896**	**3,073**
Of which		
Current	*6,868*	*3,056*
Non-current	*28*	*17*

8.8. Cash

in EUR thousands	December 31, 2018	December 31, 2017
Cash equivalents		
Cash	12,075	15,415
Cash and cash equivalents	**12,075**	**15,415**
Cash and cash equivalents	12,075	15,415
Bank overdrafts		3
Cash, net	**12,076**	**15,413**

in EUR thousands	December 31, 2017	December 31, 2016
Cash equivalents		
Cash	15,415	859
Cash and cash equivalents	**15,415**	**859**
Cash and cash equivalents	15,415	859
Bank overdrafts	3	0
Cash, net	**15,413**	**858**

8.9. Equity

8.9.1. Share capital

As at December 31, 2018, the number of FORSEE POWER SAS outstanding securities was 245,219 at a par value of EUR 10, i.e. total share capital of EUR 2,452,190.

During the extraordinary shareholder meeting on December 18, 2017, preferred shares have been created: category C2 preferred shares (ADPC2) and category C3 preferred shares (ADPC3). Each ADPC2 has a 0.67 voting right attached and each ADPC3 has a share of voting attached that corresponds to the share of capital represented by the ADPC3. The extraordinary shareholder meeting on the December 18, 2017 converted 5,275 ordinary shares into 5,275 ADPC3 and 87,074 ordinary shares into ADPC2.

The share capital of FORSEE POWER SAS was modified during the financial year 2017 due to the Group's recapitalization operations:

- On December 18, 2017, for EUR 40,700 with the issue of 4,070 ordinary shares at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 1,502,481.20 by offset of debt;
- On December 18, 2017, for EUR 342,990 with the issue of 34,299 ADPC2 at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 12,661,818.84 by offset of debt;

- On December 18, 2017, for EUR 474,730 with the issue of 47,473 ADPC3 at a unit price of EUR 379.16, i.e. an issue premium of EUR 369.16 per share and a total issue premium of EUR 17,525,132.68 in cash;
- On December 18, 2017 for EUR 1 with the subscription of 100 BSA_G (see Note 8.9.3).

The share capital of FORSEE POWER SAS was modified during the 2018 period due to Group refinancing operations:

- On March 18, 2018 for EUR 6,957 with the issue of 6,857 BSA EIB A and 100 BSA EIB B subscribed by the European Investment Bank.

The Group did not hold any of its own shares in the periods presented.

8.9.2. Dividends

FORSEE POWER SAS did not distribute any dividends for the financial year ending December 31, 2017.

The Group does not plan to distribute dividends for the financial year ending December 31, 2018.

8.9.3. Share-based payments

During the extraordinary shareholder meeting on December 18, 2017, the Group issued 100 BSA_G at the total issue price of one euro (EUR 1). These shareholder subscription warrants may be converted into a maximum of 52,748 ADPC3. As the BSA_G beneficiaries are investor associates, these warrants are not considered share-based payments but are treated as equity instruments. They are recorded in equity for the transaction cost on the issue date.

In March 2018, the Group issued 6,957 share subscription warrants (BSA) to an investor associate (EIB). As the BSA beneficiaries are investor associates, these warrants are not considered share-based payments but are treated as equity instruments. They are recorded in equity for the transaction cost on the issue date.

The other warrants (BSA) issued by the company to associated investors had expired or were canceled on December 31, 2018.

As at December 31, 2018, the Group had not allocated bonus shares (AGA) or founders warrants (BPSCE) of FORSEE POWER SAS to employees, members of management or supervisory bodies, or to third parties.

8.9.4. Earnings per share

	December 31, 2018	December 31, 2017
Net income (loss)	(22,643)	(14,459)
Average number of shares outstanding	218,844	136,068
Earnings per share	**€ (166.41)**	**€ (106.26)**

Net income (loss)	(22,643)	(14,459)
Effect of dilutions:		
100 BSAG issued on December 18, 2017 which can be converted for a maximum amount of 52,748 ADPC3 (1)	52,748	52,748
Share subscription warrants (BSA) issued March 18, 2018 giving access to 6,957 ordinary actions (2)	6,957	
Diluted earnings per share	**€ (81.70)**	**€ (104.81)**

1) During the extraordinary shareholder meeting on December 18, 2017, the Group issued 100 BSAG at the total issue price of one euro (EUR 1).
2) Warrants (BSA) granted on the March 18, 2018 to the EIB. Each BSA has a value of EUR 1 and gives access to one ordinary share.

8.10. Provisions for risks and charges

8.10.1. Breakdown of provisions for risks and charges

in EUR thousands	December 31, 2017	Change in scope	Allocations	Reversals	*Of which used*	Reclassification	Fair value	Currency translation impact	December 31, 2018
Provisions									
Litigation	827		323	(668)					482
Employee benefits	207			(3)	(3)				204
Other provisions for risks and charges	473		2,116	(260)					2,329
Regulatory provision									
Provisions	**1,508**		**2,438**	**(932)**	**(3)**				**3,014**
Of which									
Current									
Non-current	1,508		2,438	(932)	(3)				3,014

The increase in the other provisions for risks and charges is mainly due to:

- The EUR 322 thousand increase in provisions already provided for the destruction of the R&D FLEX and ZEN packs;
- The EUR 1,373 thousand creation of a provision related to the transfer of activity from the Moissy Cramayel site to the new Poitiers site.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2016	Change in scope	Allocations	Reversals	*Of which used*	Reclassification	Fair value	Currency translation impact	December 31, 2017
Provisions									
Litigation	1,013		392	(577)					827
Employee benefits	183		24						207
Other provisions for risks and charges	3,348		216	(3,090)					473
Regulatory provision									
Provisions	**4,544**		**632**	**(3,667)**					**1,508**
Of which									
Current									
Non-current	4,544		632	(3,667)					1,508

8.10.2. Post-employment benefits

8.10.2.1. Defined contribution plans

An expense has been recognized as at December 31, 2018 related to defined contribution plans.

8.10.2.2. Defined benefits plans

There is no defined benefits plan for the Group.

8.10.2.3. Retirement benefits plan

Provisions for pension obligations and other social engagements are as follows:

in EUR thousands	December 31, 2018	December 31, 2017
Retirement benefits plan	204	207
Long-service awards		
Total	**204**	**207**

in EUR thousands	December 31, 2018	December 31, 2017
Provision at start of period	**207**	**183**
Net cost over period	(3)	24
Benefits paid		
Actuarial (gains) and losses recognized in equity		
Provision at end of period	**204**	**207**

ACTUARIAL ASSUMPTIONS

For the retirement benefits plan, the basic assumptions (staff turnover rate, salary increase) for these calculations have been determined on the basis of the Group's forecasting and historical policy. The assumptions used for the assessments are as follows:

in EUR thousands	December 31, 2018	December 31, 2017
Financial assumptions		
Discount rate	1.46%	1.44%
Long-term salary increase assumption	3.00%	3.00%
Rate for social charges, management	43.00%	48.00%
Rate for social charges, non-management	17 to 37%	28 to 52%
Demographic assumptions		
Age of retirement used for management	65-67 years	65-67 years
Age of retirement used for non-management	65-67 years	65-67 years
Mortality table	INSEE 2018	INSEE 2017

The discount rates applied are based on the rate of return on bonds issued by leading companies equivalent to the duration of the plans being valued, approximately 10 years:

The rate has been determined considering the values of market indices for AA-rated bonds available at end of December 2018.

No sensitivity analysis of the obligation had been realized as at December 31, 2018.

8.11. Loans and financial debts

in EUR thousands	December 31, 2017	Change in scope	Issuances	Loan issuance costs	Repayments	Reclassification	Effective interest method impact	Net change	December 31, 2018
Bank borrowing (1)	561		15,000	(513)	(413)		60		14,695
Deposits and sureties received					(0)	20			20
Related parties financial liabilities	11,485		10,416		(11,465)	(20)			10,416
Debt for financing trade receivables	1,279		3,486		(1,279)				3,486
Non-current financial debt	**13,326**		**28,902**	**(513)**	**(13,157)**		**60**		**28,618**
Accrued interest on financial debt			321						321
Short term credit line			6,000						6,000
Accrued interest not yet due — liability	9							(3)	6
Bank overdrafts (cash liability)	3							(3)	
Current financial debt	**12**		**6,321**					**(6)**	**6,327**
Gross financial debt and similar	**13,337**		**35,223**	**(513)**	**(13,157)**		**60**	**(6)**	**34,944**
Of which									
Current	*1,421*		*9,807*		*(1,409)*		*98*	*(6)*	*9,910*
Non-current	*11,917*		*25,416*	*(513)*	*(11,748)*	*(0)*	*(38)*		*25,034*

1) Refinancing by the EIB and availability of the first tranche for EUR 7.5 million in March 2018 and the second tranche for EUR 7.5 million in October 2018.

   The costs directly attributable to loan issues are spread over the life of the loan using the effective interest rate method in accordance with IFRS 9, and presented under financial result in the statement of comprehensive income. Loan issuance costs are presented as a deduction from the initial value of the financial debt.
2) Short-term credit line for financing the WCR for the customer HEULIEZ/IVECO set up in October 2018 with a repayment of EUR 1.5 million in January 2019.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2016	Change in scope	Issuances	Repayments	Currency translation impact	Conversion into capital	Net change	December 31, 2017
Bonds (1)			3,701			(3,701)		
Bank borrowing	1,159			(598)				561
Related parties financial liabilities (2)	11,024		11,309	(0)		(10,847)		11,485
Debt for financing trade receivables	1,344		1,279	(1,344)				1,279
Non-current financial debt	**13,527**		**16,289**	**(1,942)**		**(14,548)**		**13,326**
Bank overdrafts (cash liability)	0						2	3
Accrued interest not yet due — liability	4						5	9
Gross financial debt and similar	**13,531**		**16,289**	**(1,942)**	**(0)**	**(14,548)**	**8**	**13,337**
Of which								
Current	*1,979*		*1,279*	*(1,812)*	*(33)*		*8*	*1,421*
Non-current	*11,552*		*15,010*	*(130)*	*33*	*(14,548)*		*11,917*

1) The company authorized several bond issues over the period with the following characteristics:
   i. Issue of 3,517 OC1 bonds convertible into company shares for a nominal amount of EUR 1,301 thousand issued on May 31, 2017 and maturing May 30, 2020. These convertible bonds are reimbursable on the expiration date at the nominal value and with capitalized interest of 10%.

ii. Authorization to issue 11,899 OC2 bonds convertible into company shares for a nominal amount of EUR 4,402 thousand issued between June 16, 2017 and September 30, 2017 and maturing June 2020. These convertible bonds are reimbursable on the expiration date at the nominal value and with capitalized interest of 10%.

   A draw-down of 6,488 convertible bonds was realized for an amount of EUR 2,400 thousand on the July 27, 2018.

iii. Authorization to issue 11,899 OC3 bonds convertible into company shares for a nominal amount of EUR 4,402 thousand with the same characteristics as the OC1 and OC2. Authorization for issue of these OC3s runs until November 30, 2018.

Following the Group refinancing that occurred on December 18, 2017, draw-downs received have been converted into the current account.

2) Related parties contributed EUR 11.3 million during the previous period, of which EUR 10.8 million has been converted into capital.

The maturity schedule for the financial debts are as follows:

in EUR thousands	December 31, 2018	Less than 1 year	1 to 4 years	5 years or more	Covenant
Bank borrowing	14,695	98	65	14,533	no
Deposits and sureties received	20			20	no
Related parties financial liabilities	10,416		10,416		no
Debt for financing trade receivables	3,486	3,486			
Non-current financial debt	**28,618**	**3,584**	**10,481**	**14,553**	
Accrued interest on financial debt	321	321			no
Short term credit line	6,000	6,000			no
Accrued interest not yet due — liability	6	6			
Current financial debt	**6,327**	**6,327**			
Gross financial debt and similar	**34,944**	**9,910**	**10,481**	**14,553**	

8.12. Risk management for financial assets and liabilities

8.12.1. Credit risk management

The Group is exposed to a credit risk in the event of late payments by customers or in case of default by one of its customers. The Group ensures that it does not create or maintain any dependency on its customers by diversifying the nature of customers and developing its export market share.

The Group has not subscribed to any insurance against credit risk.

At the moment, the Group is studying the implementation of a financing solution for the purchase of batteries for the Transport and Storage division.

The Group is exposed to a limited credit risk as at December 31, 2018.

8.12.2. Liquidity risk management

The Group is exposed to a liquidity risk, i.e. the risk that the Group cannot meet its financial obligations, which is inherent in research and development.

The Finance Department has implemented several factoring contracts to assign receivables for a maximum amount of EUR 5 million.

Experience shows that banks and financial partners have regularly supported the Group in its organic growth and its financing needs.

Furthermore, the related parties controlling the Group have always given their financial support to financing the Group. Indeed, the Group has received several injections of capital into its current account and financial recapitalizations when required. The financial liabilities linked to related parties is EUR 10.4 million as at December 31, 2018.

A cash capital increase in the amount of EUR 10 million was carried out on December 21, 2018 with the arrival of a new associate, bringing the share capital to EUR 2,452,190.

Furthermore, on December 18, 2017, FORSEE POWER finalized financing of EUR 55 million to support the industrialization of its battery systems. This financing was granted by the Japanese conglomerate Mitsui & Co. Ltd (which took an equity stake through a capital contribution of EUR 18 million and the acquisition of EUR 2 million shares to the founder), the European Investment

Bank (EIB) via the European Fund for Strategic Investments (EFSI) under the Juncker Plan (a loan of EUR 20 million in 3 tranches with conditions to disbursement signed in March 2018) and historical associates (capitalization of contributions in current accounts for an amount of EUR 14.6 million).

The Group thus always makes sure it has the financial resources to ensure the repayment of its debts at maturity date.

in EUR thousands	December 31, 2018	December 31, 2017
Overdraft authorization		
Sub-total credit facilities (a)		
Cash and cash equivalents	12,075	15,415
Bank overdrafts — Cash liability		3
Net liquidity (b)	**12,076**	**15,412**
Total liquidity position (a) + (b)	**12,076**	**15,412**

The Group does not place its available cash in banks on low-risk short-term investment accounts.

8.12.3. Market risk management

8.12.3.1. Competition risk management

The Group is exposed to a competition risk, especially regarding price. At the present time, this risk is limited thanks to the high-end positioning of the Group's products.

8.12.3.1. Management of risk related to the technologies used

The Group specializes in the design and integration of specialized batteries, a business segment driven by technological progress.

In order to limit the risk related to the technologies used, the Group owns patents covering internally developed technologies and invests a significant amount in research and development every year.

8.12.3.2. Currency risk management

The Group is exposed to a currency risk due to the operations carried out with the equity interests located in China and Poland. The currencies concerned are the US dollar (USD), the Chinese yuan (RMB) and, to a lesser extent, the Polish zloty (PLN) and the Hong Kong dollar (HKD).

The Group did not hedge the currency risk as at December 31, 2018.

8.12.3.3. Price risk management

The Group is exposed to price risk on raw materials (mainly lithium) used in the batteries production process.

The Group has not hedged its price risk exposure.

8.12.3.4. Interest rate risk management

The Group has a limited exposure to interest rate risk since:

- cash and financial assets include term deposits;
- only fixed-rate debt rate has been subscribed.

With regard to the financial liabilities, the Group's exposure to interest rate risk is limited as at December 31, 2018.

8.12.3.5. Market risk management

The Group's exposure to market risk linked to the share or currency trading prices is almost non-existent because the Group has no investment in SICAV shares or cash, and does not hold any interests or marketable securities on a regulated market.

8.13. Information about fair value of financial assets and liabilities

8.13.1. Cash, loans and receivables

The Group considers that the carrying amount of cash, trade receivables, other receivables, accounts payable, other debts and various deposits and sureties is a good approximation of the market value due to the high degree of liquidity of these items and their maturity of less than 12 months.

8.13.2. Assets at fair value

The Group does not hold marketable securities but invests in short-term current accounts. These are recognized under financial assets at fair value through the income statement.

8.13.3. Derivative and hedging financial instruments

The Group does not hold any derivative trading and hedging instruments at fair value over the periods presented.

8.13.4. Financial liabilities at amortized cost

The Group considers that the carrying amount of accounts payable is a good approximation of the market value due to the high degree of liquidity of items.

The market value of long and short-term financial liabilities is determined using the value of estimated future cash flow disbursed, discounted with the interest rates observed by the Group at the end of the period for the instruments with similar conditions and maturities.

8.13.5. Financial instrument report

The market values of financial assets and liabilities measured at fair value in the statement of financial position have been classified in the chart below within the fair value hierarchy with three levels of input defined under IFRS 7:

- Level 1: fair value measured by quoted prices for similar instruments;
- Level 2: fair value measured by directly or indirectly observable market inputs;
- Level 3: fair value measured by inputs not based on observable market data.

in EUR thousands	December 31, 2018	Fair value through profit or loss	Fair value through equity	Amortized cost	Level
Capitalized securities	38			38	3
Receivables related to equity interests					3
Prepaid deposits and sureties	178			178	3
Other financial assets (unpaid)	0			0	3
Financial assets	**215**			**215**	
Trade receivables, net	9,878			9,878	3
Other assets	6,896			6,896	3
Cash and cash equivalents	12,075	12,075			1
Assets	**29,064**	**12,075**		**16,989**	
Non-current financial debt	28,618			28,618	3
Current financial debt	6,327			6,327	3
Accounts payable	9,975			9,975	3
Other liabilities	5,190			5,190	3
Liabilities	**50,109**			**50,109**	

The following methods and assumptions used to estimate the fair value of financial assets and liabilities are presented below:

- Financial assets and liabilities held for trading are assessed at fair value through the income statement;
- Assets available for sale are assessed at fair value through equity;
- Loans, receivables and debts are assessed at amortized cost;
- Held to maturity investments are assessed at amortized cost;

8.14. Accounts payable and advances

in EUR thousands	December 31, 2018	December 31, 2017
Accounts payable	8,984	5,322
Trade receivables — Advances and prepayments	991	1,050
Accounts payable	**9,975**	**6,372**

The accounts payable maturity schedule is as follows:

in EUR thousands	December 31, 2018	December 31, 2017
Accounts payable	8,984	5,322
Not due		
Due in less than 1 year	8,984	5,322
Due in more than 1 year	(0)	(0)

8.15. Other liabilities

in EUR thousands	December 31, 2018	December 31, 2017
Social security liabilities	3,946	2,273
Tax liabilities	418	348
Deferred income	277	422
Debts related to assets	0	0
Other current debts	549	180
Other liabilities	**5,190**	**3,224**
Of which		
Current	*4,755*	*2,851*
Non-current	*435*	*372*

8.16. Details of the Working Capital Requirement (WCR)

in EUR thousands	Notes	December 31, 2017	Change in scope	WCR	Reclassification	Currency translation impact	December 31, 2018
Inventories, net	8.6	5,093		4,972		(25)	10,040
Trade receivables, net	8.7	4,712		5,175		(38)	9,850
Other current assets	8.7	2,601		6,300	(2,385)	40	6,556
Accounts payable	8.14	(6,069)		(6,294)	2,602	(24)	(9,785)
Other current liabilities	8.14	(3,172)		(1,974)		3	(5,144)
Total changes in working capital requirement (WCR)		**3,164**		**8,179**	**217**	**(44)**	**11,517**

in EUR thousands	Notes	December 31, 2017	Change in scope	Change and impact on income	Reclassification	Currency translation impact	December 31, 2018
Change in deferred tax		4,207		(374)		0	3,833
Change in corporate tax receivables and payables		342		(73)		(0)	270
of which research tax credit (CIR)				*86*			
Tax expense recorded in P&L		2,603		403			(403)
Total tax change				**(131)**			

Details of the Working Capital Requirement for the previous period are as follows:

in EUR thousands	Notes	December 31, 2016	Change in scope	WCR	Reclassification	Currency translation impact	December 31, 2017
Inventories, net	8.6	5,898		(715)	(0)	(90)	5,093
Trade receivables, net	8.7	3,749		965		(1)	4,712
Other current assets	8.7	1,517		899		185	2,601
Accounts payable	8.14	(4,771)		(1,397)	(0)	99	(6,069)
Other current liabilities	8.14	(1,962)		(1,221)	(0)	10	(3,172)
Total changes in working capital requirement (WCR)		**4,431**		**(1,470)**	**(0)**	**204**	**3,166**

in EUR thousands	Notes	December 31, 2016	Change in scope	Change and impact on income	Reclassification	Currency translation impact	December 31, 2017
Change in deferred tax		4,312		(427)	323	(1)	4,208
Change in corporate tax receivables and payables		247		93		(2)	342
of which research tax credit (CIR) inflow				*7*			
Tax expense recorded in P&L		(394)		(2,603)			2,603
Total tax change				**(2,944)**	**323**		

8.17. Deferred taxes

Deferred taxes break down as follows:

in EUR thousands	December 31, 2018	December 31, 2017
Temporary tax differences	0	0
Provision for post-employment benefits	34	52
Other temporary differences	243	341
Tax losses carryforward	3,556	3,814
Total net deferred taxes	**3,833**	**4,207**

The Group recognizes deferred tax assets on tax loss carryforwards from tax entities for which recovery is expected in the near future.

Deferred taxes have been valued for French companies with a declining tax rate that falls to 28% in 2020 to reach 25% in 2022 following the 2018 finance law.

In EUR thousands	December 31, 2018		December 31, 2017	
	Tax loss carryforwards (base)	Deferred tax assets (1)	*Tax loss carryforwards (base)*	Deferred tax assets
Forsee Power	*13,991*	3,556	*13,991*	3,814
Forsee Power Industry				
Z.U.I.				
Forsee Power Spz				
Total items recognized in the financial statements	***13,991***	**3,556**	***13,991***	**3,814**
Forsee Power	*45,723*	11,431	*26,081*	6,520
Forsee Power Industry				
Z.U.I.				
Forsee Power Spz				
Total items not recognized in the financial statements	***45,723***	**11,431**	***26,081***	**6,520**
Total	***59,714***	**14,987**	***40,072***	**10,334**

(1) Deferred tax asset assessed according to the tax rate in effect on the date of use of the tax loss carryforward according to the projected tax schedule.

The changes in deferred taxes are as follows:

in EUR thousands	December 31, 2018	December 31, 2017
Deferred tax assets at period-start	**4,211**	**4,316**
Expense recognized in comprehensive income	(374)	(427)
DTA recorded against the issue premium	32	324
DTA/DTL offset for tax entity	(32)	(0)
Other	32	322
Deferred tax assets at period-end	**3,838**	**4,211**
Deferred tax liabilities at period-start	**5**	**4**
Expense recognized in comprehensive income	0	0
DTA/DTL offset for tax entity	(32)	(0)
Other	32	0
Deferred tax liabilities at period-end	**5**	**5**

9. Information relating to items in the consolidated statement of comprehensive income

9.1. Sales revenue breakdown

in EUR thousands	December 31, 2018	December 31, 2017
Breakdown of revenue by nature	23,157	17,774
Sale of goods	21,548	15,941
Service delivery	1,318	1,675
Other activities	291	157
Total	**23,157**	**17,774**

9.2. Other operating income and expenses

in EUR thousands	December 31, 2018	December 31, 2017
Inventoried production	99	296
Operating subsidies	740	2
Transfer of charges	(0)	0
Income from disposal of fixed assets	(229)	(1,024)
Change in fair value	0	0
Other income and expenses (1)	(1,016)	(2,208)
Other non-current income and expenses	(97)	(669)
Other operating income and expenses	**(504)**	**(3,602)**

9.3. Purchases, net of inventory variation

in EUR thousands	December 31, 2018	December 31, 2017
Consumables purchased	(18,570)	(13,434)
Fees and other external fees	(2,039)	(2,263)
Leases, maintenance and insurance	(2,039)	(1,356)
Transport, travel and conference expenses	(2,483)	(1,112)
Study and research costs	(1,800)	(814)
Telecommunication and mail fees	(173)	(126)
Sub-contracting	(819)	(584)
Foreign exchange gains and losses on purchases	91	(479)
Other	(18)	(16)
Purchases, net of inventory variation	**(27,850)**	**(20,184)**

9.4. Employee and workforce expenses

in EUR thousands	December 31, 2018	December 31, 2017
Employee expenses		
Remuneration	(9,401)	(6,683)
Social security contributions	(3,214)	(2,250)
Other short-term benefits and CICE	(48)	(13)
Employee profit sharing	0	0
Total	**(12,663)**	**(8,946)**
Average headcount		
Management	137	106
Non-management	203	155
Total	**340**	**261**

9.5. Taxes

in EUR thousands	December 31, 2018	December 31, 2017
Taxes on salaries	(300)	(147)
Other taxes	(68)	(41)
Taxes	**(368)**	**(187)**

9.6. Depreciation, amortization and provisions allocations and reversals

in EUR thousands	December 31, 2018	December 31, 2017
Amortization and impairment of intangible assets	(307)	(40)
Depreciation and impairment of property, plant and equipment (1)	(752)	(1,304)
Provisions for risks and charges (2)	(1,445)	(55)
Net impairments of assets (3)	(3)	1,109
Net allocations	**(2,507)**	**(290)**

1) In 2017: EUR 678 thousand in impairment of property, plant and equipment related to the accelerated depreciation of the Moissy premises due to the upcoming move.
2) In 2018: EUR 322 thousand increase in provisions for the destruction of the R&D FLEX and ZEN packs and the EUR 1,373 thousand creation of a provision related to the transfer of activity from the Moissy Cramayel site to the new Poitiers site.

   In 2017: including EUR 1,743 thousand provision reversal on non-recoverable ZUI receivables recorded in losses;

9.7. Financial result

in EUR thousands	December 31, 2018	December 31, 2017
Financial income received on financial assets	0	0
Financial result	**0**	**0**
Interests expense on loan	(1,284)	(1,716)

Cost of debt, gross	(1,284)	(1,716)
Foreign exchange gains and losses	(16)	(7)
Foreign exchange gains and losses related to translation reserves	47	179
Net impairments of financial assets at amortized cost	0	0
Other financial expense and effective interest method impact	(282)	(89)
Other financial income	31	8
Other financial income and expenses, net	**(219)**	**91**
Financial result	**(1,504)**	**(1,625)**

9.8. Income tax expense

in EUR thousands	December 31, 2018	December 31, 2017
Current tax	(29)	(60)
Reversal of the contingent liability for the research tax credit (CIR) provision (1)	0	3,090
Deferred tax	(374)	(427)
Income tax expense	**(403)**	**2,603**

1) The provision for this contingent liability of EUR 3,090 thousand was reversed to income on December 31, 2017 when the tax authorities abandoned all grounds for contestation on July 3, 2017. The reversal of the provision is disclosed in under Income tax, given the nature of the provision.

The tax proof for the period 2018 is as follows:

in EUR thousands	December 31, 2018	December 31, 2017
Theoretical tax expense (at the current rate)	7,413	5,687
Actual tax expense	(403)	2,603
Difference	**7,815**	**3,084**
Tax credits (CIR, CICE)	(77)	(96)
Reversal of research tax credit (CIR) provision		(3,090)
Adjustment of corporate tax rate in France (for tax losses carryforward)	326	374
Tax loss not recognized	7,362	5,468
Other temporary and permanent tax differences	206	427
Breakdown of differences	**7,817**	**3,083**

9.9. Income Statement by function

(in thousand euros)	Note	December 31, 2018	December 31, 2017
Revenues	9.1	**23 157**	**17 774**
Production costs of goods sold	9.2	(19 516)	(14 852)
Gross Margin (a)		**3 641**	**2 922**
Indirect production costs	9.3	(8 116)	(2 416)
Research and development costs	9.4	(4 866)	(3 146)
Marketing and distribution costs	9.6	(3 333)	(2 929)
Administrative expenses	9.5	(4 299)	(6 572)
Other operating income and expenses		(149)	(1 896)
EBITDA (b)		**(17 122)**	**(14 037)**
Net amortization, provisions and depreciations	9.6	(2 504)	(1 399)
Operating income (EBIT)		**(19 626)**	**(15 436)**
Financial income	9.7	**(1 504)**	**(1 625)**
Income before tax		**(21 130)**	**(17 061)**
Income tax expense	9.8	(403)	2 603
Net income (loss) for the year from continued operations		**(21 533)**	**(14 458)**
Profit (loss) after tax for the year from discontinued operations		(1 100)	
Net income (loss) for the year		**(22 643)**	**(14 458)**
Attributable to owners of the group		*(22 643)*	*(14 458)*
Attributable to non-controlling interests			
Other comprehensive income			
Actuarial gains and losses			
Other comprehensive income			
Total comprehensive income for the period		**(22 643)**	**(14 458)**
Attributable to owners of the group		*(22 643)*	*(14 458)*
Attributable to non-controlling interests			

a) Income or expense related to foreign exchange gains or losses on purchases and sales are disclosed in “Other operating income and expenses.”

b) EBITDA includes impairment of inventories. Impairment of receivables are disclosed under EBIT.

10. Other information

10.1. Related party transactions

10.1.1. Remuneration paid to management

Since the Group is not subject to the legal obligation to publish the consolidated financial statements, remuneration paid to the Group's management is not published.

10.1.2. Other transactions with related parties

The transactions between the Group and related parties are carried out under normal market conditions.

in EUR thousands	December 31, 2018	December 31, 2017
Current account Assets	462	159
Current account Liabilities	10,416	11,485
Total items in the statement of financial position	**10,878**	**11,645**
Interest expenses	(804)	(1,585)
Operating expenses		
Total items in the income statement	**(804)**	**(1,585)**

10.2. Off-balance sheet commitments

No off-balance sheet commitments as at December 31, 2018.

10.3. Audit fees

in EUR thousands	December 31, 2018	December 31, 2017
Statutory auditors, certification, audit of individual and consolidated financial statements	126	134
Services other than certification of financial statements		68
Total	**126**	**202**

Net of VAT and other costs

18.2. Interim and other financial information

18.2.1. Group consolidated financial statements for the half year ended June 30, 2021

FORSEE POWER

GROUP

IFRS condensed interim consolidated financial statements as at June 30, 2021

FORSEE POWER S.A.S.

Société par Actions Simplifiée with capital of EUR 2,998,760

Registered Office: 54-56, Avenue Hoche

75008 Paris

RCS Paris 494 605 488

Consolidated Statement of Financial Position

in EUR thousands	Notes	June 30, 2021	December 31, 2020[1]
Non-current assets		**33,903**	**35,804**
Goodwill	7.1	1,523	1,523
Intangible assets	7.2	12,831	12,060
Property, plant and equipment	7.3	16,891	16,731
Non-current financial assets	7.4	1,009	4,398
Other non-current assets	7.7	1,333	600
Deferred tax assets	7.18	317	492
Current assets		**48,631**	**56,749**
Inventories	7.5	24,414	28,284
Trade receivables	7.6	13,128	14,180
Other current assets	7.7	3,109	3,013
Current financial assets	7.4	3,785	
Cash and cash equivalents	7.8	4,195	11,273
Total Assets		**82,535**	**92,553**
Equity		**(49,065)**	**(32,406)**
Equity attributable to owners of the parent company		**(49,065)**	**(32,406)**
Share capital issued	7.9	2,999	2,999
Issue premiums	7.9	994	991
Translation reserves	7.9	52	(1)
Reserves*	7.9	(36,340)	(6,983)
Net income	7.9	(16,769)	(29,412)
Non-controlling interests			
Liabilities		**131,599**	**124,959**
Non-current liabilities		**107,046**	**101,755**
Non-current financial liabilities	7.11	88,112	87,456
Employee benefits	7.10	227	227
Provisions for risks and charges	7.10	7,285	6,413
Other non-current liabilities	7.16	3,068	3,197
Derivative financial instruments	7.12	8,350	4,457
Deferred tax liabilities	7.18	5	5
Current liabilities		**24,554**	**23,204**
Current financial liabilities	7.11	4,005	4,864
Provisions for risks and charges	7.10		0
Accounts payable	7.15	11,897	9,786
Other current liabilities	7.16	8,652	8,554
Total Equity and Liabilities		**82,535**	**92,553**

[1] Balance sheet restated (see Note 5.4)

Consolidated income statement

in EUR thousands	Notes	June 30, 2021	June 30, 2020
Revenue from sales	8.1	**37,171**	**27,653**
Other operating income and expenses	8.2	(177)	(742)
Purchases, net of inventory variation	8.3	(33,212)	(24,960)
Employee expenses	8.4	(10,593)	(8,413)
Taxes	8.5	(471)	(479)
Depreciation and amortization	8.6	(2,171)	(2,210)
Depreciation, net	8.6	124	(647)
Provisions, net	8.6	(824)	205
Operating income		**(10,154)**	**(9,592)**
Financial result	8.7		
Cost of debt, gross	8.7	(3,151)	(1,954)
Other financial income and expenses, net	8.7	(3,226)	(476)
Financial result	8.7	**(6,377)**	**(2,430)**
Income before tax		**(16,531)**	**(12,023)**
Income tax expense	8.8	(238)	(3,568)
Consolidated net income		**(16,769)**	**(15,590)**
Attributable to owners of the parent company		*(16,769)*	*(15,590)*
Non-controlling interests			
Earnings per share	7.9.5	**(55.92) €**	**(51.99) €**

Statement of other items of comprehensive income

in EUR thousands	Notes	June 30, 2021	June 30, 2020
Consolidated net income (A)		**(16,769)**	**(15,590)**
Other comprehensive income			
Translation impact over the period	7.9.4	(113)	
Translation impact on non-money market assets on the date of the change in functional currency	5.3	(26)	
Change in value of hedges on cash flows in currencies	7.11		
Income tax effects			
Total gains and losses recorded in equity and transferable to the income statement		**(139)**	
Change in actuarial gains or losses for defined benefits plans	7.10.2		
Change in the fair value of financial instruments not held for trading	3.3.7		
Income tax effects			
Total gains and losses recorded in equity and not transferable to the income statement			
Total gains and losses recognized in equity, net of tax (B)		**(139)**	
Comprehensive income (A) + (B)		**(16,908)**	**(15,590)**
Attributable to owners of the parent company		*(16,908)*	*(15,590)*
Non-controlling interests			

Consolidated Cash Flow Statement

in EUR thousands	Notes	June 30, 2021	June 30, 2020
Net income		(16,769)	(15,590)
Depreciation, amortization and provisions	8.6	2,996	2,004
(Gain)/Loss on disposal	8.2	193	144
Share-based payments	7.9.3.2	247	224
Change in derivative financial instrument	7.12	2,693	82
Income tax expense (income)	8.8	238	3,568
Gains/Losses related to change in fair value and to effective interest rate method	8.7	778	329
Reversal of the benefit granted on SGL in net income	8.2	(7)	(2)
Prepaid expenses on leased real estate		(117)	(2)
Net financial expense	8.7	3,151	2,430
Impact of foreign exchange hedges		(29)	
Exchange rate impact on pledge of cash		(122)	
Reversals of deferred income and shares of subsidies presented in net income, and other calculated items		451	128
Cash flow from operations before cost of net financial debt and tax		**(6,297)**	**(6,685)**
Change in grants		**0**	**0**
Change in corporate tax receivables and payables (excl. research tax credit — CIR)	7.17	(1)	(18)
Tax payable (expense) or income	7.17	0	(24)
Tax expense paid		**(1)**	**(42)**
Inventories	7.17	3,999	(9,774)
Trade receivables	7.17	1,130	4,601
Other receivables	7.17	1,443	(2,872)
Accounts payable	7.17	415	(336)
Other liabilities	7.17	264	1,361
Change in working capital requirement (WCR)		**7,252**	**(7,020)**
Cash flow from (used in) operating activities (A)		**953**	**(13,747)**
Acquisition of fixed assets (net of liabilities and advances paid)	7.2 7.3 7.7	(4,861)	(2,869)
Investment subsidy for an R&D project	7.2	337	
Pledge on cash	7.4		
Asset disposals (net of receivables)	7.2	0	0
Proceeds from financial assets	7.4	8	(0)
Cash flow from (used in) investing activities (B)		**(4,515)**	**(2,869)**
Subscription to BSA Warrant C issue	7.9	4	0
Expenses paid on capital issues	7.9	0	(86)
Change in other financial liabilities	7.11	10	0
Research tax credit (CIR) and operating subsidy received		0	0
Debt issues	7.11	21,500	55,000
Short-term credit line for WCR financing	7.11	0	(4,500)
Loan repayments	7.11	(20,000)	0
Debt repayments on leased real estate	7.11	(444)	(295)
Factoring financing	7.11	(1,381)	(4,329)
Payment of EIB loan issuance costs	7.11	(108)	0
Payment of IPO issuance costs	7.7	(250)	
Change in financial liabilities with related parties	7.11	278	388
Financial expenses paid	8.7	(3,162)	(1,559)
Cash flow from (used in) financing activities (C)		**(3,553)**	**44,619**
Impact of currency translation rates		38	(5)
Change in cash (A) + (B) + (C)		**(7,078)**	**28,000**
Net cash at beginning of period	7.8	11,273	2,914
Net cash at end of period	7.8	4,195	30,914
Change in net cash		**(7,078)**	**28,000**

Consolidated Statement of Changes in Equity

in EUR thousands	Notes	Share capital issued	Share premium	Transla-tion reserves	Reserve on share-based payments	Other reserves and compre-hensive income	Total attributable to owners of the parent company	Non-control-ling interests	Equity
Equity at December 31, 2019		**2,999**	**82,585**	**(0)**	**268**	**(89,292)**	**(3,441)**		**(3,441)**
Capital increase in cash		0				0	0		0
Conversion of convertible bonds									
Conversion of related-party liabilities									
Costs net of differed tax of capital increase									
Charging of accumulated losses			(81,594)			81,594	0		0
Share-based payments	7.9.3.2			0	465	(1)	464		464
Comprehensive income						(29,412)	(29,412)		(29,412)
Other				(1)		(17)	(18)		(18)
Equity at December 31, 2020		**2,999**	**991**	**(2)**	**733**	**(37,127)**	**(32,406)**		**(32,406)**
Capital increase in cash									
Conversion of convertible bonds									
Conversion of related-party liabilities									
Costs net of differed tax of capital increase									
Subscription to BSA Warrant C issue	7.9		4				4		4
Share-based payments	7.9.3.2				247		247		247
Void stock options					(56)	56			
Comprehensive income				(139)		(16,769)	(16,908)		(16,908)
Change of functional currency	5.3			193		(193)			
Other									
Equity at June 30, 2021		**2,999**	**994**	**52**	**924**	**(54,034)**	**(49,065)**		**(49,065)**

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1. PRESENTATION OF THE FORSEE POWER GROUP

FORSEE POWER SAS ("FORSEE POWER GROUP" or the "Group"), is a Société par Actions Simplifiée (Simplified Joint Stock Company), governed by French law. It is registered since 2007 in the Paris Trade and Companies Register under number 494 605 488.

FORSEE POWER SAS's registered office is located at 54-56 Avenue Hoche, 75008 Paris, France.

FORSEE POWER SAS specializes in the design and the integration of specialized batteries:

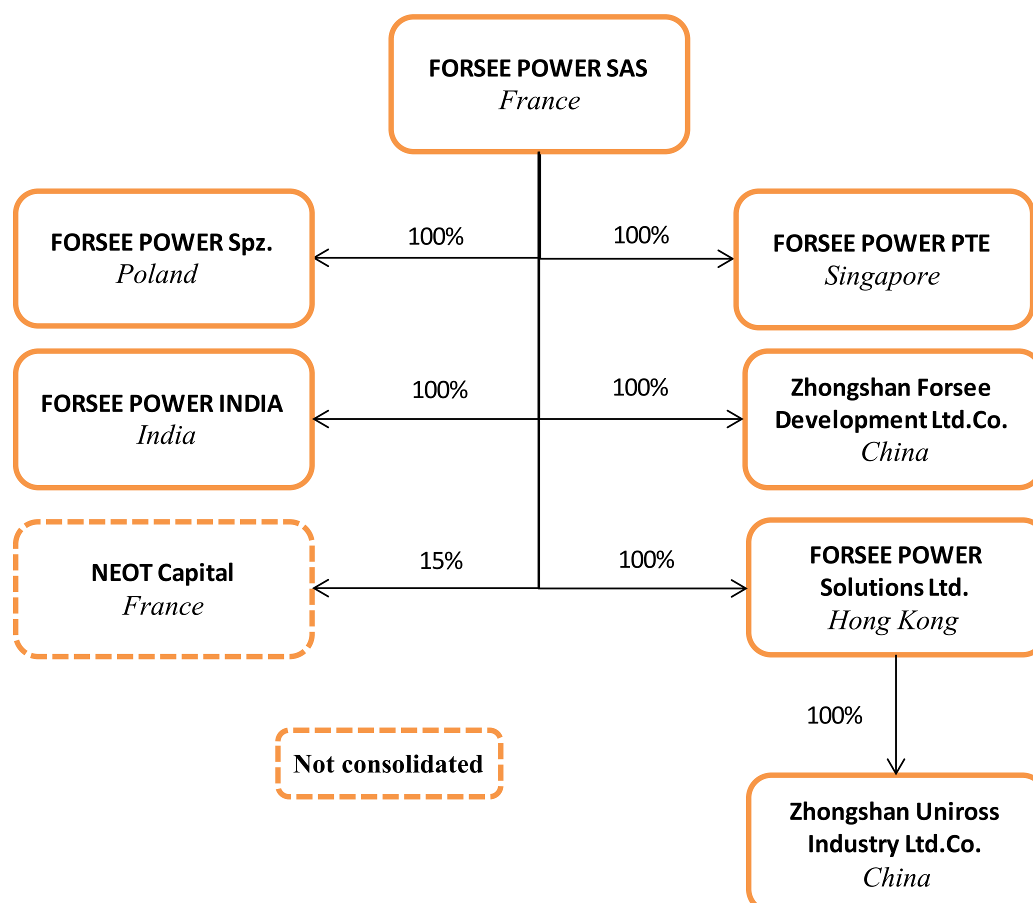
- in the field of autonomy and mobility (bicycles, scooters, rolling stock, medical facilities, home automation, professional tooling and more);
- in electric transport (buses, trucks, trams, shipping and rail transport, marine and offshore) and storage of electricity (residential, commercial and industrial markets).

The Group is made up of several acquisitions: Uniross Batteries activities (formerly Alcatel Saft) in 2011, Erse in 2012 and Dow Kokam France (formerly Société de Véhicules Electriques — SVE) in 2013.

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and approved by the Chairman of the Company FORSEE POWER SAS on September 29, 2021.

The Group is not listed as at June 30, 2021.

Group Organizational Chart as at June 30, 2021



2. Highlights of the period

The significant events of the period were the following:

- Impact of the Covid-19 crisis on the business activity and in the financial statements

  The Group was impacted by the Covid-19 crisis in 2020 by production interruptions in China (from the end of January 2020) and in France (from mid-March to the end of March 2020, followed by partial activity on the main production lines before a resumption of full business activity starting in mid-May 2020). The Group has had no production interruptions in 2021.

  The Covid-19 crisis affected the Group activities particularly production in Poland and China where the medical business, with the delivery of battery systems for respirators, defibrillators and oxygen concentrators, was particularly high in 2020 and 2021.

- New building deliveries at the Chasseneuil-du-Poitou plant

  The delivery of the new buildings continued in 2021 and — in addition to having a fully modernized site — is allowing Forsee Power to double its available production area in the second half of 2021.

- Ramp-up of the production center in India

  Late May 2021 start-up of the series production of batteries for light electric vehicles at the industrial site in Pune, India.

- Initial Public Offering

  Management initiated the process to launch an offering of Forsee Power SAS on a regulated market of Euronext Paris over the second half of 2021.

- Tranche A of the EIB loan for EUR 21.5 million raised and repayment of the 2018 loan of EUR 20 million

  The first tranche of the EIB loan signed in December 2020 was drawn in June 2021 for EUR 21.5 million. This tranche included the EUR 20 million repayment on the EIB loan issued in 2017 and 2018.

- New bank financing lines of EUR 9 million with pledges on inventories

  During the first half of 2021, the Group negotiated bank financing lines with three banks for a total amount of EUR 9 million, secured by a pledge of inventories with a value of EUR 11.7 million: (i) Banque Populaire Val de France (entered into on June 30, 2021), (ii) Caisse Régionale de Crédit Agricole de la Touraine et du Poitou (entered into on June 30, 2021), and (iii) Crédit Industriel et Commercial (entered into on July 2, 2021). These lines of credit had not been used as of June 30, 2021. The EIB loan signed in December 2020 contains an early repayment clause in the event of subscription to new financial debt. Prior approval must be obtained from the EIB in order to subscribe to new financial debt. On September 28, 2021, the Company obtained a waiver from the EIB to exercise this early repayment clause. In consideration for obtaining this waiver, the capitalized interest rate applicable to Tranche A of the EIB loan was increased by 0.5% from 4% to 4.5% per year (applicable retroactively). As a result of this waiver being granted on September 28, 2021, i.e., before the closing date of the financial statements, there is no need to reclassify the debt relating to the EIB loan as current debt at June 30, 2021.

3. Accounting standards, basis of consolidation, measurement methods and rules

3.1. Accounting standards

3.1.1. Basis of preparation for the interim consolidated financial statements

The accounting principles used in the preparation of the condensed interim consolidated financial statements comply with International Financial Reporting Standards (IFRS) as published by the International Accounting Standard Board (IASB) and adopted by the European Union at June 30, 2021. These standards integrate the international accounting standards (IAS and IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (SIC and IFRIC).

These standards and interpretations are applied consistently over the periods reported.

These consolidated financial statements for the period ended June 30, 2021 were prepared for the purposes of the Management plan to list the company on a regulated market during the second half of 2021 (see Note 2).

These consolidated financial statements reported as at June 30, 2021 are condensed interim consolidated financial statements in accordance with IAS 34 on interim financial information insofar as these condensed interim consolidated financial statements as at June 30, 2021 contain material notes. These notes do not contain all the information required for complete annual financial statements and must be read jointly with the consolidated financial statements for financial year 2020.

These condensed notes also present information relating to the consolidated financial statements for the financial years ended December 31, 2018, December 31, 2019 and December 31, 2020 in light of Management's plan to list the company on a regulated market in the second half of 2021. This additional information primarily covers the information relating to IFRS 8 (see Note 6.3).

The Group has not applied the standards and interpretations published by the IASB and adopted by the European Union early where application is not mandatory as at June 30, 2021.

The new standards and interpretations issued by the IASB but not yet adopted by the European Union are only mandatory following adoption and so were not applied by the Group as at June 30, 2021.

The consolidated financial statements and notes thereto are expressed in euro (EUR).

3.1.2. Material accounting estimates and judgments used by Management for the interim financial statements as at June 30, 2021

The preparation of the Group's financial statements, in compliance with international accounting standards, requires management to make estimates and assumptions that affect the application of the accounting methods, the amounts of assets and liabilities, income and expenses, and the disclosure of assets and contingent liabilities.

The estimates and underlying assumptions are established according to the information available when the consolidated financial statements were prepared. These estimates may be reviewed if circumstances on which they were based change or following new information. The actual future results may be different from these estimates. Management reviews these estimates according to past experience and its overview of the market. If an estimate is reassessed, it is not correction of an error.

The accounting estimates requiring the formulation of hypotheses are used mainly for the following items:

(a) Assessment of the recoverable amount of goodwill (see Notes 3.3.2 and 7.1)

The main assumptions used by Management in its annual assessment of the recoverable amount of goodwill are future cash flows and the discount rate.

Future cash flows used to determine the value in use are flows from updated forecasts for a six-year period on the basis of the last strategic plan. The strategic plan for the 2021-2027 period was produced with economic assumptions judged to be realistic by Management, for both revenue from sales and production costs.

The discount rates used are related to the WACC (Weighted Average Cost of Capital) estimated on the basis of sector parameters. A spread for specific risk of the asset tested might be added. Data used to determine these rates comes mainly from independent external sources.

No value test was conducted as at June 30, 2021 as there was no indication of impairment.

(b) Research and development costs (see Notes 3.3.3 and 7.2)

Management identifies development projects related to improvement or creation of a product and/or technology used by one or more clients. These projects and expenses are regularly analyzed by Management according to information obtained over the period. The Management decides on the amortization periods for development projects in accordance with internal feedback on the lifespan of the technologies developed for the current divisions (between 5 and 7 years).

(c) Research tax credit (CIR) (see Note 3.3.21)

Management assesses the Research Tax Credit (CIR) income on the basis of eligible expenses, discussions with tax authorities about certain types of expenses used, and the conclusions obtained from advisors and experts authorized to evaluate the CIR.

Management did not carry out an assessment of the research tax credit over the interim period ended June 30, 2021. Every year, the company engages a specialized firm to assess the research tax credit for the annual reporting date.

(d) Valuation of battery inventories (see Notes 3.3.8 and 7.5)

Management measures the net liquidation value from the price at which the batteries could be sold, either in the form of finished products, or in the form of components and cells. This assessment of the net realizable value takes into account the technical and technological development of the batteries, particularly for the oldest battery lines which may be challenged by other products launched more recently by the company.

(e) Assessment of the fair value of share-based payments (Stock Options) (see Notes 3.3.13.2 and 7.9.3.2)

The cost of transactions carried out for staff members and settled in equity instruments by means of stock options is evaluated by Management at the fair value of the equity instruments on the date on which they were allocated.

Estimating the fair value of these share-based payments requires use of the Black & Scholes option pricing model which takes into account complex assumptions and variables: the company's share value, the life of the option, the exercise price, the expected volatility of the share, the risk-free rate, the share risk premium, and the share liquidity premium.

(f) Provisions (see Notes 3.3.15 and 7.10)

With the aid of its legal advisors, Management analyzes disputes and guarantee commitments (after-sales service and recycling) and assesses the provisions to be recognized if the Group needs to disburse cash.

(g) Social commitments (see Notes 3.3.14 and 7.10.2)

Management reviews the actuarial assumptions used in the estimation of post-employment benefits (defined benefits plan), such as discount rate, turnover rate and the growth rate of wages.

Management did not conduct a new assessment of retirement benefit commitments and long-service awards as at June 30, 2021, as there were no major events over the period.

(h) *Assessment of financial liabilities on lease agreements (see Notes 3.3.5 and 7.3)*

Management has assessed all the facts and circumstances to determine the probability that early termination or one of the renewal options included in the leases should be exercised in the future in order to assess the liabilities on the leases under IFRS 16.

Management used available data such as the risk premium and the company's spread over the risk-free rate to assess the marginal debt ratio used for assessing liabilities under IFRS 16.

(i) *Assessment of the fair value of derivative financial instruments (see Notes 3.3.18 and 7.12)*

The fair value of derivatives on financial instruments giving rights to capital (BSAs) is evaluated using the Black & Scholes model which takes into account complex assumptions and variables: the value of the company's share, the life of the option, the exercise price, the expected volatility of the share, the risk-free rate, the share risk premium, the share liquidity premium, etc.

Management assesses the probability of the occurrence of the losses covered by guarantees granted to investors in 2017 and 2018, especially in the event the BSAs attached to these guarantees are exercised (BSAG1, BSAG2 and BSABEI Warrant B).

(j) *Corporate taxation (see Notes 3.3.23 and 7.18)*

The tax expense as at June 30, 2021 is assessed by Management on the basis of the best estimate of the annual tax rate expected as at December 31, 2021 applied to the income for the period.

(k) *Recognition of deferred tax assets on tax losses (see Notes 3.3.23 and 7.18)*

Deferred tax assets relating to tax loss carryforwards are recognized if Management has sufficient visibility over a 3-year horizon in the recovery of these losses with regard to forecast future tax profits and to the imputation and spread tax rules.

In the absence of applicable interpretations or standards, the Group uses accounting principles that will provide relevant and reliable information so that the financial statements present an accurate view of the Group's financial position, financial performance and cash flows. As at June 30, 2021, there was no specific accounting treatment that required a judgment be made.

3.1.3. Going concern

The consolidated financial statements as at June 30, 2021 were prepared in accordance with the accounting principle of a going concern, taking into account the following elements:

- The level of available cash at June 30, 2021, which amounts to EUR 4,195 thousand;
- The outlook for cash flow related to Group activities over the coming months; and
- The financing assured over the next twelve months (see Note 7.13.2).

In effect, the Forsee Power Group holds an order backlog that gives it good visibility on its sales over the coming months. Every week it receives new orders from its main customers which supplement this order backlog.

The Group also has several instruments for financing its business activity with:

- The bank financing lines of EUR 9 million obtained on June 30, 2021 for a 12-month period from Banque Populaire Val de France, Caisse Régionale de Crédit Agricole Mutuel de la Touraine et du Poitou and the CIC. These lines were not yet used, and therefore remained available, as at June 30, 2021.

- The lines of financing contracted with the European Investment Bank (EIB) available under a contract signed in December 2020. Among the three tranches obtained, the EUR 8.5 million Tranche B and the EUR 10 million Tranche C were subject to revenue from sales covenants that the Group had already attained at the close of the 2020 financial year. Tranche B had not yet been used and was, therefore, available as at June 30, 2021. Tranche C for EUR 10 million was subject to the completion of a capital increase of EUR 10 million from one or more shareholders.

  Backed by the recent and historical financial support of its principal shareholders, the Management of the Forsee Power Group remains fully confident on the mobilization of one or more shareholders for the prerequisite capital increase of EUR 10 million required for the release of Tranche C and the availability of the EUR 10 million from the EIB.

- In addition, the Group has several factoring programs (see Note 3.3.10).

The Group's cash projections do not include the additional financial flows that would be received from its initial public offering on the regulated market of Euronext Paris.

3.2. Consolidation methods

3.2.1. Reporting date and interim financial statements of the consolidated companies

These consolidated financial statements have been established on the basis of the corporate accounts for subsidiary companies of the company FORSEE POWER SAS. All these financial statements cover a 6-month period with a period-end date of June 30, 2021.

The financial statements used for the comparative information are those closed as at December 31, 2020 for the statement of financial position and as at June 30, 2020 for the income statement and the cash flow statement, which cover a period of six months.

The interim financial statements of the consolidated companies for the periods presented are prepared in accordance with the accounting principles and valuation methods applied by the Group. They are restated as necessary to comply with the accounting principles used in preparing the consolidated financial statements.

3.2.2. Consolidation method

3.2.2.1. Equity interests under exclusive control: full consolidation

An equity interest is a subsidiary controlled by the Group. Control exists where the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing whether control exists, potential voting rights that are exercisable or convertible at the reporting date are taken into account.

Subsidiaries' financial statements are included in the consolidated financial statements from the date on which the Group obtains control and until the date that such control ceases.

Full consolidation consists of:

- Incorporating the items from the consolidated companies' financial statements into the consolidating company's financial statements, after any restatements;

- Divide the equity and the income between the interests of the consolidating company under "Share attributable to owners of the parent company" or "Group share," and the interests of the other shareholders or associates under "Non-controlling interests" or "Minority interests;"

- Eliminate transactions in the financial statements between the fully consolidated company and the other consolidated companies.

3.2.2.2. Operations eliminated in the consolidated financial statements

The following items are eliminated in the consolidated financial statements:

- Reciprocal receivables and payables;
- Intra-group transactions (purchases, sales, dividends, internal margins, etc.);
- Provisions for consolidated companies;
- Any operation involving two or more Group companies.

3.2.2.3. Translation of financial statements established in foreign currencies

Operations conducted in subsidiaries abroad (Zhongshan Forsee Power Industry Ltd and Zhongshan Forsee Development Ltd in China, Forsee Power Solution Ltd in Hong Kong, and Forsee Power Spz in Poland) were, until recently, conducted by management from France in line with the Group's production targets. These foreign entities did not control their own operations and were not managed independently, in particular on a financial level (non-autonomous entities).

The local foreign currencies, particularly the Yuan in China and the Zloty in Poland, used to establish the corporate financial statements of these equity interests, were not generally used as the functional currency for these entities. This was due to the volume of internal transactions between these entities, created as an internal production center, and the rest of the Group using the euro as its functional currency.

Until December 31, 2020, the financial statements of these equity associates established in foreign currencies were translated according to the historical rate method:

- Non-monetary assets and liabilities items (property, plant & equipment, intangible assets, and goodwill) and components of equity were translated into euros using the exchange rate at the transaction date;
- Monetary assets and liabilities items were translated into euros using the exchange rate on the reporting date;
- Income statement and cash flow items were translated into euros using the exchange rate on the transaction dates or—in practice—at a rate that is similar and that corresponds to the average rate of the reporting period, unless significant fluctuations occur;
- Translation differences that occurred were recognized under financial result.

In recent years, these foreign entities have acquired autonomy through the establishment and strengthening of a local management team, business development in the geographic zones (Asia, Europe) and growth in the business activity, particularly by locating battery production closer to the assembly plants of the Group's customers, including for the business created at the end of 2020 in India (Forsee Power India).

The result of the maturity of this process toward autonomy along with the growth assumptions used by Management is that these subsidiaries now primarily use the local foreign currency (Yuan, Zloty, Indian Rupee), used to prepare their corporate financial statements, as the functional currency in their economic environment.

Given this change, the translation of the financial statements established in local currencies has been made using the closing rate method since January 1, 2021:

- Monetary or non-monetary assets and liabilities are translated into euros at the period-end exchange rate, with the exception of the components of equity, which are translated at the historical exchange rate;
- Income statement and cash flow items are translated into euros using the exchange rate on the transaction dates or—in practice—at a similar rate that corresponds to the average rate of the reporting period, unless significant fluctuations occur;
- The resulting translation difference is recorded as other items of comprehensive income (OCI), comprising the "Translation Reserve" divided between Group share and the share of non-controlling interests, as applicable.

The translation rates used to establish the consolidated financial statements over the periods reported are the following:

Currency	Currency code	Rate at June 30, 2021	6-month average rate at June 30, 2021	Rate at January 1, 2021 (1)	Rate at June 30, 2020	6-month average rate at June 30, 2020
		€1 = currency	€1 = currency	€1 = currency	€1 = currency	€1 = currency
Hong Kong dollar	HZD	9.22930	9.35510	9.51420	8.67880	8.55314
Yuan renminbi	RMB	7.67420	7.79599	8.02250	7.92190	7.75091
Zloty	PLZ	4.52010	4.53740	4.55970	4.45600	4.41196
Indian rupee	INR	88.32401	88.41256	89.66053	NA	NA
Singapore dollar	SGD	1.59760	1.60594	1.62180	NA	NA

(1) Translation rate on the date of exchange of the functional currency

3.2.2.4. Treatment of business combinations and business lines of industrial businesses acquired

The Group recorded the acquisition in June 2011 of the industrial operations of Uniross Batteries in France and the acquisition of Zhongshan Uniross Industry Ltd (renamed Zhongshan Forsee Power Industry Ltd) in China, the acquisition in March 2012 from Ersé of the Polish company Energy One (then renamed Forsee Power Spz), and the November 2013 acquisition of Dow Kokam France (then renamed Forsee Power Industry) using the acquisition method pursuant to IFRS 3.

The Group was considered the acquiring entity once it obtained substantive control of the company or the industrial business lines acquired.

The cost of each acquisition was measured at fair value on the acquisition date. External acquisition costs paid were recognized in expenses for the period in which the corresponding services are received.

The Group measured the identifiable assets and liabilities of the entity acquired at their fair value, except as provided for by IFRS 3. Non-identifiable assets, such as goodwill or a technical loss, were not included in the assets acquired. Contingent liabilities, particularly the contingent liability on a tax dispute in progress on the acquisition date concerning research tax credits (CIR) for the business activities acquired from Dow Kokam France, were measured and recognized as a provision once there was a current obligation on the acquisition date, without the probability that a cash disbursement would be necessary to discharge this obligation. The provisions for these contingent liabilities were reversed as a result of obtaining a positive response from the tax authorities. Deferred taxes were recognized in accordance with IAS 12.

The Group has 12 months from the acquisition date to assess the fair value of the acquisition price, including earn-outs, and to determine the fair value of the identifiable assets and liabilities. After this period, each modification of the acquisition price or value of identifiable assets and liabilities was recognized in income.

The acquisition of the industrial operations of Uniross Batterie and Zhongshan Uniross Industry Ltd led to negative goodwill, i.e. the acquisition cost was less than the fair value of the net assets acquired. Management verified the value of the assets and liabilities acquired in order to ensure the absence of impairment or of a provision for risks and charges to be recognized and it limited the valuation of intangible assets, particularly the customer contracts and IT databases attached to the technical and commercial specificities of the products of the business line acquired, which resulted in no recognition of negative goodwill on these intangible assets. After these analyses, negative goodwill was considered as profit resulting from an acquisition under favorable conditions and was recognized in income in 2011.

The acquisition in March 2012 of 51% of Energy One was handled by measuring the fair value of the identifiable net assets for non-controlling interests (minority interests) resulting in the recognition of full goodwill allocated between the Group share and the share of non-controlling interests. The successive purchase between October 2013 and October 2014 of the 49% held by the non-controlling interests was treated in the consolidated financial statements as a transaction between partners in equity in accordance with IFRS 10, without impact on the goodwill measured at the 2012 acquisition.

3.2.2.5. Minority interests

The Group no longer has any equity interest that does not give control (non-controlling interests) over the periods reported.

3.2.2.6. Equity interests in associates

Since 2016, the Group has held a 15% stake in NEoT CAPITAL dedicated to financing in the renewable energy and electric mobility sectors. The partners Mitsubishi and EDF hold 85%, split equally, of the company's share capital.

The Group participates in the decisions on the financial and operational policy of NEoT CAPITAL, but does not exercise control over these policies given the bylaws and associates' agreement. As a result, the Group exerts notable influence over the NEoT CAPITAL equity interest according to IAS 28 and IFRS 10.

NEoT CAPITAL is not consolidated in the Group's consolidated financial statements as at June 30, 2021 given the non-significance of the business and the financial position of the company, which is in the development phase. The equity held in NEoT CAPITAL is treated as financial instruments not held for trading (see Note 3.3.7).

Management will assess the level of business activity and the financial position of NEoT CAPITAL for the financial statements for the period ending December 31, 2021

3.3. Accounting methods and measurement rules

3.3.1. Presentation of non-current and current items

The Statement of Financial Position presents current and non-current assets and liabilities in accordance with IAS 1, "Presentation of Financial Statements."

Assets and liabilities are classified as current when:

- the Group expects to gain the asset or settle the liability in its normal operating cycle or within 12 months of the reporting date;

- the asset or liability is held for the purpose of being traded or for transactions;
- the asset comprises cash or cash equivalents.

Any asset or liability which does not meet one of these criteria is classified as non-current.

Non-current financial assets and other non-current assets measured at amortized cost are presented with an update to the original effective interest rate generally corresponding to the Euribor 1-year rate at the reporting date of the consolidated financial statements.

3.3.2. Goodwill

Full goodwill from business combinations is allocated to the relevant cash generating unit (CGU). A CGU is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash flows from other assets or groups of assets.

Goodwill is not amortized but is tested for impairment through the CGU to which it belongs every reporting date as a minimum. An impairment loss is recognized when the carrying amount of the CGU is greater than its recoverable amount (see below for the assessment method used). The loss to be recorded for a CGU is first deducted from the carrying amount of full goodwill allocated to the CGU, then deducted from the carrying amount of each of the unit's assets. Goodwill impairment cannot be reversed and is recognized in operating income under "Goodwill impairment."

The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. To determine the value in use of a CGU, future cash flows are discounted at rates, after tax, that reflect current market estimates of the time value of money and the specific risks associated with the asset. The Group uses a single discount rate for its future cash flows. This rate is calculated on the average cost of capital employed. Future cash flows are determined on the basis of reasonable and documented assumptions. The Group uses the most recent projections that are generally established for a five or six-year period; beyond this period, the terminal value is determined by capitalizing the final year's projected cash flow to infinity, with a zero growth rate.

3.3.3. Development costs

Expenses incurred for development costs must be recorded as intangible assets when the conditions defined by IAS 38 are met:

- The technical feasibility of and capacity to complete the intangible asset so that it will be available for use or sale;
- Intention to complete, ability to use or sell the asset and availability of the financial resources;
- It is probable that future economic benefits from the asset will flow to the entity;
- The cost of the asset can be reliably measured.

The development costs incurred are related to the improvement of the product or technology that will be used by one or more customers. The Group determines eligible expenses on a regular basis through a Project Monitoring Committee. These are mainly time spent, the project start date and the estimated project end date (SOP Date).

Amortization periods for development projects are established from internal feedback on the lifespan of the technologies developed for the current divisions. The amortization period selected for all projects is five years from the estimated project end date.

Expenses incurred that do not respect activation criteria of development costs, and expenses related to research costs, are recognized in the income statement and are presented in Note 7.2.

3.3.4. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are presented in the consolidated financial statements at acquisition price or production cost, or fair value if acquired as part of a business combination, less accumulated amortization, depreciation and impairment losses recognized.

The Group has chosen to record property, plant and equipment and intangible assets using the amortized historical cost method.

The depreciation and amortization are calculated by reference to the estimated useful lives of each asset class. Where applicable, the total cost of property, plant and equipment is allocated to its component parts, with each part being accounted for separately. This is the case when the various components of an asset have different useful lives or if they provide benefits to the business at a different pace thereby requiring different depreciation and amortization rates and methods.

This is the case when the various components of an asset have different useful lives or if they provide benefits to the business at a different pace thereby requiring different depreciation and amortization rates and methods. Amortization and depreciation periods are reviewed annually and modified if the expectations differ from previous estimates. Changes in these estimates are recorded on a prospective basis.

Depreciation is calculated using the straight line method, based on the estimated useful life of each component as follows:

Software and licenses	Straight-line method	5 years
Industrial equipment	Straight-line method	5 years
General installations and fittings	Straight-line method	8 to 10 years
Transport equipment	Straight-line method	5 years
Office and IT equipment	Straight-line method	3 years

3.3.5. Lease agreements

IFRS 16 on leases replaces IAS 17 and related interpretations. It introduces a single principle of lease accounting for lessees with the recognition of a fixed asset and a lease debt for the vast majority of leases.

The lessee thus records:

- A non-current asset representing the right of use for the leased property under assets in the consolidated statement of financial position;
- A financial debt representing the obligation to pay for this right under liabilities in the consolidated statement of financial position;
- Amortization on rights of use and interest charges on lease liabilities in the consolidated income statement.

The main assumptions used to assess the right of use and lease liabilities are:

- The term of a lease agreement. This represents the non-cancellable period during which the lessee has the right to use the underlying assets, plus the optional renewal or cancellation periods which the Group is reasonably certain it will exercise (for the renewal option) or not exercise (for the cancellation option). The probability of exercising or not exercising an option is determined by contract type or case by case on the basis of the contract provisions and regulations and the nature of the underlying asset (in particular, its technical specificity or its strategic location);

  The durations used for lease agreements for industrial and commercial buildings correspond to the duration of the longest contractual enforcement periods if there is a termination option for French commercial leases. This duration reflects Management's best estimate of the period during which the Group is reasonably certain of continuing the lease agreement until the end of

its term. Tacit renewal periods of the initial lease have not been used by Management when evaluating the initial term of the lease as any evolution in the Group's future needs could lead to the size of certain sites being adapted.

Thus, the durations used to evaluate lease agreements for industrial and commercial buildings are:

- o the expiration of the off-plan lease (Bail en l'Etat Futur d'Achèvement — BEFA) for the industrial site in Chasseneuil-du-Poitou, i.e. August 2, 2033;
- o the expiration on February 29, 2024 for the site located in Zhongshan;
- o and April 30, 2026 for the commercial premises in Ivry-sur-Seine.

Management reviews the terms of lease agreements at each reporting date, either by renewal of the initial agreement, or by the use of a tacit extension period, depending on events that occur.

- Discount rate of the lease liabilities: the discount rate used is the marginal borrowing rate of the lessee (risk premium added to the company's spread in relation to the risk-free rate).

  The discount rates used at December 31, 2020 and at June 30, 2021 to assess the financial assets are the following:

Term of contract	Type of asset leased	Number of contracts	France	China	Poland
Less than 3 years	Vehicles Industrial equipment and tools Short-term leases > 12 months	19	Between 3.21% and 4.02%	NA	Between 3.21% and 4.02%
Between 4 and 7 years	Industrial equipment and tools	5	3.84%	NA	NA
More than 7 years	Industrial buildings and commercial premises	8	Between 3.21% and 3.721%	3.72%	NA

On the effective date of the lease, the lease debt is recognized for an amount equal to the present value of the minimum payments remaining to be made over the non-cancellable period of the lease, as well as the payments linked to options that the lessee has reasonable certainty to exercise. This amount is then measured at amortized cost using the effective interest method.

On this same date, the right of use is recognized for a value corresponding to the initial amount of the debt to which are added, if applicable, (i) the advance payments made to the lessor, net if applicable, benefits received from the lessor, (ii) the initial direct costs incurred by the lessee for the conclusion of the lease as well as (iii) the estimate of the costs of dismantling or repairing the leased property according to the terms of the lease. This amount is then reduced by depreciation and impairment losses. The rights of use are depreciated on a straight-line basis over the term of the lease, including the options for early termination and renewal that the lessee is reasonably certain to exercise. When the contract has the effect of transferring ownership of the property to the lessee or when it includes a purchase option, which will be exercised with reasonable certainty, the right of use is depreciated over the useful life of the underlying asset under the same conditions as those applied to assets held directly.

Lease payments are broken down between the financial expense and the repayment of the principal of the rental liability and are recognized in cash flows from financing activities in the consolidated cash flow statement.

Thereafter, the debt and the right of use for the underlying asset must be re-estimated to take into account the following situations:

- The revision of the lease term;
- Any change related to the assessment of the reasonably certain (or uncertain) nature of the exercise of an early termination or renewal option;

- Re-estimation of residual value guarantees;
- The revision of the rates or indices on which rents are based;
- Rent adjustments.

The main simplification measures provided by the standard and adopted by the Group are (i) the exclusion of short-term leases and (ii) the exclusion of leases relating to low-value assets.

Rents from leases that are excluded from the scope of IFRS 16 as well as variable payments, not taken into account during the initial assessment of the debt, are recognized in operating expenses.

3.3.6.Impairment of fixed assets

Fixed assets with a definite useful life are tested for impairment when there are indications of impairment losses as a result of events or circumstances that occurred during the period, and it appears that their recoverable amount will remain lower than their net carrying amount.

Fixed assets with an indefinite useful life, such as goodwill and assets in progress, are tested for impairment at each reporting date and when there are indications of impairment losses due to events or circumstances that occurred during the period.

Impairment tests are performed by comparing the recoverable amount and the net carrying amount of the asset. When an impairment loss appears necessary, the amount recognized is equal to the difference between the net carrying amount and the recoverable amount. The recoverable amount is the higher value of the fair value net less costs to sell and the value in use.

3.3.7.Financial assets

The financial assets are recognized in accordance with IFRS 9, and presented in accordance with IAS 32 and IFRS 7.

The Group recognizes a financial asset when it becomes a party to the contractual provisions of a financial instrument. A financial asset is classified on the basis of the Group's management model, which is based on the intention to recover contractual cash flows and on respect for the contractual characteristics of the asset in the SPPI test (*solely payments of principal and interest* or "basis loan").

- Financial assets at amortized cost including:

  Held-to-Maturity (HTM) investments such as deposits and guarantees: fixed or determinable income securities for which the Group has the intention and ability to hold to maturity. After initial recognition at the acquisition price, they are recognized at amortized cost using the effective interest rate method. Impairment is recognized for the difference between the carrying amount and the estimated recoverable amount, integrating an expected future loss of credit, i.e. the estimated future cash flows and cash flows discounted at the original effective interest rate.

  Loans and receivables; whether related or not to equity interests: this category records non-derivative financial assets with payments already determined or to be determined. Such financial assets are carried at amortized cost using the effective interest rate method. Loans and receivables due less than 12 months after the reporting date are not discounted. Impairment is recognized for the difference between the carrying amount and the estimated recoverable amount, integrating an expected future loss of credit, i.e. the estimated future cash flows and cash flows discounted at the original effective interest rate.

- Financial assets at fair value through profit or loss

  Financial assets at fair value through profit or loss, such as marketable securities: these are securities assets acquired by the Group with the aim of realizing a profit from short-term price fluctuations. They are initially recognized at fair value (excluding direct transaction costs recognized in the income statement). At each reporting date, changes in fair value are recorded in the income statement.

- Financial assets at fair value as contra to other items of comprehensive income (OCI)

  The Group opted to present equity instruments not held for trading as a contra entry to other items of comprehensive income (OCI) and not in income. This category combines the other financial assets, such as equity interests that are not consolidated and not recognized using the equity method. These securities are initially recognized at the acquisition price (transaction costs included). At each reporting date, these assets are measured at fair value in accordance with IFRS 13. Changes in fair value are recorded in equity in a special reserve for "Other items of comprehensive income." If there is evidence of a decrease in the fair value, the unrealized loss is also recognized in equity. The changes in fair value are not recyclable in income for the year when these financial assets are sold. The dividends received are recognized through income for the period, except for dividends received immediately after the acquisition of the securities, which are presented as OCI at that time.

  No equity instruments not held for trading purposes were identified at June 30, 2021, with the exception of the unconsolidated NEoT CAPITAL equity interest. The unconsolidated securities of NEoT CAPITAL, a company under development, were valued at fair value. In the absence of an active market, the Group measures the fair value of the unconsolidated NEoT CAPITAL equity interest on the basis of a share of the equity and the expected profitability of this equity interest, which is limited to the capital invested at June 30, 2021.

3.3.8. Inventories

The Company's inventory is composed of purchased parts (battery cells, components, etc.), semi-finished/semi-assembled products and finished products.

Inventories of raw materials and other supplies are measured at acquisition cost using the weighted average cost method. This acquisition cost comprises the purchase price, forwarding costs (transport and customs clearance) and incidental costs.

Valuation of the inventory of finished products includes forwarding costs, customs duties, shipping costs on purchase and the costs of production labor. Financial costs are not presented in the assessment of inventories.

Inventories are impaired to take into account the net realized value of the products on the reporting date for the financial year.

Inventory impairment is measured on a case by case basis, taking into account both the prospect for sale of a product in relation to its declining life cycle and changes in the sale prices of the kWh market. Impairment takes into consideration both the finished products as well as the components that could not be used in the production of another line of batteries. It reduces the net value to the net realizable value at which it is probable that this product will be sold or these components will be used. Low-turnover cells and components, and certain finished products, are therefore all impaired.

Internal margins, applied between the various Group companies on the merchandise in inventories at the reporting date, are eliminated in the consolidated financial statements.

3.3.9. Trade receivables

Trade receivables are initially recognized at fair value, and are primarily composed of the difference between the revenue from sales recognized and billed, and the payments received from customers, including from installments paid.

The Group has opted for the simplified model for impairment of receivables insofar as trade receivables contain no material financing component. Impairment is measured on the initial recognition date and throughout the life of the receivable, and corresponds to credit losses expected over the life span.

The expected loss of credit is measured using an impairment matrix established from the history of unpaid amounts, adjusted for forward looking information. The historical average loss rate on revenue from sales observed over the last five years is less than 0.04%, and the historical average credit loss rate on customer outstandings is less than 0.2%.

Impairment of trade receivables is recognized in income on the line "Net impairment."

3.3.10. WCR financing instruments

The Group has several instruments for financing its Working Capital Requirement

(a) *Recourse factoring program*

Trade receivables assigned and mobilized with credit institutions without transfer of the credit risk are maintained in the financial statements in the "Trade receivables" item.

The cash from assigned receivables transferred to the factoring companies is recognized in financial debt net of reserves and deposits held by the factoring company.

The Group holds a single recourse factoring contract at December 31, 2020 (BNP Paribas Factor contract) for an outstanding amount limited to EUR 3,550 thousand for an indefinite period. This contract was closed as at June 30, 2021.

The outstanding amount financed by recourse factoring is presented in Note 7.6.

(b) *Non-recourse factoring program*

In late 2020, the Group renegotiated its factoring contracts and has a non-recourse factoring program, i.e. with a transfer of the risks of late payment, unpaid amounts, foreign exchange, and a limitation of the factor's recourse in the case of non-payment of guaranteed receivables.

As the renegotiated factoring contract transfers to the factor the contractual rights to cash flows and almost all the associated risks and benefits, the trade receivables assigned and mobilized without recourse are derecognized, pursuant to IFRS 9, from "Trade receivables" in the consolidated balance sheet, with the exception of the security deposits maintained in the item "Financial assets."

The non-recourse factoring contract (HSBC Factoring France contract) covers an outstanding amount, for an indefinite period, limited to EUR 3,500 thousand and divided between EUR 3,300 thousand for receivables denominated in euros and EUR 200 thousand for receivables denominated in US Dollars, and an outstanding amount of USD 700 thousand covering the export market.

The outstanding amount financed by non-recourse factoring is presented in Note 7.6.

(c) *Factoring contract including in a customer's reverse factoring program*

A factoring contract included in a reverse factoring program of a customer (Heuliez Bus-IVECO-Case NewHolland) with a banking institution (Banco Santander) was set up with variable discount payment terms depending on the maturity of the receivable on the date of assignment to the factor.

This factoring contract has no recourse at the moment of the discount, i.e. with transfer of the risks of late payment, unpaid amounts, foreign exchange and a limitation of the factor's recourse in the event of non-payment of guaranteed receivables; under IFRS 9, this leads to the derecognition of the trade receivables on presentation for the discount to the factor.

This factoring is for an unlimited period and without a ceiling on the receivables of the customer Heuliez-Iveco (Case New Holland Group).

The outstanding amount of receivables financed by factoring as part of a reverse factoring program is presented in Note 7.6.

(d) *Cash pledge on Standby letter of credit*

The Group holds a standby letter of credit (Documentary SBLC) in the amount of USD 7,000 thousand with a banking institution for the benefit of a foreign supplier until December 31, 2021.

This Documentary SBLC is secured by a cash pledge in the amount of USD 4,500 thousand. As this cash is not immediately available, this cash pledge is not reported in the "Cash" item, but in "Financial Assets" as required by IAS 7.

The amount of the cash pledge is presented in Note 7.4.

(e) *Pledge on inventory*

New lines of financing in the amount of EUR 9 million at the 3-month Euribor rate + 2% were obtained for the period from June 30, 2021 until June 30, 2022. The EURIBOR has a rate floor of 0% leading to a minimum interest rate of 2%.

These new lines of credit are secured by pledges on the inventories of cells and electronic parts in the amount of EUR 11,700 thousand. These pledges on inventory are without reported seizure, and the beneficiaries of this guarantee impose no special conditions other than the usual clauses (follow-up with a statement of inventory pledged, statement of values).

The inventories pledged are maintained in "Inventories of raw materials and other supplies" among assets on the balance sheet because of the absence of a transfer of the risks to banking institutions and the maintenance of the economic benefits.

The Group had not yet used these new lines of financing as at June 30, 2021.

The amount of the pledge of inventory is presented in Note 7.5.

The fees and interest expense for these financing programs are presented in financial result on the income statement.

3.3.11. Cash and cash equivalents

Cash and cash equivalents comprise demand deposits in euros or US dollars, and highly liquid short-term investments with a minimal risk of changes in value.

Short term investments are assessed at fair value at the reporting date (financial assets at fair value by income). The changes in value are recorded in “financial result”.

3.3.12. Share capital and capital issuance costs

When equity instruments are issued, they are recorded at the transaction price after deduction of transaction costs. Equity instruments are not reassessed. If the equity instrument is canceled or repaid, the payment is directly deducted in equity and there is no profit or loss recognized.

The transaction costs directly related to a share capital increase shall be registered as a deduction from the issue premium, i.e., deducted from equity in accordance with IAS 32.

3.3.13. Share-based payments

3.3.13.1. Transactions with investor shareholders

Share-based transactions to investor associates are not considered share-based payments under IFRS 2 but are treated as equity instruments under IAS 32. They are recorded in equity at their transaction price (subscription amount) and are not reassessed at period-end.

The share subscription warrants (BSA_G) correspond to instruments issued by the company for the benefit of associated investors, and are presented in Note 7.9.3.

3.3.13.2. Transactions with Management and employees

Stock option distributions to employees are considered share-based payments and are assessed and presented in the consolidated financial statements in accordance with IFRS 2.

Share-based payments are valued at the fair value of the equity instruments in return for the services rendered by the members of staff. Fair value measurement is established on the date of grant of stock options and using the Black & Scholes option pricing model. This pricing model includes several

complex assumptions and variables: the value of the company's share, the life of the option, the exercise price, the expected volatility of the share, the risk-free rate, the share risk premium, the share liquidity premium, etc.

The cost of a share-based payment is recognized as an expense for the period on the "Employee expenses" line, in proportion to the services rendered from the date the bonus shares were granted. If the rights vesting period spans several periods, the cost of a share-based payment is allocated pro rata temporis.

The cost is adjusted at each reporting date if during the period the number of shares to be issued varies. The cost recognized as an expense is not included under income even if the option is not exercised by the beneficiary.

The expense for the employer's URSSAF social security contribution is recognized on the date that the stock options are granted.

3.3.14. Employee benefits

Employee benefits are measured and presented in accordance with IAS 19 according to:

- Short-term benefits such as wages, social security contributions, bonuses payable, employee vehicles whether owned by the Group or leased, expenses related to training, and other employee fringe benefits;
- Long-term benefits such as long-service awards and bonuses payable beyond 12 months after the reporting date;
- Termination benefits and severance payment;
- Post-employment benefits (defined benefit plans or defined contribution plans).

Short-term benefits are recognized in the income statement under "Employee benefits" and are presented in Note 8.4 below.

The Group contributes to various defined contribution plans for:

- French employees, for contributions to insurance institutions for the two basic pension plans (mandatory and supplementary);
- Employees located in China, for contributions to the basic pension plan and the mandatory supplementary plan;
- Employees located in Poland, for contributions to the Public Social Insurance Institute (ZUS) for the two mandatory pension plans (distribution and capitalization), and it has not taken out a voluntary insurance contract.

Under these defined contribution post-employment benefit plans, the Group's only obligation is to pay the premiums recorded in the income statement under "Employee benefits."

The Group has not set up any defined benefit pension plan for employees. Its commitment is limited to the legal retirement benefits payment plan for French employees, which is assessed using the projected unit credit method. According to this method, each period of service gives rise to an additional unit of rights entitlement, and each of these units is assessed separately to obtain the final obligation. This obligation is then discounted to obtain the final obligation. These calculations incorporate financial assumptions and demographic assumptions presented in Note 7.10.2.2. Costs relating to services rendered by employees during the period, costs of past services, i.e. profits or losses relating to a contractual or regulatory amendment to the plan and/or the reduction of the plan (significant reduction in the number of employees covered by the plan), are presented in the income statement under the heading "Employee benefits." Actuarial gains or losses arising from changes in financial and demographic assumptions, and costs of past services in the event of a non-material reduction in the plan (i.e., the departure of employees representing less than 10% of the workforce covered by the plan) that

are treated as actuarial gains or losses, are presented in the statement of Other items of comprehensive income (OCI).

3.3.15. Provisions for risks and charges

A provision for risks and charges is recorded as soon as a clearly defined obligation exists, resulting from past or current events, and which makes an outflow of resources likely to be incurred at an unknown future date. The amount provided for in the financial position is the best estimate of the expenditure required to settle the obligation at the reporting date, excluding any expected income. Each risk or charge is assessed on a case-by-case basis at the reporting date and provisions are adjusted to reflect the best estimate at that date.

Provisions are recognized as current provisions if they cover an obligation that must be paid or settled within 12 months following the reporting date, otherwise they are considered non-current.

Non-current provisions are discounted if the time value effect is material in accordance with IAS 37.

Contingent assets and liabilities, i.e. a potential asset or liability depending on uncertain future events, are not recognized in the financial position except for contingent liabilities recognized in a business combination.

As a producer, the Group is subject to the following legal and regulatory obligations:

- The obligation to repair or replace any defective components of the battery systems sold.

  This obligation is covered in the financial statements by a provision for after-sales service based on a percentage of revenue from sales (2.5% of sales excluding extended warranty sales). This percentage was determined on the basis of both a benchmark and an estimate of probable repair costs weighted by a probability of return. Management will refine this estimate based on actual repair costs.

- The obligation to collect and process batteries at the end of their lifespan (European Regulations on Waste Electrical and Electronic Equipment – WEEE).

  This obligation is covered in the financial statements by a recycling provision measured based on items sold (by weight) and items to be recycled in the future.

3.3.16. Financial liabilities

The financial liabilities are assessed in accordance with IFRS 9, and recognized in accordance with IAS 32 and IFRS 7.

They are recognized at fair value at their acquisition date (including incremental transaction costs directly attributable to debt) and then recognized at amortized cost using the effective interest rate method.

They are broken down in the consolidated financial statements between:

- The long-term loans and financial debts for the portion due beyond 12 months following the reporting date, which are classified in non-current liabilities;

- The short term loans and financial debts for the portion due within 12 months following the reporting date, which are classified in current liabilities.

The non-current interest-bearing financial debt is not discounted to present value at the reporting date.

The cash from assigned receivables with recourse transferred to the factoring companies is recognized in financial debt net of reserves and deposits held by the factoring company.

The Group does not have any financial liabilities at fair value (other than derivative financial instruments) in the statement of financial position at the reporting date.

Financial liabilities obtained under non-market conditions (loan with a zero rate) are presented at their fair value with a profit contra entry recorded in income. The profit is then written-back within income to be incorporated within the effective interest rate of the loan to record it with a normal market rate.

Debt issuance costs are recorded as a deduction of the initial fair value of the debt issued, and spread over the life of the loan using the effective interest rate method.

3.3.17. Accounts payable

Accounts payable are measured on the initial recognition date at the fair value of the consideration to be given. This value corresponds to the par value due to the relatively short period of time between the recognition of the instrument and its payment liability.

3.3.18. Derivative instruments

Share subscription warrants (Bons de souscription d'action — BSA) issued by the company that do not meet the definition of an equity instrument, that is to say when the settlement of the instrument does not result in the delivery of a fixed number of company shares, are classified and valued as a derivative instrument and presented as a liability.

This passive financial instrument is measured at fair value on the date of issue of the instrument, and on each reporting date. The change in fair value of the derivative instrument is recognized in the income statement and presented as a financial expense.

3.3.19. Hedge accounting

Since April 2021, the Group has taken out currency hedges (forward contracts) on the US dollar (USD) to limit the currency risk on invoice payments to certain suppliers. Forward contracts are individually subscribed to in notional amounts for the accounts payable amount, in the same currency and with the same maturity as the accounts payable.

Management has opted to apply hedge accounting in accordance with IFRS 9 to reflect in the financial statements the impact of the management of currency risk through the use of currency forwards.

To ensure that hedge accounting criteria are met, Management has documented the hedging strategy and objective for the management of the USD currency risk, the nature of the currency risk, the type of hedging relationship and the identification of the hedged items and hedging instrument. Qualitative effectiveness tests using comparison of main characteristics and quantitative effectiveness tests (dollar offset method) are established to verify that the hedging ratio is appropriate and that there is no imbalance between the foreign currency accounts payable and the hedge made up of foreign currency forward contracts.

The currency hedging derivative is presented in the balance sheet under financial debt.

The change in the fair value of the currency hedge is recognized in the income statement for the period under "Consumables purchased." Similarly, the change in the fair value of foreign currency accounts payable between the initial conversion rate and the conversion rate at the reporting date is recognized in the income statement under "Consumables purchased." Consequently, the changes in fair value recognized in the income statement for hedging instruments consisting of forward contracts and for the hedged item consisting of accounts payable offset each other to the extent that the hedge is ineffective.

Swap points for forward contracts are excluded from hedge accounting.

3.3.20. Revenue recognition

Group revenues are assessed and presented in accordance with IFRS 15. Revenues are assessed on the basis of the transfer of control.

Contract liabilities consist of deferred revenue on invoices issued for batteries not yet delivered to the customer.

The Group does not have any commitment for merchandise return or recovery commitment, apart from legal and regulatory commitments relating to after-sales service and recycling (see Note 3.3.15).

Income that is not likely to be recovered is not recognized in financial statements for the period in which the transaction was realized.

3.3.21. Grants, subsidies, Research tax credit (CIR)

The income from operational grants or subsidies is recognized under other operational income.

Research tax credits (CIR) are granted to companies in France to encourage them to carry out technical and scientific research. Companies able to justify expenses that fulfill the requisite criteria benefit from a tax credit that can be used for the corporate income tax payment for the year in which the expenses occurred and for the three subsequent years or that can be repaid for the excess portion, if applicable. The research tax credit income is recognized as a deduction from the research tax credit-related expenses (CIR), net of fees related to the assessment of this tax credit. Cash flows related to the research tax credit are disclosed in cash flows from financing activities.

Grants that operate in the same manner as the research tax credit are recognized in the same way as this tax credit.

The tax receivables relating to the tax credit are presented in the "Other non-current assets" if the settlement or imputation on the tax payables occur more than 12 months after the reporting date and are discounted to present value.

3.3.22. Public subsidies

State-guaranteed loans (SGLs) obtained at zero interest are loans below market rate.

The difference between the amount received in cash and the initial fair value of the loan granted (recognized in accordance with IFRS 9) constitutes a public grant or subsidy received under IAS 20. Accordingly, the borrower:

- Recognizes the corresponding debt at fair value, i.e. with a discount (corresponding to the interest rate differential, discounted at the market rate), so as to bring the effective interest rate (EIR) at the date of issue to that of a normal debt. The discount is recorded using the effective interest rate method over the life of the SGLs in the income statement as a financial expense with an actuarial portion
- Recognizes the benefit received (against the discount) as a grant, i.e. as deferred income. This aid is spread over the term of the loans using the effective interest rate method in accordance with IFRS 9, and presented under "Other income" in the income statement.

3.3.23. Taxation

3.3.23.1. Corporate taxation

There is no tax group within the Group as at June 30, 2021.

The tax receivables related to carry back on current tax are presented in the "Other non-current assets" if payment will occur more than 12 months after the reporting date and are discounted to present value.

3.3.23.2. Deferred taxes

Deferred tax is recognized on all temporary differences observed between the value of assets and liabilities in the consolidated financial statements and their tax bases, in accordance with IAS 12. The permanent differences such as goodwill impairments and share-based payments do not generate deferred tax.

Deferred taxes are measured at the tax rates relating to the tax entity and for which application is expected when the asset is realized or the liability is settled. The tax rate applied for French companies

is 26.5%. Temporary differences based on real estate are subject to the rules for capital gains and losses on real estate disposals.

The impact of tax rate changes (variable deferral) is recognized in the income statement for the period in which the change is decided by the local tax authorities, except where the contra entry was initially recognized in equity, in which case the impact of the rate change is also recognized in equity.

Deferred taxes have been recorded in accordance with the temporary reversal periods and the new French tax rate from the 2021 finance law for French companies (gradual reduction in tax rate to 25% in 2022).

The deferred tax assets or liabilities are presented using a net position (net deferred tax) for each tax entity. Deferred tax assets and deferred tax liabilities are not presented in a net position according to the maturity of the reversal of the temporary differences (i.e. net deferred tax less than 12 months, and net deferred tax more than 12 months).

In the presence of net deferred tax assets generated by tax losses carryforwards, deferred tax assets are recognized in the financial position only if it is highly probable that they will be offset within three years against the projected future taxable profits of the relevant entity, taking into account the tax rules for offset and deferral.

Unrecognized deferred tax assets are mentioned in Note 7.18.

The deferred taxes are presented in the non-current section of the statement of financial position and are not discounted at present value.

3.3.24. Territorial economic contribution

The territorial economic contribution (contribution économique territoriale — CET) of the Group's French companies is presented in the consolidated income statement:

- In "Taxes" for the corporate real estate contribution (Contribution foncière des entreprises — CFE). This tax is based on the lease value of the assets subject to real estate taxes. It fulfills the criteria for recognition as an operating expense;
- In "Corporate taxation," the French corporate tax on value-added (Cotisation sur la valeur ajoutée des entreprises — CVAE) tax component is based on the value-added produced by the Group. It fulfills the criteria for income tax under IAS 12. A deferred tax is recognized at the CVAE rates in accordance with IAS 12 on all adjustments on the value-added defined by the French General Tax Code.

3.3.25. Financial result

The financial result includes the following paid-in elements:

- Financial income received from financial instruments such as revenue from securities, loans and receivables;
- Financial expenses paid out such as financial cost related to bank overdrafts, borrowings, financial leases, factoring, and other banking services costs;

Financial result also includes the following calculated elements:

- The effect of discounting on the financial position items;
- The change in fair value of the financial instruments with a cash flow hedging relationship;
- The impairments for financial assets assessed at amortized cost;

The cost of net debt consists of the financial expenses paid minus the financial income received.

3.3.26. Translation for transactions denominated in foreign currency

The recognition and the assessment of the transactions denominated in foreign currency are defined by IAS 21 "The Effects of Changes in Foreign Exchange Rates."

In accordance with this standard, the transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the transaction date.

At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate of the reporting date. Realized foreign exchange gains or losses are recognized in the income statement:

- In operating income for commercial transactions;
- In cash income or in the cost of financial debt for financial operations.

3.3.27. Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to equity holders of the company FORSEE POWER SAS by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the profit or loss attributable to equity holders of the company FORSEE POWER SAS by the weighted average number of dilutive potential ordinary shares outstanding during the period.

Potential ordinary shares are considered dilutive if — and only if — their conversion to ordinary shares reduces the earnings per share.

If the inclusion of deferred equity instruments within the calculation of diluted earnings per share results in an anti-dilutive effect, these instruments are not taken into account.

3.3.28. Segment information

An operating segment is a distinct component:

- which engages in business activities from which the Group may earn revenue from ordinary activities and incur expenses, including revenue from ordinary activities and expenses related to transactions with other parties of the Group;
- whose operating income is regularly reviewed by Group Management to make decisions about resources to be allocated to the segment and to assess its performance; and
- for which isolated financial information is available.

The Group is a single segment under IFRS 8.

The Group nevertheless has two business segments called:

- *Light Vehicles and Industrial Tech* (LeV & Ind Tech): covers the light electric mobility market as well as other electric applications (e-scooters, 2- to 4-wheeled light vehicles, e-bikes, medical equipment, Internet of Things, home automation, robotics and professional tooling);
- *Heavy Vehicles* (HeV): covers the market for solutions adapted to the development of vehicles with electric or hybrid motorization for various means of transport (buses, commercial and "last kilometer" vehicles, trams, trains, trucks and marine) and the market for stationary storage (residential, commercial and industrial).

The Group's primary segment reporting level is by business segment and the secondary level is by geographical segment.

Segment data from internal reporting and data presented in Note 6 below follow the same accounting rules applied in the consolidated financial statements.

The performance of each business segment is measured on the basis of revenue from sales; the allocation of certain costs by segment is not currently monitored in Management's internal reporting.

The Chairman and the Executive Committee of Forsee Power are the Group's main operational decision-makers.

3.3.29. Related parties

Related parties presented in the consolidated financial statements are defined as follows:

- Parties controlled by the Group: no controlled equity interests or associates have been identified, with the exception of the NEoT CAPITAL equity interest, in which the Group holds 15%;
- The parties controlling the Group such as legal entity shareholders;
- Individuals who are members of the Group's Management or of parties controlling the Group or who influence it significantly.

Financial assets and liabilities for related parties are presented in non-current financial assets or liabilities if they are to be paid or will become due in the 12 months following the period reporting date, otherwise these items are presented as current financial assets and liabilities. Non-current assets or liabilities for related parties are discounted for the non-current part if the time value effect is material.

Information about related parties is presented in Note 9.2 in accordance with IAS 24.

4. Information on the scope of consolidation

The scope of consolidation for the periods presented is as follows:

Company	Location	Currency	June 30, 2021 % Control	June 30, 2021 % interest	June 30, 2021 Consolidation method	December 31, 2020 % Control	December 31, 2020 % interest	December 31, 2020 Consolidation method	June 30, 2020 % Control	June 30, 2020 % interest	June 30, 2020 Consolidation method
FORSEE POWER SAS	France	Euro	100%	100%	FC	100%	100%	FC	100%	100%	FC
FORSEE POWER SOLUTIONS Ltd.	Hong Kong	Hong Kong dollar	100%	100%	FC	100%	100%	FC	100%	100%	FC
ZHONGSHAN FORSEE POWER INDUSTRY Co Ltd.	China	Yuan renminbi	100%	100%	FC	100%	100%	FC	100%	100%	FC
ZHONGSHAN FORSEE POWER DEVELOPMENT Co Ltd.	China	Yuan renminbi	100%	100%	FC	100%	100%	FC	100%	100%	FC
FORSEE POWER Spz	Poland	Zloty	100%	100%	FC	100%	100%	FC	100%	100%	FC
FORSEE POWER INDIA PRIVATE Ltd	India	Indian rupee	100%	100%	FC	100%	100%	FC	NA	NA	NA
FORSEE POWER PTE Ltd.	Singapore	Singapore dollar	100%	100%	FC	100%	100%	FC	NA	NA	NA
NEOT CAPITAL	France	Euro	15%	15%	NC	15%	15%	NC	15%	15%	NC

As at June 30, 2021, the scope of consolidation includes seven fully consolidated companies.

The equity interests are as follows:

- Forsee Power Solutions Ltd. is a company under Hong Kong law whose registered office is located at Flat/RM 2806, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, registered under number 58025949-000-03-18-0 in the Hong Kong Trade and Companies Register;
- Zhongshan Forsee Power Industry Co., Ltd. is a company under Chinese law, whose registered office is located on the 1st and 2nd floors at No. 39 Gongye Da Dao Zhong, Industry District, Xiao Lan Town, Zhong Shan, in the People's Republic of China, registered under number 9144200075451119XY in the Zhongshan Administration for Market Regulation.
- Zhongshan Forsee Power Development Co., Ltd. is a company under Chinese law whose registered office is located on the 1st floor at No. 39 Gongye Da Dao Zhong, Industry District, Xiao Lan Town, Zhong Shan, in the People's Republic of China, registered under number 91442000MA52PUYC0T in the Zhongshan Administration for Market Regulation;
- Forsee Power Spz is a company under Polish law whose registered office is located at ul. Prosta 27a, 55–114 Ligota Piękna, Poland, registered under number 0000256591 in the National Court Register;
- Forsee Power India Private Ltd. is a company under Indian law whose registered office is located at 4th floor, Worldmark 3, Asset 7, Aerocity, NH-8, Delhi, South West Delhi, Delhi, India, 110037, registered under number U51909DL2020FTC365683 in the New Delhi Trade and Companies Register.
- Forsee Power PTE Ltd. is a company under Singapore law whose registered office is located at 1 George Street, No. 10–01, One George Street, Singapore (049145), registered under number 201838879C in the Singapore Trade and Companies Register.

- NEoT Capital is a *société par actions simplifiée* (simplified joint-stock company) under French law whose registered office is located at 49 rue de Ponthieu, 75008 Paris, France, registered under number 821 239 670 in the Paris Trade and Companies Register.

All equity interests are consolidated as at June 30, 2021, with the exception of NEot CAPITAL, which is not consolidated due to the non-material impact of its results and balance sheet as at June 30, 2021 and December 31, 2020 (company in the development phase).

5. Information about comparability of the financial statements

5.1. Change in scope for the period

There was no change in the scope of consolidation for the period as at June 30, 2021.

5.2. Change in scope for the previous period

There was no change in the scope of consolidation for the period as at June 30, 2020.

However, the following changes in the scope of consolidation were recognized after June 30, 2020:

- Creation of Forsee Power India in July 2020 and wholly owned by Forsee Power SAS;
- Integration of the financial statements for the subsidiary Forsee Power Pte located in Singapore and wholly owned by Forsee Power SAS.

5.3. Translation of financial statements established in foreign currencies

Since January 1, 2021, the financial statements prepared in the currencies of foreign subsidiaries have been translated using the closing rate method, given the maturity of the development of those equity interests, which now mainly use the local currency as the functional currency of their economic environment (see Note 3.2.2.3).

Financial statements prepared in foreign currencies were translated using the historical rate method until December 31, 2020. Local foreign currencies (the Yuan in China and Zloty in Poland) were not predominantly used in previous years as operating currencies for those entities, given the volume of internal transactions between those entities and the rest of the Group that uses the euro.

This change in the functional currency in the economic environment of equity interests that prepare financial statements in foreign currencies is applied prospectively from the date of the change in currency, i.e. January 1, 2021, in accordance with paragraph 35 of IAS 21 on foreign currency transactions, and is not affected by IAS 8 on changes in accounting methods.

The change in the functional currency of subsidiaries that prepare financial statements in foreign currencies had the following impact on the translation reserve as at January 1, 2021:

in EUR thousands	**At January 1, 2021**
Impact on the change in the translation reserve for the translation of non-monetary assets from historical rates to the rate at the date of change in the functional currency	49
Impact of reclassification from retained earnings to translation reserve of the translation of monetary assets at the exchange rate of the functional currency	144
Total impact of change in functional currencies	**193**

The change in the functional currency impacted the statement of financial position by a decrease of EUR 49 thousand in net fixed assets (non-monetary assets) with an offsetting entry in the translation reserve for the amount corresponding to the translation difference between the historical rates applied to the various fixed assets and their depreciation, and the conversion rate at the date of the change. As monetary assets have always been translated at the closing rate in previous years, the translation difference recognized in financial result in previous periods has been reclassified in the amount of EUR 144 thousand from "reserves — income accumulated from previous periods" to the translation reserve.

5.4. Changes in accounting presentation

The comparative consolidated financial statements as at December 31, 2020 have been restated from the consolidated financial statements published as at December 31, 2020 to take account of a reclassification of EUR 1.9 million in inventory impairments presented as a provision for risk in the published financial statements (see Note 7.5).

The items contained in the financial statements dated December 31, 2020 that are impacted by this restatement are presented in accordance with IAS 8 below:

in EUR thousands	December 31, 2020 published	Reclassification	December 31, 2020
Non-current assets	**35,804**		**35,804**
Goodwill	1,523		1,523
Intangible assets	12,060		12,060
Property, plant and equipment	16,731		16,731
Non-current financial assets	4,398		4,398
Other non-current assets	600		600
Deferred tax assets	492		492
Current assets	**58,649**	**(1,901)**	**56,749**
Inventories	30,184	(1,901)	28,284
Trade receivables	14,180		14,180
Other current assets	3,013		3,013
Current financial assets			
Cash and cash equivalents	11,273		11,273
Total Assets	**94,454**	**(1,901)**	**92,553**
Equity	**(32,406)**		**(32,406)**
Equity attributable to owners of the parent company	**(32,406)**		**(32,406)**
Share capital issued	2,999		2,999
Issue premiums	991		991
Translation reserves	(1)		(1)
Reserves*	(6,983)		(6,983)
Net income	(29,412)		(29,412)
Non-controlling interests			
Liabilities	**126,859**	**(1,901)**	**124,959**
Non-current liabilities	**103,656**	**(1,901)**	**101,755**
Non-current financial liabilities	87,456		87,456
Employee benefits	227		227
Provisions for risks and charges	8,314	(1,901)	6,413
Other non-current liabilities	3,197		3,197
Derivative financial instruments	4,457		4,457
Deferred tax liabilities	5		5
Current liabilities	**23,204**		**23,204**
Current financial liabilities	4,864		4,864
Provisions for risks and charges	0		0
Accounts payable	9,786		9,786
Other current liabilities	8,554		8,554
Total Equity and Liabilities	**94,454**	**(1,901)**	**92,553**

There are no other changes in accounting presentation during the period compared to the financial statements published for the year ending December 31, 2020. The accounting presentation is applied consistently over the periods presented.

The consolidated statement of net income and other items of comprehensive income is presented separately in two statements, namely a consolidated income statement and a consolidated statement of other items of comprehensive income, taking into account changes during the period in gains and losses recognized directly in equity. The previous consolidated financial statements presented a single statement of net income and other items of comprehensive income due to the absence of significant transactions recognized directly in equity.

5.5. Changes in accounting methods

There is no change in accounting method for the period from the method used for the financial statements published for the year ending December 31, 2020. The accounting methods are applied consistently over the periods presented.

6. Information by business segment and by geographical zone

Management has defined the business segments on the basis of reporting that it analyses on a regular basis to take decisions relating to the allocation of resources to segments and the evaluation of their performance.

The Chairman and the Executive Committee of Forsee Power are the Group's main operational decision-makers.

Group reporting has two business segments called:

- *Light Vehicles and Industrial Tech* (LeV & Ind Tech): covers the light electric mobility market as well as other electric applications (e-scooters, 2- to 4-wheeled light vehicles, e-bikes, medical equipment, Internet of Things, home automation, robotics and professional tooling);
- *Heavy Vehicles* (HeV): covers the market for solutions adapted to the development of vehicles with electric or hybrid motorization for various means of transport (buses, commercial and "last kilometer" vehicles, trams, trains, trucks and marine) and the market for stationary storage (residential, commercial and industrial).

6.1. Information by business segment

Information by business segment is tracked in internal management reporting only at the level of revenue from sales.

Information on net income by business segment, including operating income, is not currently monitored by Management due to the limitations of the internal information system in the allocation of costs by business segment. The presentation of net income information by business segment limited solely to the presentation of revenue from sales complies with IFRS 8, given the absence of any other internal management reporting.

in EUR thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	June 30, 2021
Total revenue from sales	**7,597**	**29,573**	**37,171**

in EUR thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	June 30, 2020
Total revenue from sales	**7,355**	**20,298**	**27,653**

in EUR thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	Inter segment and Other	June 30, 2021
Non-current segment assets	12,930	21,237	(264)	33,903
Current segment assets	15,690	12,940	20,001	48,631
Non-current segment liabilities	(11,659)	(1,946)	(93,441)	(107,046)
Current segment liabilities	(3,702)	(7,366)	(13,486)	(24,554)
Total	**13,260**	**24,866**	**(87,190)**	**(49,065)**
Capitalization of R&D expenses		1,874		1,874
Acquisition of fixed assets	422		2,565	2,987
Other non-current investment expenses	-	-		-
Total	**422**	**1,874**	**2,565**	**4,861**

in EUR thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	Inter segment and Other	December 31, 2020
Non-current segment assets	15,721	20,018	65	35,804

Current segment assets	9,675	33,936	13,138	56,748
Non-current segment liabilities	(44,240)	(4,464)	(53,050)	(101,755)
Current segment liabilities	(1,729)	(2,338)	(19,137)	(23,204)
Total	**(20,574)**	**47,152**	**(58,984)**	**(32,406)**

Capitalization of R&D expenses		4,018		4,018
Acquisition of fixed assets	834		1643	2,476
Other non-current investment expenses				
Total	**834**	**4,018**	**1643**	**6,495**

The amount of revenue generated by customers who individually represent more than 10% of income is EUR 0 million for the LeV & Ind Tech (Light Vehicles and Industrial Tech) segment and EUR 27.3 million for the HeV (Heavy Vehicles) segment as at June 30, 2021.

The amount of revenue generated by customers who individually represent more than 10% of income is EUR 0 million for the LeV & Ind Tech (Light Vehicles and Industrial Tech) segment and EUR 37.4 million for the HeV (Heavy Vehicles) segment as at December 31, 2020.

Customers representing more than 10% of the Group's revenue individually are as follows:

in EUR thousands	Business segment concerned	June 30, 2021	June 30, 2020
Customer 1	HeV	21,709	10,857
Customer 2	HeV	5,602	3,658
Customer 3	HeV		4,452
Total		**27,310**	**18,967**

The guidelines established by Management for 2021 will enable the Group to become less dependent on its customers.

6.2. Information by geographical region

in EUR thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	June 30, 2021
France	2,415	27,529	**29,945**
Europe	1,753	1,996	**3,749**
Asia	2,597		**2,597**
United States	832		**832**
Rest of the world		48	**48**
Total revenue from sales	**7,597**	**29,573**	**37,171**

in EUR thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	June 30, 2020
France	2,672	14,622	**17,293**
Europe	2,124	5,643	**7,767**
Asia	1,514	3	**1,517**
United States	990	30	**1,020**
Rest of the world	56		**56**
Total revenue from sales	**7,355**	**20,298**	**27,653**

in EUR thousands	June 30, 2021	December 31, 2020
France	4,439	9,326
Europe	3	11
Asia	419	823
United States		
Rest of the world		
Total Investments	**4,861**	**10,159**

6.3. Information by business segment for the financial years ended December 31, 2018, December 31, 2019 and December 31, 2020

Revenue from sales information by business segment was not published in the consolidated financial statements for the years ended December 31, 2018, December 31, 2019 and December 31, 2020.

in EUR thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	December 31, 2020
France	5,846	38,341	**44,186**
Europe	3,361	9,171	**12,532**
Asia	3,520	6	**3,526**
United States	1,645	30	**1,675**
Rest of the world	121	20	**141**
Total revenue from sales	**14,492**	**47,568**	**62,060**

in EUR thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	December 31, 2019
France	5,093	22,001	**27,095**
Europe	9,890	6,721	**16,611**
Asia	3,888	6	**3,894**
United States	2,662	2	**2,663**
Rest of the world	79		**79**
Total revenue from sales	**21,612**	**28,730**	**50,342**

Rest of the world	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	December 31, 2018
France	4,316	3,610	**7,926**
Europe	5,268	3,485	**8,753**
Asia	2,762		**2,762**
United States	3,379	5	**3,384**
Rest of the world	118	214	**332**
Total revenue from sales	**15,842**	**7,315**	**23,157**

Customers representing more than 10% of the Group's revenue individually are as follows:

in EUR thousands	Business segment concerned	December 31, 2020	December 31, 2019	December 31, 2018
Customer 1	HeV	29,004	19,881	3,375
Customer 2	HeV	8,397		
Customer 3	HeV			2,732

Customer 4	LeV		6,037	
Total		**37,401**	**25,918**	**6,107**

7. Information relating to items on the consolidated statement of financial position

7.1. Goodwill

in EUR thousands	December 31, 2020	Increase related to change in scope	Impairment	Currency translation impact	June 30, 2021
Goodwill	1,523				1,523
Total	**1,523**				**1,523**

Goodwill can be broken down among the following CGUs:

in EUR thousands	December 31, 2020	June 30, 2021
Goodwill from Ersé business (2012)	219	219
Goodwill Light Vehicles and Industrial Tech CGU	**219**	**219**
Goodwill from Dow Kokam business (2013) (1)	1,304	1,304
Goodwill Heavy Vehicles CGU	**1,304**	**1,304**
Total	**1,523**	**1,523**

(1) The acquisition of Dow Kokam France business activities in 2013 generated goodwill of EUR 1,304 thousand after recognition of a contingent liability of EUR 6.5 million related to a litigation in progress at the acquisition date with the tax administration on the research tax credit (CIR) for financial years 2010 to 2012 (see Note 3.2.2.4). The tax authorities abandoned all grounds for contestation on July 3, 2017 and the provision for this contingent liability was reversed in its entirety in the income statement as at June 30, 2017.

No sign of impairment was identified as at June 30, 2021.

The impairment test did not result in any impairment at December 31, 2020. The Group has not recognized any impairment loss on goodwill since its acquisition.

Impairment tests are performed in accordance with a pricing model described in Note 3.3.2. The key assumptions used in the model are the business growth rate, the long-term growth rate and the discount rate (see Note 3.1.2.(a)):

	Light Vehicles and Industrial Tech (LeV & Ind Tech)		Heavy Vehicles (HeV)	
as %	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Discount rate (WACC)	11.43%	11.39%	11.43%	11.39%
Average annual growth rate over the 5-year plan	46.66%	33.09%	43.49%	47.41%
Long-term growth rate	1.80%	1.80%	1.80%	1.80%

The recoverable amounts for the CGUs obtained by the model are higher than the net carrying amount of the capital employed for the CGUs.

No reasonably possible change in key assumptions would result in an impairment to be recognized.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2019	Increase related to change in scope	Impairment	Currency translation impact	June 30, 2020

Goodwill	1,523	1,523
Total	**1,523**	**1,523**

7.2. Intangible assets

in EUR thousands	December 31, 2020	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	Subsidy granted for financing R&D	June 30, 2021
Intangible assets, gross								
Development costs	4,702		6		6,438	0		11,146
Software	1,461		77					1,538
Other intangible assets	145		19	(16)		6		154
Development costs in progress	9,514		1,874		(6,438)			4,949
Intangible assets in progress	500		114		0		(337)	277
Total	**16,322**		**2,089**	**(16)**		**6**	**(337)**	**18,064**
Depreciation, amortization and impairment								
Development costs	(2,908)		(904)					(3,812)
Software	(1,279)		(57)					(1,336)
Other intangible assets	(74)		(23)	16		(3)		(85)
Total	**(4,262)**		**(985)**	**16**		**(3)**		**(5,233)**
Intangible assets, net	**12,060**		**1,105**			**3**	**(337)**	**12,831**

No sign of impairment was noted on any intangible assets as at June 30, 2021.

Non-capitalized research and development costs amounted to EUR 2,583 thousand at June 30, 2021 (or 8% of revenue from sales), and EUR 2,242 thousand at June 30, 2020 (or 8% of revenue from sales).

Non-capitalized research and development costs amount to EUR 4,951 thousand at December 31, 2020 (or 8% of revenue from sales), EUR 5,096 thousand at December 31, 2019 (or 10% of revenue from sales) and EUR 4,036 thousand at December 31, 2018 (or 17% of revenue from sales).

Changes during the prior period are as follows:

in EUR thousands	December 31, 2019	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Currency translation impact	Other	June 30, 2020
Intangible assets, gross								
Development costs	4,702							4,702
Software	1,310		97					1,407
Other intangible assets	143			(10)		(2)		131
Development costs in progress	5,614		2,519		(630)			7,503
Intangible assets in progress	500		0		0			500
Total	**12,269**		**2,617**	**(10)**	**(630)**	**(2)**		**14,244**
Depreciation, amortization and impairment								
Development costs	(1,003)		(954)					(1,957)
Software	(1,099)		(88)					(1,187)
Other intangible assets	(36)		(19)			1		(54)
Total	**(2,138)**		**(1,061)**			**1**		**(3,198)**
Intangible assets, net	**10,131**		**1,556**	**(10)**	**(630)**	**(1)**		**11,046**

7.3. Property, plant and equipment

in EUR thousands	December 31, 2020	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Translation impact	New lease agreements IFRS 16	June 30, 2021
Property, plant and equipment — gross								
Buildings	17					0		17
Rights of use on buildings	12,352				(979)	37	(16)	11,394
Technical facilities, equipment, and tooling	7,003		541	(76)	267	(10)		7,726
Other property, plant and equipment	2,297		126	(4)	4	18		2,442
Rights of use on other property, plant and equipment	280				(184)	0	87	183
Property, plant and equipment in progress	4,196		782	(161)	(272)	13		4,558
Total	**26,146**		**1,449**	**(240)**	**(1,163)**	**59**	**70**	**26,321**
Depreciation, amortization and impairment								
Buildings	(11)		(1)			(0)		(13)
Rights of use on buildings	(3,257)		(584)		979	(27)		(2,889)
Technical facilities, equipment, and tooling	(4,612)		(411)	42		11		(4,970)
Other property, plant and equipment	(1,313)		(170)	6		(8)		(1,485)
Rights of use on other property, plant and equipment	(221)		(36)		184	(0)		(73)
Total	**(9,414)**		**(1,202)**	**48**	**1,163**	**(25)**		**(9,430)**
Property, plant and equipment, net	**16,731**		**247**	**(193)**		**34**	**70**	**16,891**

No sign of impairment was noted on any property, plant and equipment as at June 30, 2021.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2019	Change in scope	Increase Allocations	Decrease Reversals	Reclassifi-cation	Currency translation impact	Adoption of IFRS 16	June 30, 2020
Property, plant and equipment — gross								
Buildings	18					(1)		18
Right of use on real estate	4,083					(11)	8,290	12,362
Technical facilities, equipment, and tooling	6,432		99	(18)	349	(18)		6,844
Other property, plant and equipment	1,882		153	(28)	99	(6)		2,099
Rights of use on other property, plant and equipment	225				34	(1)	23	281
Property, plant and equipment in progress	3,204			(75)	181	(0)		3,310
Total	**15,844**		**252**	**(121)**	**664**	**(38)**	**8,314**	**24,914**
Depreciation, amortization and impairment								
Buildings	(10)		(1)			0		(11)
Depreciation of right of use on real estate	(2,078)		(596)			8		(2,666)
Technical facilities, equipment, and tooling	(4,053)		(313)	16		7		(4,343)
Other property, plant and equipment	(1,008)		(195)	4		3		(1,196)
Rights of use on other property, plant and equipment	(124)		(43)		(8)	0		(175)
Total	**(7,273)**		**(1,148)**	**20**	**(8)**	**19**		**(8,390)**
Property, plant and equipment, net	**8,570**		**(896)**	**(101)**	**655**	**(19)**	**8,314**	**16,524**

The increase in fixed assets relating to the right of use for real estate corresponds mainly to the start of the off-plan lease agreement (*Bail en l'Etat Futur d'Achèvement* — BEFA) for the Chasseneuil-du-Poitou site.

7.4. Financial assets

in EUR thousands	December 31, 2020	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Currency translation impact	Other	June 30, 2021
Financial assets								
Financial instruments not held for trading(1)	558				284	0		842
Prepaid deposits and sureties	177			(8)	(1)	0		167
Pledge on cash(2)	3,663		0			122		3,785
Total	**4,398**		**0**	**(8)**	**283**	**122**	**(0)**	**4,794**
Of which								
Current					3,785			3,785
Non-current	4,398		0	(8)	(3,502)	122	(0)	1,009

Non-current financial assets not bearing interest are not discounted as at June 30, 2021 due to non-material amounts and the Euribor 12-month rate.

1) Financial instruments not held for trading purposes correspond to the non-consolidated shares of NEoT CAPITAL, in which the company holds a 15% equity interest, for an amount of EUR 842 thousand (see Note 3.2.2.6 & 3.3.7);
2) Cash pledge of USD 4,500 thousand for the Documentary SBLC from November 2020 with a maturity of December 31, 2021 with a foreign cell supplier (see Note 3.3.10.(d)).

Changes during the prior period are as follows:

in EUR thousands	December 31, 2019	Change in scope	Increase Allocations	Decrease Reversals	Reclassification	Currency translation impact	Other	June 30, 2020
Financial assets								
Financial instruments not held for trading(1)	558					(0)		558
Prepaid deposits and sureties	165		1					166
Total	**723**		**1**	**0**		**(0)**	**0**	**723**
Of which								
Current								
Non-current	723		1	0		(0)	0	723

(1) Financial instruments not held for trading purposes correspond to the non-consolidated shares of NEoT CAPITAL, in which the company holds a 15% equity interest (see Note 3.2.2.6 & 3.3.7).

7.5. Inventories and work in progress

in EUR thousands	June 30, 2021	December 31, 2020
Raw materials and other supplies	16,838	17,327
Work in progress	1,360	1,463
Finished goods	10,184	13,506
Impairment of inventories	(3,968)	(4,013)
Inventories, net	**24,414**	**28,284**

There are no pledged inventories as at June 30, 2021, as the financing of the line of credit began after June 30, 2021 (see Note 3.3.10.(e)).

The gross value of inventory as at June 30, 2021 amounted to EUR 28.4 million, for an impairment amount of EUR 4.0 million.

As at December 31, 2020, the gross value of inventories was EUR 32.3 million, for an impairment amount of EUR 4.0 million.

An impairment charge of EUR 1.9 million was recorded in the second half of 2020 to cover the decline in the net realizable value of Zen 4 and Flex 7 range inventories. These two products, which are present in inventory in the form of components, cells and finished products, correspond to product ranges that have been marketed longest, on which the Management anticipates a risk that it will not be able to sell the entire inventory, or will have to grant exceptional price cuts in order to move them. These lines are, in effect, partially competing with other products launched more recently by the Group.

7.6. Trade receivables

in EUR thousands	June 30, 2021	December 31, 2020
Trade receivables	7,411	8,789
Impairment of trade receivables	(114)	(184)

Accounts payable — Advances and prepayments	5,830	5,574
Trade receivables, net	**13,128**	**14,180**

The Group has set up programs to sell operating receivables to banks (see Note 3.3.10):

- The amount of receivables assigned without recourse (HSBC contract) and no longer presented in the balance sheet amounted to EUR 2,421 thousand as at June 30, 2021 (EUR 2,086 thousand as at December 31, 2020);
- The amount of receivables assigned with recourse (BNP contract) that are presented in the balance sheet amounted to EUR 0 as at June 30, 2021 following the closing of the contract in June 2021 (EUR 1,520 thousand as at December 31, 2020);
- Under the factoring agreement included in a customer's reverse factoring program, as at June 30, 2021, the Group has discounted EUR 5,047 thousand of receivables with a maturity date later than June 30, 2021 with Banco Santander (no receivables were assigned as at December 31, 2020).

The amount of expected credit losses is not material and was not recognized as at June 30, 2021.

7.7. Other assets

in EUR thousands	June 30, 2021	December 31, 2020
Social Security receivables	11	24
Tax receivables	347	456
Current accounts	0	270
Other receivables (1)	1,246	1,344
Prepaid expenses (2)	1,039	1,205
Impairment on other current assets	(35)	(30)
Other receivables presented in WCR	**2,609**	**3,269**
Suppliers — Advances paid on fixed assets	1,323	0
Corporate tax receivables	322	344
Issuance costs, net of tax, on operation being completed (3)	188	0
Other assets	**4,442**	**3,612**
Of which		
Current	*3,109*	*3,013*
Non-current	*1,334*	*600*

1) Of which EUR 484 thousand at Zhongshan Forsee Industry Ltd as at June 30, 2021;

Of which EUR 493 thousand as at June 30, 2021 in current accounts and holdbacks on receivables assigned to the HSBC factor for non-recourse factoring (EUR 1,135 thousand as at December 31, 2020);

Of which EUR 2 thousand in guarantees and holdbacks on assigned receivables still to be received from the BNP factor following the closing of the agreement in June 2021 (EUR 140 thousand as at December 31, 2020)

2) Of which EUR 651 thousand on lease liabilities versus EUR 559 thousand as at December 31, 2020.

3) After-tax costs related to the initial public offering (IPO). These expenses will be counted against the issue premium when the Forsee Power SAS capital increase is completed.

Issuance costs relating to loans taken out are deducted from financial liabilities and amortized using the effective interest rate method.

7.8. Cash

in EUR thousands	June 30, 2021	December 31, 2020
Cash equivalents		
Cash	4,195	11,273
Cash and cash equivalents	**4,195**	**11,273**
Cash and cash equivalents	4,195	11,273
Bank overdrafts		
Cash, net	**4,195**	**11,273**

Cash and cash equivalents as at June 30, 2021 consist of demand deposits in euros and US dollars (USD).

The balances for the previous period are as follows:

in EUR thousands	June 30, 2020	December 31, 2019
Cash equivalents		
Cash	30,914	2,913
Cash and cash equivalents	**30,914**	**2,913**
Cash and cash equivalents	30,914	2,913
Bank overdrafts		
Cash, net	**30,914**	**2,913**

7.9. Equity

7.9.1.Share capital

As at June 30, 2021, the number of FORSEE POWER SAS outstanding securities was 299,876 at a par value of EUR 10, i.e. total share capital of EUR 2,998,760.

The Group did not hold any of its own shares in the periods presented.

7.9.2. Dividends

FORSEE POWER SAS did not distribute any dividends were distributed for the fiscal year ending December 31, 2020.

The Group does not plan to distribute dividends for the financial year ending December 31, 2021.

7.9.3. Share-based payments

7.9.3.1. Share subscription warrants (BSA)

As part of the latest fundraising, the company issued several guarantees for new investors to cover some losses related to specific risks. These financial guarantees took the form of the issue of several share subscription warrants:

- 100 BSA_{G1} during the extraordinary shareholder meeting of December 18, 2017 at the total issue price of one euro (EUR 1), convertible into a maximum of 52,748 ADPC3;
- 100 $BSA_{EIB\ Warrant\ B}$ as at March 15, 2018 at the total issue price of one euro (EUR 1), convertible into a maximum of 1,650 ADPC3;
- 100 BSA_{G2} during the extraordinary shareholder meeting of December 21, 2018 at the total issue price of one euro (EUR 1), convertible into a maximum of 26,375 ADPC3.

These warrants are not a component of a hybrid financial instrument with a debt/equity component. In addition, as the beneficiaries of these share subscription warrants are investor shareholders, the warrants attached to these shares are not considered share-based payment under IFRS 2.

These warrants have similar characteristics to Redemption warrants, enabling investors to maintain their average investment price. These warrants can be exercised at any time until their maturity dates, subject to the occurrence of a covered risk.

However, given that the conditions for exercising these warrants have never been met for the main risks covered by the guarantee, Management believes that the likelihood of meeting the conditions for exercising these warrants is very low. Management therefore considers that these financial instruments have a non-material value, and are therefore not presented as derivative liabilities.

Given these elements, these share subscription warrants are considered to be equity instruments under IAS 32, and will be recorded in equity for their transaction amount on the issue and exercise dates.

7.9.3.2. Stock options

The table below shows the stock options allocated as at June 30, 2021:

	Grant date	Number of SO granted	Number of SO canceled	Number valid	Vesting period	Maturity
Stock Options (SO 2018)	2 avril 2019	6,000	0	6,000	4 years	2 avril 2023
Stock Options (SO 2018)	28 janvier 2020	1,800	(750)	1,050	4 years	28 janvier 2024
Stock Options (SO 2018)	13 novembre 2020	750	0	750	4 years	13 novembre 2024
Total		**8,550**	**(750)**	**7,800**		

The recognized expense for share-based transactions over the periods presented is as follows:

in EUR thousands	June 30, 2021	December 31, 2020
Costs booked in specific reserve at beginning of the period	**733**	**268**
Expenses recognized in income for the period (services rendered)	247	464
Cancellation of costs booked for options that become void over the period (forfeiture tied to the condition of employment)	(56)	0
Reversal of the costs of awards exercised over the period (vesting related to the exercise of the option)		
Costs in specific reserve at end of period	**923**	**733**
Expenses to be recognized in future years	953	1,323
Total probable cost of the awards estimate on the reporting date	**1,876**	**2,056**

The table below summarizes the data used in the stock option pricing model.

	Assumptions used at December 31, 2020 - fair value at PER according to IFRS 2 (Black & Scholes)				Unitary valuation according to IFRS 2	Probable cost IFRS 2
	Strike price in EUR	Risk-free rate	Risk premium	Volatility expected		in EUR thousands
Stock Options (SO 2018)	340.00 €	-0.44%	10.0%	69.6%	238.63 €	1,432
Stock Options (SO 2018)	340.00 €	-0.59%	10.0%	70.8%	240.11 €	432
Stock Options (SO 2018)	340.00 €	-0.74%	10.0%	80.4%	256.01 €	192

7.9.4. Translation reserves

The translation reserve by currency is as follows:

in EUR thousands		June 30, 2021	December 31, 2020
Hong Kong dollar	HZD	2	
Yuan renminbi	RMB	53	
Zloty	PLZ	(2)	
Indian rupee	INR	(1)	(1)
Singapore dollar	SGD	(1)	
Translation reserve – Group share		**52**	**(1)**

The functional currency has changed as of January 1, 2021 for equity interests that prepare their financial statements in foreign currencies, resulting in the presentation of a translation reserve as at June 30, 2021 (see Notes 3.2.2.3 and 5.3).

7.9.5. Earnings per share

	June 30, 2021	June 30, 2020
Consolidated net income	(16,769)	(15,590)
Average number of shares outstanding	299,876	299,876
Earnings per share	**(55.92) €**	**(51.99) €**
Diluted earnings per share	**(55.92) €**	**(51.99) €**

Under IAS 33, diluted earnings per share are equal to earnings per share in the event of a loss.

7.10. Provisions for risks and charges

7.10.1. Breakdown of provisions for risks and charges

in EUR thousands	December 31, 2020	Change in scope	Allocations	Reversals	Of which used	Reclassification	Fair value	Currency translation impact	June 30, 2021
Litigation	2,158			(133)					2,025
Employee benefits	227								227
Other provisions for risks and charges	4,255		1,569	(564)	(564)			0	5,260
Provisions	**6,640**		**1,569**	**(698)**	**(564)**			**0**	**7,512**
Of which									
Current									
Non-current	6,640		1,569	(698)	(564)			0	7,512

The main provisions for risks and charges are detailed below:

- A provision for after-sales service guarantees was made for an amount of EUR 2.9 million as at June 31, 2021 (EUR 2.5 million as at December 31, 2020). This provision was made to cover the risk of future after-sales service costs due to FORSEE POWER's liability for the products sold (undertaking to repair or replace any defective components of the battery systems sold). This guarantee is a legal obligation, is not optional to the agreement, and usually lasts from four to five years. Given the random nature of the probability of the occurrence of a defect, this provision is measured in accordance with IAS 37 on a statistical basis according to the products sold and is adjusted according to the after-sales costs actually incurred by the Group during the financial year.
- A recycling provision of EUR 1.6 million (EUR 1 million as at December 31, 2020) was made to cover the estimated future costs of recycling the battery systems sold for which the Group has a recovery commitment. This provision is calculated as a function of the number of systems sold affected by the recovery commitment and valued on the basis of the external recycling costs for different types of batteries. The Group regularly updates these external recycling costs in order to take into account improvements in the processing costs in this relatively recent industrial stream.
- The other provisions, representing a total of EUR 3.0 million, correspond to the valuation of other risks, such as risks of customer penalties, disputes, the provision for retirement benefits and other expenses deemed probable and provisioned accordingly by the Group.

Changes during the prior period are as follows:

in EUR thousands	December 31, 2019	Change in scope	Allocations	Reversals	*Of which used*	Reclassification	Fair value	Currency translation impact	June 30, 2020
Litigation	1,895		373	(66)					2,201
Employee benefits	235								235
Other provisions for risks and charges	3,259		1,101	(1,613)					2,747
Provisions	**5,389**		**1,473**	**(1,679)**					**5,183**
Of which									
Current									
Non-current	5,389		1,473	(1,679)					5,183

7.10.2. Post-employment benefits

7.10.2.1. Defined contribution plans

An expense has been recognized as at June 30, 2021 related to defined contribution plans.

7.10.2.2. Defined benefits plans

The Group does not have any defined benefit plans other than retirement benefits and long-service awards for French employees, the details of which are as follows:

in EUR thousands	June 30, 2021	December 31, 2020
Retirement benefits plan	227	227
Long-service awards		
Total	**227**	**227**

in EUR thousands	June 30, 2021	December 31, 2020
Provision at start of period	**227**	**235**
Services rendered		(9)
Interest on debt		
Actuarial losses and (gains) changes in financial and demographic assumptions		
Actuarial gains in experience (departures of plan beneficiaries)		
Benefits paid at the time of retirement		
Commitment for retirement benefits at end of period	**227**	**227**

ACTUARIAL ASSUMPTIONS

For the retirement benefits plan, the basic assumptions (staff turnover rate, salary increase) for these calculations have been determined on the basis of the Group's forecasting and historical policy. The assumptions used for the assessments are as follows:

	June 30, 2021	December 31, 2020
Financial assumptions		
Discount rate	0.65%	0.65%
Long-term salary increase assumption	1.00%	1.00%
Rate for social charges, management	44.00%	44.00%
Rate for social charges, non-management	17 to 35%	17 to 35%
Demographic assumptions		
Age of retirement used for management	65-67 years	65-67 years
Age of retirement used for non-management	65-67 years	65-67 years
Mortality table	INSEE 2019	INSEE 2019

The discount rates applied are based on the rate of return on bonds issued by leading companies equivalent to the duration of the plans being valued, approximately 10 years.

The rate has been determined considering the values of market indices for AA-rated bonds available at end of December 2020.

No sensitivity analysis of the obligation had been realized as at December 31, 2020.

The commitment for severance pay has not been updated as at June 30, 2021 in the absence of any significant changes in the beneficiaries of the plan.

7.11. Loans and financial debts

in EUR thousands	December 31, 2020	Issuances	Repayments	Loan issuance costs	Interests on zero rate loans	Reclassification	Translation impact	Effective interest method impact	Net change	Fair value	Loan issuances IFRS 16	June 30, 2021
Bonds (1)	28,727									542		29,270
Borrowings from EIB (2)	18,765	21,500	(20,000)	(108)				1,302		(2,273)		19,185
BPI loans												
BPI Atout loan (Covid liquidity support)	5,000											5,000
BPI State-guaranteed loan	5,000											5,000
BNP State-guaranteed loan (3)	6,263				160			4				6,427
HSBC State-guaranteed loan (3)	6,263				160			4				6,427
Debt on right of use — non-current	9,289		(444)			(6)	8				70	8,918
Deposits and sureties received	56											56
Related-party liabilities	6,821	278										7,100
Debt for financing trade receivables(4)	1,382								(1,381)			
Long-term financial debt	**87,566**	**21,778**	**(20,444)**	**(108)**	**320**	**(6)**	**8**	**1,309**	**(1,381)**	**(1,731)**	**70**	**87,382**
Accrued interest on f inancial debt	3,856	2,266	(2,277)				0					3,845
Debt on right of use — current	896					6	4					905
Short-term credit line												
Fair value hedges related to currency risk(5)									(29)			(29)
Accrued interest not yet due	3								10			13
Bank overdrafts (cash liability)												
Short-term financial debt	**4,754**	**2,266**	**(2,277)**			**6**	**4**		**(19)**			**4,735**
Gross financial debt and similar	**92,321**	**24,045**	**(22,721)**	**(108)**	**320**		**12**	**1,309**	**(1,400)**	**(1,731)**	**70**	**92,117**
Of which												
Current	*4,865*	*2,266*	*(2,277)*			*6*	*4*		*(1,400)*	*542*		*4,005*
Non-current	*87,455*	*21,778*	*(20,444)*	*(108)*	*320*	*(6)*	*8*	*1,309*		*(2,273)*	*70*	*88,112*

1) FORSEE POWER issued EUR 30 million in OC5 convertible bonds with the SPI Fund (EUR 15 million), and with Idinvest (EUR 15 million) in February and May 2020. These bonds have not been converted into shares at June 30, 2021.

2) Financing by the EIB and provision of the first tranche of EUR 7.5 million in March 2018, the second tranche of EUR 7.5 million in October 2018 and the third and final tranche of EUR 5 million in December 2019. This EUR 20 million loan was fully repaid in June 2021.

   The EIB's EUR 20 million loan is accompanied by 6,857 BSA $_{\text{EIB Warrant A}}$ issued on March 15, 2018, resulting in the issuance of 7,965 ordinary shares if exercised.

   At the same time, Tranche A for EUR 21.5 million of the new financing agreement signed with the EIB in December 2020 was raised on June 16, 2021. This tranche was accompanied by 3,500 BSA $_{\text{EIB Warrant C}}$ issued on June 4, 2021, resulting in the issuance of 3,500 ordinary shares if exercised.

   The derivative financial instruments on the EIB loans, the BSA $_{\text{EIB Warrant A}}$ and BSA $_{\text{EIB Warrant C}}$ are presented in Note 7.12 below.

3) The state-guaranteed loans (SGLs) with BNP and HSBC were granted at a zero percent interest rate.

4) The Group terminated the factoring agreement with recourse to BNP in June 2021. The debts relating to the financing of trade receivables are therefore settled as at June 30, 2021, with only a balance of EUR 2 thousand in deposits and holdbacks presented under "Other receivables." The amount of receivables assigned and maintained on the balance sheet at December 31, 2020 was EUR 1,520 thousand, for a net financial debt of EUR 1,382 thousand.

5) Currency forward contracts to hedge dollar-denominated accounts payable

Changes during the prior period are as follows:

in EUR thousands	December 31, 2019	Issuances	Repayments	Interests on zero rate loans	Reclassification	Translation impact	Effective interest method impact	Net change	Fair value	Loan issuances IFRS 16	June 30, 2020
Bonds (1)		30,000					(1,478)		82		28,603
Borrowings from EIB (2)	18,107	0					329				18,436
BPI loans	19			14							33
BPI Atout loan (Covid liquidity support)		5,000									5,000
BPI State-guaranteed loan		5,000									5,000
BNP State-guaranteed loan (3)		7,500		(1,404)							6,096
HSBC State-guaranteed loan (3)		7,500		(1,404)							6,096
Debt on right of use — non-current (4)	1,815		(295)		(79)	(3)				8,314	9,751
Deposits and sureties received	56										56
Related-party liabilities	6,162	388	(0)								6,549
Debt for financing trade receivables	9,238							(4,329)			4,909
Long-term financial debt	**35,396**	**55,388**	**(295)**	**(2,794)**	**(79)**	**(3)**	**(1,150)**	**(4,329)**	**82**	**8,314**	**90,530**
Accrued interest on financial debt	1,080	1,334	(462)			(0)					1,952
Debt on right of use — current	674				104	(1)					777
Short-term credit line (5)	4,500							(4,499)			1
Fair value hedges related to currency risk											
Accrued interest not yet due	10										10
Bank overdrafts (cash liability)											
Short-term financial debt	**6,264**	**1,334**	**(462)**		**104**	**(1)**		**(4,499)**			**2,740**
Gross financial debt and similar	**41,661**	**56,721**	**(756)**	**(2,794)**	**25**	**(5)**	**(1,150)**	**(8,828)**	**82**	**8,314**	**93,270**
Of which											
Current	*15,518*	*1,334*	*(462)*		*104*	*(1)*	*(1,478)*	*(8,843)*	*82*		*6,253*
Non-current	*26,142*	*55,388*	*(295)*	*(2,794)*	*(79)*	*(3)*	*329*	*15*		*8,314*	*87,017*

1) FORSEE POWER issued EUR 30 million in OC5 convertible bonds with the SPI Fund (EUR 15 million), and with Idinvest (EUR 15 million) in February and May 2020. These bonds had not been converted into shares in December 2020.

2) Refinancing by the EIB and provision of the first tranche of EUR 7.5 million in March 2018, the second tranche of EUR 7.5 million in October 2018 and the third and final tranche of EUR 5 million in December 2019.

   The EIB's EUR 20 million loan is accompanied by 6,857 BSA $_{\text{EIB Warrant A}}$ issued on March 15, 2018. The derivative financial instrument on the loan and the share subscription warrants (BSA) is presented in Note 7.12 below.

3) The state-guaranteed loans with BNP and HSBC were granted at an interest rate of zero.

4) The issue mainly corresponds to the start of the Lease in the Future State of Completion (Bail en Etat Futur d'Achèvement — BEFA) for the Chasseneuil du Poitou site in 2020 for EUR 8,257 thousand.

5) Short-term credit line for financing the WCR for the customer HEULIEZ/IVECO set up in October 2018 and repaid in 2020.

The financial debt maturity schedule is as follows:

in EUR thousands	June 30, 2021	at 1 year	1 to 5 years	more than 5 years	Covenant
Bonds	29,270			29,270	no
Borrowings from EIB	19,185			19,185	yes
BPI Atout loan (Covid liquidity support)	5,000		5,000		no
BPI State-guaranteed loan	5,000		5,000		no
BNP State-guaranteed loan	6,427		6,427		no
HSBC State-guaranteed loan	6,427		6,427		no
Debt on leased assets	8,918		3,514	5,404	no
Deposits and sureties received	56			56	no
Related-party liabilities	7,100		7,100		no
Debt for financing trade receivables					no
Long-term financial debt	**87,382**		**33,467**	**53,915**	
Accrued interest on financial debt	3,845		3,845		no
Debt on leased assets	905	905			no
Fair value hedges related to currency risk	(29)	(29)			
Short-term credit line					no
Accrued interest not yet due	13	13			no
Short-term financial debt	**4,735**	**889**	**3,845**		
Gross financial debt and similar	**92,117**	**889**	**37,313**	**53,915**	

7.12. Derivative financial instruments

	Date of issue	Due date	Number of instruments	June 30, 2021	December 31, 2020
BSA Warrant A for EIB	March 18, 2018	March 15, 2028	6,857	5,139	2,984
Derivative on OCA 5	March 1, 2020	March 1, 2025	123,957	938	1,473
BSA Warrant C for EIB	June 4, 2021	June 4, 2041	3,500	2,273	
Total			**134,314**	**8,350**	**4,457**

On March 15, 2018, the company issued 6,857 share subscription warrants (BSA $_{\text{EIB Warrant A}}$) for the benefit of the European Investment Bank (EIB) for the financing agreement of EUR 20 million.

These BSA $_{\text{EIB Warrant A}}$ share subscription warrants are presented and valued as a derivative liability for the following reasons:

- These BSA$_{\text{EIB Warrant A}}$ share subscription warrants do not fulfill the condition of an equity instrument insofar as their settlement cannot result in a fixed number of company shares;

- These $BSA_{EIB\ Warrant\ A}$ come with a put option allowing the EIB to have a cash reimbursement for the fair value of the shares not received.

The change in fair value of the derivative is recognized under financial result. The value of the derivative corresponds to the cost of the option if these warrants are exercised.

A derivative instrument was recognized on the OC 5 bonds issued on March 1, 2020.

Changes for the period and previous period are presented in the table below:

in EUR thousands	June 30, 2021	December 31, 2020
Derivative instrument at period-start	**4,457**	**2,986**
Change in fair value recognized in profit or loss	1,619	(8)
Derivative instrument issued over the period (net of costs)	2,273	1,478
Derivative instrument canceled following conversion		0
Derivative instrument at period-end	**8,350**	**4,457**

The maturity schedule of the derivative financial instruments is as follows:

	at 1 year	1 to 5 years	more than 5 years	Total
BSA Warrant A for EIB			5,139	5,139
Derivative on OCA 5		938		938
BSA Warrant C for EIB			2,273	2,273
Total	**0**	**938**	**7,412**	**8,350**

7.13. Risk management for financial assets and liabilities

7.13.1. Credit risk management

The Group is exposed to credit risk in the event of late payment by customers or in the event that one of its customers defaults on its obligations, resulting in a financial loss for the Group. The Group ensures that it does not create or maintain any dependency on its customers by diversifying the nature of customers and developing its export market share.

The Group is exposed to limited credit risk as at June 30, 2021 given the financial quality of its main customers.

7.13.2. Liquidity risk management

The Group is exposed to a liquidity risk, i.e. the risk that the Group cannot meet its financial obligations, which is inherent in conducting its business activity.

Experience shows that banks and its financial partners have regularly supported the Group in its organic growth and its financing needs.

The Company's shareholders have always provided financial support for the Group's financing. It has thus benefited from several cash injections and a recapitalization. The financial liabilities linked to shareholders is EUR 7.1 million as at June 30, 2021.

On December 18, 2017, FORSEE POWER finalized financing of EUR 55 million to support the industrialization of its battery systems. This financing was granted by the Japanese conglomerate Mitsui & Co. Ltd (which took an equity stake through a capital contribution of EUR 18 million and the acquisition of EUR 2 million shares to the founder), the European Investment Bank (EIB) via the European Fund for Strategic Investments (EFSI) under the Juncker Plan (a loan of EUR 20 million in three tranches with conditions to disbursement signed in March 2018) and historical associates

(capitalization of contributions in current accounts for an amount of EUR 14.6 million). All three tranches were raised in 2018 and 2019 and all debt repaid early in June 2021.

Furthermore, a cash capital increase in the amount of EUR 4 million was carried out in March 2019 and a second capital increase occurred on December 18, 2019 in the amount of EUR 16.5 million with the arrival of a new associate.

In 2020, Forsee Power raised funds of EUR 55 million in the form of a EUR 30 million bond, two loans from the BPI of EUR 5 million each and two state-guaranteed loans of EUR 7.5 million each.

At the end of 2020, the Group signed a financing agreement with the European Investment Bank (EIB) that provides it with three new additional lines of financing (Tranches B, C and D), all three with bullet repayment five years after the drawdown date. The EUR 8.5 million Tranche B and the EUR 10 million Tranche C from the EIB were subject to revenue from sales covenants, which the Group obtained at the close of the 2020 financial year.

Tranche C also requires refinancing by one or more of its shareholders in the amount of EUR 10 million.

In the context of the Group's growth, the extension of its reputation in a fast-growing electromobility market, and historical and recent financial support of its main shareholders, the management of the Forsee Group remains fully confident that one or more shareholders will be able to contribute to the required EUR 10 million capital increase, which will allow the EIB to make available the EUR 10 million Tranche C.

The EUR 10 million Tranche D is conditional on the level of revenue from sales and profitability that the Group expects to achieve in the medium term.

The Group also has lines of bank financing of EUR 9 million obtained on June 30, 2021 for a period of 12 months from Banque Populaire Val de France, Caisse Régionale de Crédit Agricole Mutuel de la Touraine et du Poitou, and the CIC. These lines were undrawn, and therefore available, as at June 30, 2021.

In addition, the Group has factoring programs with the bank Santander and HSBC.

The Group thus always makes sure it has the financial resources to ensure the repayment of its debts at maturity date.

in EUR thousands	June 30, 2021	December 31, 2020
Overdraft authorization		
Sub-total credit facilities (a)		
Cash and cash equivalents	4,195	11,273
Bank overdrafts — Cash liability		
Net liquidity (b)	**4,195**	**11,273**
Total liquidity position (a) + (b)	**4,195**	**11,273**

7.13.3. Market risk management

Market risk has not changed from December 31, 2020.

7.14. Information about fair value of financial assets and liabilities

7.14.1. Cash, loans and receivables

The Group considers that the carrying amount of cash, trade receivables, other receivables, accounts payable, other debts and various deposits and sureties is a good approximation of the market value due to the high degree of liquidity of these items and their maturity of less than 12 months.

7.14.2. Assets at fair value

The Group does not hold marketable securities.

7.14.3. Derivative and hedging financial instruments

The Group does not hold any trading derivatives.

Since April 2021, the Group has been hedging its US dollar (USD) currency exposure using currency forwards.

7.14.4. Financial liabilities at amortized cost

The Group considers that the carrying amount of accounts payable is a good approximation of the market value due to the high degree of liquidity of items.

The market value of long and short term financial liabilities is determined using the value of estimated future cash flow disbursed, discounted with the interest rates observed by the Group at the end of the period for the instruments with similar conditions and maturities.

7.14.5. Financial instrument report

The market values of financial assets and liabilities measured at fair value correspond to the price that would be received for the sale of an asset or paid for the transfer of a liability in an arm's-length transaction recognized in the principal or most advantageous market on the measurement date. The valuation methods for financial assets and liabilities by level are as follows:

- Level 1: fair value measured by quoted prices for similar instruments;
- Level 2: fair value measured by a model using directly or indirectly observable market inputs;
- Level 3: fair value measured by a model incorporating certain inputs not based on observable market data.

in EUR thousands	June 30, 2021	Fair value	Level 1 Listed prices not adjusted	Level 2 Observable data	Level 3 Data not observable
Cash and cash equivalents	4,195	4,195	4,195		
Financial instruments not held for trading	842				842
Financial assets at fair value	**5,037**	**4,195**	**4,195**		**842**
Prepaid deposits and sureties	167	167			167
Other financial assets	3,785	3,785			3,785
Trade receivables, net	13,128	13,128			13,128
Other assets	4,442	4,442			4,442
Assets at amortized cost	**21,523**	**21,523**			**21,523**
Derivative financial instruments	8,350	8,350		8,350	
Foreign exchange hedge derivative	(29)			(29)	
Financial liabilities at fair value	**8,321**	**8,350**		**8,321**	
Long-term financial debt	87,382	87,382			87,382
Short-term financial debt	4,764	4,764			4,764
Accounts payable	11,897	11,897			11,897
Other liabilities	11,720	11,720			11,720
Liabilities at amortized cost	**115,763**	**115,763**			**115,763**

The following methods and assumptions used to estimate the fair value of financial assets and liabilities are presented in Note 3.3.7.

7.15. Accounts payable and advances

in EUR thousands	June 30, 2021	December 31, 2020
Accounts payable	9,576	8,684
Trade receivables — Advances and prepayments	2,321	1,101
Accounts payable	**11,897**	**9,786**

7.16. Other liabilities

in EUR thousands	June 30, 2021	December 31, 2020
Social security liabilities	6,863	7,313
Tax liabilities	1,096	945
Liabilities related to customer contracts(1)	563	329
Other current debts (2)	1,037	675
Other liabilities presented in WCR	**9,559**	**9,262**
Corporate tax liability	13	14
Debt on acquisitions of fixed assets	0	0
Advantage granted on SGL at zero percent interest rate	2,147	2,475
Other liabilities	**11,720**	**11,751**
Of which		
Current	*8,652*	*8,554*
Non-current	*3,068*	*3,197*

1) Deferred revenue on specific battery development phases;

2) Of which EUR 419 thousand at Zhongshan Forsee Industry Ltd (compared to EUR 422 thousand as at December 31, 2020) and EUR 468 thousand at Zhongshan Forsee Development (compared to EUR 200 thousand as at December 31, 2020);

The other liabilities have a maturity of less than 12 months, with the exception of the benefit granted on zero-interest SGLs with a maturity between one and five years.

7.17. Details of the Working Capital Requirement (WCR)

in EUR thousands	Notes	December 31, 2020	WCR	Non-cash impact of calculated items in WCR	Currency translation impact	Adoption of IFRS 16	June 30, 2021
Inventories, net	7.5	28,284	(3,999)		129	(0)	24,414
Trade receivables, net	7.6	14,180	(1,130)		78		13,128
Other current assets	7.7	3,269	(1,443)	1,089	(306)		2,609
Accounts payable	7.15	(9,786)	(415)	(1,634)	(62)		(11,897)
Other current liabilities (1)	7.16	(11,737)	(264)	2,475	(33)		(9,559)
Total changes in working capital requirement (WCR)		**24,210**	**(7,252)**	**1,930**	**(193)**	**(0)**	**18,695**

(1) Reclassification of the EUR 2,475 thousand of benefits granted on zero-interest SGLs as at December 31, 2020

in EUR thousands	Notes	December 31, 2020	Change and impact on income	Reclassification	Currency translation impact	Adoption of IFRS 16	June 30, 2021
Change in deferred taxes	7.18	487	(210)	63	(27)		312
Change in corporate tax receivables and payables		330	1	(21)	1		309

of which research tax credit (CIR)					
Tax expense recorded in P&L	(3,728)	238			(238)
Total tax change		**29**	**41**	**(27)**	

Changes during the prior period are as follows:

in EUR thousands	Notes	December 31, 2019	WCR	Non-cash impact of calculated items in WCR	Currency translation impact	Adoption of IFRS 16	June 30, 2020
Inventories, net		18,170	9,774		(36)		27,907
Trade receivables, net		25,519	(4,601)		(19)		20,899
Other current assets		3,422	2,872	(2,405)	(34)		3,855
Accounts payable		(19,832)	336	3,041	16		(16,440)
Other current liabilities		(9,060)	(1,361)	(636)	33		(11,024)
Total changes in working capital requirement (WCR)		**18,219**	**7,020**	**(0)**	**(41)**		**25,198**

in EUR thousands	Notes	December 31, 2019	Change and impact on income	Reclassification	Currency translation impact	Adoption of IFRS 16	June 30, 2020
Change in deferred taxes	7.18	4,208	(3,299)	(0)	(244)		664
Change in corporate tax receivables and payables		308	18		(0)		326
of which research tax credit (CIR)							
Tax expense recorded in P&L		197	3,568				(3,568)
Total tax change			**286**	**(0)**	**(244)**		

7.18. Deferred taxes

Deferred taxes break down as follows:

in EUR thousands	June 30, 2021	December 31, 2020
Temporary tax differences	24	16
Provisions for post-employment benefits	57	57
IFRS 16 restatement on lease agreements	122	113
Capital increase costs	158	128
Loan issuance costs at effective interest method	172	80
IFRS 15 lease liabilities not recognized as income	(218)	0
Internal margins on inventories	5	35
Other temporary differences	(8)	60
Activation of tax loss carryforwards	0	0
Total net deferred taxes	**312**	**488**

Since December 31, 2020, the Group has limited the recognition of DTAs on tax loss carryforwards from tax entities based on the prospects of recovery over a three-year period. The Group previously limited the recognition of goodwill on tax losses carryforwards to the probability of recovery over a five-year period.

Deferred taxes were valued for French companies using the tax rate in effect during the year that the temporary differences were reversed, with a declining tax rate that falls to 26.5% in 2021 to reach 25% in 2022 following the 2021 finance law.

In EUR thousands	June 30, 2021	December 31, 2020

	Tax loss carryforwards (base)	Deferred tax assets	*Tax loss carryforwards (base)*	Deferred tax assets
Forsee Power	0	0	*0*	0
Zhongshan Forsee Power Industry				
Forsee Power Spz				
Forsee Power India				
Total items recognized in the financial statements	**0**	**0**	***0***	**0**
Forsee Power	*122,102*	30,526	*110,351*	27,588
Zhongshan Forsee Power Industry				
Forsee Power Spz				
Forsee Power India				
Total items not recognized in the financial statements	***122,102***	**30,526**	***110,351***	**27,588**
Total	***122,102***	**30,526**	***110,351***	**27,588**

The changes in deferred taxes are as follows:

in EUR thousands	June 30, 2021	December 31, 2020
Deferred tax assets at period-start	**492**	**4,212**
Expense recognized in comprehensive income	(225)	(4,270)
DTA on lease agreement activation	15	116
DTA/DTL offset for tax entity	63	(0)
Other	(27)	434
Deferred tax assets at period-end	**317**	**492**
Deferred tax liabilities at period-start	**5**	**5**
Expense recognized in comprehensive income	0	0
DTA/DTL offset for tax entity	(63)	(0)
Other	63	0
Deferred tax liabilities at period-end	**5**	**5**

8. Information relating to items in the consolidated statement of comprehensive income

8.1. Revenue breakdown

in EUR thousands	June 30, 2021	June 30, 2020
Sale of goods	36,479	25,724
Service delivery	626	1,719
Other activities	65	211
Total	**37,171**	**27,653**

8.2. Other operating income and expenses

in EUR thousands	June 30, 2021	June 30, 2020
Inventoried production	0	0
Operating subsidies	20	2
Transfer of charges	267	(0)
Income from disposal of fixed assets	(13)	(2)
Change in fair value	0	0
Other income and expenses	(430)	(703)
Other non-current income and expenses	(22)	(39)
Other operating income and expenses	**(177)**	**(742)**

8.3. External services and consumables purchased

in EUR thousands	June 30, 2021	June 30, 2020
Consumables purchased	(28,877)	(21,029)
Fees and other external fees	(1,772)	(1,562)
Leases, maintenance and insurance	(499)	(282)
Transport, travel and conference expenses	(965)	(1,183)
Study and research costs	(648)	(611)
Telecommunication and mail fees	(133)	(127)
Sub-contracting	(269)	(150)
Foreign exchange gains and losses on purchases	0	0
Other	(48)	(19)
Purchases, net of inventory variation	**(33,212)**	**(24,960)**

8.4. Employee and workforce expenses

in EUR thousands	June 30, 2021	June 30, 2020
Employee expenses		
Remuneration	(7,706)	(6,193)
Social security contributions	(2,514)	(1,858)
Other short-term benefits and CICE	(125)	(138)
Costs of services rendered of defined benefit plans (retirement and long-service awards)	0	0
Costs of share-based payments (stock options)	(247)	(224)
Employee profit sharing	0	0
Total	**(10,593)**	**(8,413)**
Average headcount		
Management	152	137
Non-management	356	340
Total	**508**	**477**

8.5. Taxes

in EUR thousands	June 30, 2021	June 30, 2020
Taxes on salaries	(206)	(173)
Other taxes	(264)	(306)
Taxes	**(471)**	**(479)**

8.6. Depreciation, amortization and provisions allocations and reversals

in EUR thousands	June 30, 2021	June 30, 2020
Amortization and impairment of intangible assets	(980)	(1,050)
Depreciation on rights of use for property, plant and equipment	(620)	(639)
Depreciation and impairment of property, plant and equipment	(571)	(520)
Provisions for risks and charges	(824)	205
Impairment of inventories and receivables, net	124	(647)
Net allocations	**(2,872)**	**(2,651)**

8.7. Financial result

in EUR thousands	June 30, 2021	June 30, 2020
Financial income received on financial assets	0	0
Financial result	**0**	**0**
Interests expense on loan	(3,151)	(1,954)
Cost of debt, gross	**(3,151)**	**(1,954)**
Foreign exchange gains and losses	113	62
Foreign exchange gains and losses related to translation reserves	0	0
Net impairments of financial assets at amortized cost	0	0
Change in fair value of derivatives	(2,155)	(1)
Change in fair value of the derivative and effective interest method impact	(1,309)	(329)
Financial expenses for liabilities on real estate lease	(170)	(163)
Other financial expenses(1)	(59)	(54)
Other financial income (expense)	354	8
Other financial income and expenses, net	**(3,226)**	**(476)**
Financial result	**(6,377)**	**(2,430)**

1) Including EUR 54 thousand in factoring fees as at June 30, 2021;

8.8. Income tax

in EUR thousands	June 30, 2021	June 30, 2020
Current taxes	0	(24)
Deferred taxes	(238)	(3,544)
Income tax expense	**(238)**	**(3,568)**

The tax proof for the periods presented is as follows:

in EUR thousands	June 30, 2021	June 30, 2020
Theoretical tax expense (at the current rate)	4,133	3,186
Actual tax expense	(238)	(3,568)
Difference	**4,371**	**6,754**
Permanent differences	9	155
Tax credits (CIR, CICE)	0	0
Derivative financial instrument	851	101
Adjustment of corporate tax rate in France (for tax losses carryforward)	37	
Non-deductible and unrecognized financial expenses	60	80
Tax losses occurring during the year not recognized	3,284	3,121
Prior tax losses not recognized	0	3,918
Other differences	130	(621)
Breakdown of differences	**4,371**	**6,754**

9. Other information

9.1. Events after June 30, 2021

The significant events that occurred between June 30, 2021 and September 29, 2021, the date on which the financial statements were approved by the Chairman, are as follows:

- Acquisition on July 21, 2021 of the business and part of the workforce of Holiwatt (formerly Centum Adetel Transportation), a company specializing in rail energy storage and fast-charging systems, which enabled the Group to strengthen its position in the rail transportation market;
- Agreement by the bondholders on the renegotiation of the OC5 on a reduction of the interest and conversion rates;
- Authorization by the extraordinary shareholder meeting of August 5, 2021 for a stock option plan (SO_{2021}) and a bonus share plan (AGA_{2021});
- Obtention of a waiver from the EIB in the context of the subscription of bank credit lines for an amount of 9M€ (see Note 2 “Key events of the period”).

9.2. Related party transactions

9.2.1. Remuneration paid to management

The compensation allocated to the members of the Executive Committee is as follows:

en milliers d'euros	30 juin 2021	30 juin 2020
Salaries and other short-term benefits	1,506	1,195
Post-employment benefits		
Other remuneration		
Retirement benefits	7	
Share-based payments	238	448
Attendance fees		
Compensation of principal executives	**1,751**	**1,643**

9.2.2. Other transactions with related parties

in EUR thousands	June 30, 2021	June 30, 2020
NEOT CAPITAL receivable	0	270
OC5 bond (EUR 30 million) with shareholders	29,270	28,603
Financial debt to shareholders	7,100	6,821
Total items in the statement of financial position	**36,370**	**35,695**
Interest expense (current account and OC5)	(2,096)	(1,455)
Interest income on NEOT CAPITAL receivable	18	
Operating expenses		
Total items in the income statement	**(2,078)**	**(1,455)**

9.3. Off-balance sheet commitments

FORSEE POWER SAS had granted guarantees to some of its shareholders (see Notes 3.3.13.1 and 7.9.3.1). If a declaration of the guarantee proves to be inaccurate, the company undertakes to repair the damage suffered by the shareholders concerned through either a payment, a reserved share issue on exercise of a warrant, or an increase in capital subscribed by the investors that offsets the claim they have on the company resulting from the damage suffered. The maximum amount of compensation that may be due by the company is capped at EUR 18,717 thousand. The company and the beneficiaries of these guarantees have agreed to cancel the guarantees after June 30, 2021.

In June 2021, FORSEE POWER had lines of credit of EUR 9 million guaranteed by a pledge on inventories of EUR 11.7 million for the period June 30, 2021 to June 30, 2022.

Documentary SBLC letter of credit of USD 7,000 thousand maturing December 31, 2021 and secured by a pledge of cash of USD 4,500 thousand.

9.4. Audit fees

in EUR thousands	June 30, 2021	June 30, 2020
Certification and review of corporate and consolidated financial statements	46	70
Services other than certification of financial statements	18	23
Total	**64**	**93**

Net of VAT and other costs

18.2.2 Statutory Auditors' limited review report on the Group's condensed interim consolidated financial statements for the half year ended June 30, 2021

FORSEE POWER

A French *société par actions simplifiée* (simplified joint-stock company)
54-56, avenue Hoche
75008 - Paris

Statutory Auditors' limited audit of the the condensed consolidated interim financial statements

For the period from January 1, 2021 to June 30, 2021

This is a free translation into English of the statutory auditors' review report issued in French language and is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.

To the President,

In our capacity as Statutory Auditors of Forsee Power (the "Company") and in response to your request in the context of the contemplated offer to the public and admission of equity securities of the Company to trading on the regulated market of Euronext Paris, we have reviewed the accompanying condensed consolidated interim financial statements, for the period from January 1, 2021 to June 30, 2021 (hereinafter, the "Condensed Consolidated Interim Financial Statements"), as they are attached to this report.

We highlight that, as the Company did not prepare condensed consolidated interim financial statements as of June 30, 2020, we have not audited nor reviewed the corresponding figures relating to the period from January 1, 2021 to June 30, 2021.

Due to the global crisis related to the Covid-19 pandemic, the Condensed Consolidated Interim Financial Statements have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our review procedures.

These Condensed Consolidated Interim Financial Statements have been prepared under your responsibility. Our role is to express a conclusion on these Condensed Consolidated Interim Financial Statements based on our review.

We conducted our review in accordance with professional standards applicable in France, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review

procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Financial Statements are not prepared, in all material respects, in accordance with IAS 34 – the standard of the IFRSs as adopted by the European Union applicable to interim financial reporting.

Paris-La-Défense and Sarcelles, September 29, 2021

The Statutory Auditors

Deloitte & Associés

Thierry QUERON

Jean LEBIT

18.3. Audit of historical annual financial information

18.3.1 Statutory Auditors' report on the consolidated financial statements for the financial year ended December 31, 2020

FORSEE POWER

A French *société par actions simplifiée* (simplified joint-stock company)
54–56, Avenue Hoche
75008 - PARIS

Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2020

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company, Forsee Power, issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of FORSEE POWER,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of FORSEE POWER SAS for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, over the period from January 1, 2020, to the date of our report.

Justification of Assessments

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

Your Company recognizes as intangible assets development costs meeting the criteria stipulated in the accounting principles, in accordance with conditions set out in paragraph (b) “Research and development costs” of Note 4.1.2. “Assumptions used by management” and 4.3.3. “Development costs” of Note 4.3. “Accounting methods and measurement rules” of the notes to the consolidated financial statements.

We have examined the business and profitability forecasts and other items on which the appropriateness of this recognition method is based, methods used for determining their amortization and recoverable amount, and have ensured that the notes to the financial statements disclose appropriate information.

Your Company performs, each year, a goodwill valuation and impairment test based on future cash flows and on a discount rate, as described in paragraph (a) “Goodwill recoverable amount” of Note 4.1.2. “Assumptions used by management” and 4.3.2. “Goodwill” of Note 4.3. “Accounting methods and measurement rules” of the notes to the consolidated financial statements. Based on the information provided to us, our work consisted of assessing the appropriateness of the methodology applied, the data and assumptions on which these estimates are based.

Specific Verifications

We have also performed in accordance with professional standards applicable in France the specific verifications required by law and regulations of the information pertaining to the Group presented in the management report of the President.

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

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements have been approved by the President.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or cumulatively, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of the management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Paris-La Défense and Sarcelles, May 12, 2021

Statutory Auditors

Deloitte & Associés

Thierry Queron Jean Lebit firm

18.3.2 Statutory Auditors’ report on the consolidated financial statements for the financial year ended December 31, 2019

FORSEE POWER

A French *société par actions simplifiée* (simplified joint-stock company)
54-56 Avenue Hoche
75008 Paris

Statutory Auditors’ report on the consolidated financial statements

For the year ended December 31, 2019

This is a translation into English of the statutory auditors’ report on the consolidated financial statements of the Company, Forsee Power, issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors’ report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of FORSEE POWER,

Opinion

In compliance with the engagement entrusted to us by your Shareholders’ Meeting, we have audited the accompanying consolidated financial statements of FORSEE POWER for the year ended December 31, 2019. These financial statements were approved by the President on June 5, 2020 on the basis of the information available at that date, in the evolving context of the Covid-19 health crisis.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the “Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements” section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you that the most significant assessments that we have made, in our professional judgment, related to the appropriateness of the accounting principles applied.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon and we do not provide a separate opinion on specific items of the consolidated financial statements.

Your Company recognizes as intangible assets development costs meeting the criteria stipulated in the accounting principles, in accordance with conditions set out in paragraph (b) "Research and development costs" of Note 4.1.2. "Assumptions used by management" and 4.3.3. "Development costs" of Note 4.3. "Accounting methods and measurement rules" of the notes to the consolidated financial statements.

We have examined the business and profitability forecasts and other items on which the appropriateness of this recognition method is based, methods used for determining their amortization and recoverable amount, and have ensured that the notes to the financial statements disclose appropriate information.

Your Company performs, each year, a goodwill valuation and impairment test based on future cash flows and on a discount rate, as described in paragraph (a) "Goodwill recoverable amount" of Note 4.1.2. "Assumptions used by management" and 4.3.2. "Goodwill" of Note 4.3. "Accounting methods and measurement rules" of the notes to the consolidated financial statements. Based on the information provided to us, our work consisted of assessing the appropriateness of the methodology applied, the data and assumptions on which these estimates are based.

Specific verifications

We have also performed in accordance with professional standards applicable in France the specific verifications required by law and regulations of information pertaining to the Group presented in the management report of the President approved on June 5, 2020. With regard to the events which occurred and the facts known after the date the financial statements were approved by the President relating to the impact of the COVID-19 crisis, the management indicated to us that they will be communicated to the Shareholders' Meeting called to approve the financial statements.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements have been approved by the President.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken of the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of the management of the affairs of your Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Sarcelles and Paris-La Défense, June 8, 2020

Statutory Auditors

Jean Lebit

Deloitte & Associés

Thierry Queron

18.3.3 Statutory Auditors’ report on the consolidated financial statements for the financial year ended December 31, 2018

FORSEE POWER

A French *société par actions simplifiée* (simplified joint-stock company)
54-56 Avenue Hoche
75008 Paris

Statutory Auditors’ report on the consolidated financial statements

For the year ended December 31, 2018

This is a translation into English of the statutory auditors’ report on the consolidated financial statements of the Company, Forsee Power, issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors’ report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of FORSEE POWER,

Opinion

In compliance with the engagement entrusted to us by your Shareholders’ Meeting, we have audited the accompanying consolidated financial statements of FORSEE POWER for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the “Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements” section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you that the most significant assessments that we have made, in our professional judgment, related to the appropriateness of the accounting principles applied.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on specific items of the consolidated financial statements.

Your Company recognizes as intangible assets development costs meeting the criteria stipulated in the accounting principles, in accordance with conditions set out in paragraph (b) “Research and development costs” of Note 4.1.2. “Assumptions used by management” and 4.3.3. “Development costs” of Note 4.3. “Accounting methods and measurement rules” of the notes to the consolidated financial statements.

We have examined the business and profitability forecasts and other items on which the appropriateness of this recognition method is based, methods used for determining their amortization and recoverable amount, and have ensured that the notes to the financial statements disclose appropriate information.

Your Company performs, each year, a goodwill valuation and impairment test based on future cash flows and on a discount rate, as described in paragraph (a) “Goodwill recoverable amount” of Note 4.1.2. “Assumptions used by management” and 4.3.2. “Goodwill” of Note 4.3. “Accounting methods and measurement rules” of the notes to the consolidated financial statements. Based on the information provided to us, our work consisted of assessing the appropriateness of the methodology applied, the data and assumptions on which these estimates are based.

Specific verifications

We have also performed in accordance with professional standards applicable in France the specific verifications required by law and regulations of the Group’s management report.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements have been approved by the President.

Statutory Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material

misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Sarcelles and Paris-La Défense, June 6, 2019

Statutory Auditors

Jean Lebit Deloitte & Associés

Thierry Queron

18.4. Pro forma financial information

Not applicable.

18.5. Dividend policy

The Company has not made any dividend payments for the financial years ended December 31, 2020, 2019 and 2018. There are no plans to initiate a dividend policy in the short or medium term given the Company's stage of development, in order to use available resources to fund its growth plan.

18.6. Legal and arbitration proceedings

In the normal course of its business, the Group may be involved in legal, arbitration, administrative or regulatory proceedings, which may notably include disputes with customers, suppliers, competitors, employees as well as with tax and other authorities. As of the date of this Registration Document, the Group was not aware of any administrative, legal or arbitration proceeding (including any proceeding known to the Group which was pending, or threatened), other than those mentioned below, which may have, or have had during the last 12 months, a material effect on the financial position or profitability of the Company or the Group.

A provision is recognized by the Group where there is sufficient probability that such disputes will result in costs being incurred by the Company, or one of its subsidiaries, and the amount of these costs can be reasonably estimated. As at June 30, 2021, the Group's provisions for risks and charges totaled EUR 7,512 thousand (see Note 7.10.1 "Details of the provisions for risks and charges" of the Group's condensed interim consolidated financial statements for the half year ended June 30, 2021, included in Section 18.2.1 of the Registration Document).

Disputes with Unu GmbH

On July 23, 2016, Unu GmbH and the Company signed a supply agreement based on technical information regarding scooters supplied by Unu. In case of battery failure, the Group undertook to replace free of charge any defective products delivered or to refund them. The Group changed its supplier and the type of cells for its batteries, which led to the parties signing an amendment to the supply contract on June 29, 2018. Since February 5, 2019, 45 fires broke out, and the origin of these fires were blamed by Unu on primary defects in the Unu scooter's battery (i.e., the absence of foam protection in some batteries, the change to the cells in the battery pack, cells which were damaged during manufacturing, faulty welding, failure of the battery protection system). In many cases, the fire occurred when the battery was neither fitted to the scooter nor being charged. Following the Group's reporting of these incidents to the competent authorities, a recall procedure was launched by Unu with the competent authorities. On March 12, 2021, Unu GmbH instituted suit against the Company (and its insurance company) in urgent proceedings before the Paris Commercial Court to request an expert legal opinion. Unu is suing the Group on the basis of liability for defective products and contractual liability under common law, alleging that the batteries were defective and do not meet the technical specifications agreed between the parties under the terms and conditions of the July 23, 2016, supply agreement. Unu estimates the overall cost of property and consequential damages at a minimum amount of between EUR 3.4 million and EUR 4 million (excluding internal costs generated by the recall procedure and excluding additional claims that may arise). The Company did not object to this request for an expert legal opinion but stated that said opinion should also cover the scooters produced by Unu, as the battery malfunctions were triggered by the fact that the characteristics of the scooters did not comply with their contractual specifications and this is what caused the fires. By an order dated April 14, 2021, the urgent proceedings judge ordered the appointment of an expert to carry out a study on the batteries and the scooters. A provision of EUR 2,025 thousand is recorded in the Group's condensed interim consolidated financial statements for the half year ended June 30, 2021; it includes in particular the fees of the Company's legal counsel as well as those of the legal expert and external experts mandated by the Company.

18.7.Significant change to the financial or business position

Other than those described in the Registration Document, there has been, to the Company's knowledge, no significant change to the financial or business position since June 30, 2021.

19. ADDITIONAL INFORMATION

19.1. Share capital

19.1.1. Amount of share capital

As of the date of the Registration Document, the Company's share capital amounted to EUR 3,941,690 divided into 394,169 shares with a par value of EUR 10 (ten) each, fully paid up.

The Company's share capital comprises 62,093 ordinary shares, 121,373 ADPC2, 185,300 ADPC3 and 25,403 ADPC3b.

The ADPC2, ADPC3 and ADPC3b preferred shares are preferred shares within the meaning of Article L. 228-11 of the French Commercial Code. As of the date of the settlement-delivery, all of the ADPC2, ADPC3 and ADPC3b preferred shares will be automatically converted into ordinary shares with a parity of one ordinary share for one preferred share. Thus, as from this date, the Company's share capital will be exclusively composed of ordinary shares.

A shareholder meeting of the Company will be held prior to the AMF approval of the prospectus relating to the admission of the Company's shares for trading on the regulated market of Euronext Paris, for the purpose of approving a stock split of the Company's shares, without impact on the share capital amount.

19.1.2. Non-equity securities

As of the date of this Registration Document, the Company had not issued any non-equity securities.

19.1.3. Shares held by the Company

On the date of approval of this Registration Document, the Company holds none of its own shares, and no Company shares are held by a third party on its behalf.

The shareholder meeting that must be held no later than the date of the approval by the AMF of the prospectus relating to the admission of the Company's shares to trading on the regulated market of Euronext Paris shall authorize, for a period of 18 months from the date of the Meeting, the Board of Directors to implement a buyback program for the Company's shares under the provisions of Article L. 22-10-62 of the French Commercial Code and Regulation (EU) No. 596/2014 of April 16, 2014 on market abuses and in accordance with the AMF General Regulation under the conditions described below:

Maximum number of shares that may be purchased: 10% of the total number of shares that comprise its share capital at the date of the share repurchase. When shares are acquired for the purpose of stimulating trading and promoting the liquidity of the shares, the number of shares taken into account when calculating the limit of 10% indicated above corresponds to the number of shares purchased, less the number of shares resold during the authorization period.

Objectives of the share buybacks:

- promote liquidity and stimulate trading in the Company's shares as part of a liquidity contract to be signed with an independent investment services provider, compliant with the ethics charter recognized by the French Financial Markets Authority (AMF); and/or

- meet the obligations related to share option programs, bonus share grants, employee savings or other share grants to employees of the Company or an associated company, including (i) the implementation of all Company share purchase option plans under the provisions of Articles L. 225-177 et seq. of the French Commercial Code, (ii) the allocation of existing shares to employees under company equity interest and the implementation of all company savings

plans under the conditions provided by law, notably Articles L. 3332-1 to L. 3332-8 et seq. of the French Labor Code, or (iii) the free grant of existing shares under the provisions of Articles L. 225-197-1 et seq. of the French Commercial Code; and/or

- provide shares for use in connection with the exercise of rights attached to securities giving rights to the share capital through redemption, conversion, exchange, presentation of a warrant or in any other manner, pursuant to the regulations in force; and/or

- cancellation of all or part of the securities purchased, subject to a specific resolution; and/or

- more generally, carry out any transaction compliant with the regulations in force.

Maximum purchase price: 200% (excluding acquisition costs) of the price per new share set in the context of the admission of the Company's shares for trading on the regulated market of Euronext Paris, subject to adjustments designed to take into account the impact of new transactions on the Company's share capital, notably modifications to the par value of the share, capital increases through incorporation of reserves, bonus share grants, stock splits or reverse stock splits, distribution of reserves or of all other assets, amortization of share capital, or any other transaction related to equity.

The shares so purchased may be canceled.

The modalities of the share buyback program and its implementation will be subject to communications pursuant to legal and regulatory requirements.

19.1.4. Securities disclosures

As of the date of the Registration Document, the securities giving rights to the Company's share capital are presented below.

19.1.4.1 *Share subscription warrants (BSA)*

	$BSA_{EIB\ A}$	**$BSA_{EIB\ C}$**
Date of Shareholder Meeting	December 18, 2017	June 3, 2021
Subscription date	March 15, 2018	June 4, 2021
Number of BSA authorized	6,857	3,500
Number of BSA issued	6,857	3,500
Total number of shares to which the BSA were likely to give rights at the date of their issue	6,857[49] ordinary shares	3,500 ordinary shares
Total number of shares that can be subscribed by Corporate officers of the Company	-	-
Number of beneficiaries which are not corporate officers	1	1
Starting date for exercise of options	Exercise from the occurrence of a $BSA_{EIB\ A}$ Event described below	Exercise from the occurrence of a $BSA_{EIB\ C}$ Event described below

[49] Subject to the adjustment cases provided in the "Subscription Agreement" signed with the European Investment Bank, as described below in the paragraphs presenting each of the share subscription warrants (BSAs).

	$BSA_{EIB\ A}$	$BSA_{EIB\ C}$
Expiration date of BSAs	December 18, 2027	June 3, 2041
BSA issue price	EUR 1	EUR 1
BSA exercise price (including issue premium)	EUR 10	EUR 10
Exercise procedures	Exercise procedures for each BSA presented below	
Number of shares subscribed as of the date of the Registration Document	-	-
Cumulative number of canceled or lapsed BSA as of the date of the Registration Document	-	-
Outstanding BSA as of the date of the Registration Document	6,857	3,500
Total number of shares that can be subscribed as of the date of the Registration Document	6,857 ordinary shares (subject to any adjustments)	-
Maximum total number of shares that can be subscribed upon the exercise of all BSA in circulation as of the date of the Registration Document (assuming that all of the exercise conditions for the said BSA have been met) for the requirements of the table in Section 16.1	6,857 ordinary shares (subject to any adjustments)	3,500 ordinary shares (subject to any adjustments)

As of the date of the Registration Document, the Company's share capital comprised 62,093 ordinary shares, 121,373 ADPC2, 185,300 ADPC3 and 25,403 ADPC3b (described in paragraphs 16.1 and 19.1.1 of the Registration Document).

As of the date of the Registration Document, there are 10,357 share subscription warrants (BSAs), giving rights, in the event of exercise, to 12,090 new Company shares, corresponding to 2.79% of the share capital on a diluted basis on the date of the Registration Document. A detailed description of the share subscription warrant (BSA) plans can be found in Note 7.9.3.1 "Shares subscription warrants as guarantee" to the Group's condensed interim consolidated financial statements for the half year ended June 30, 2021, included in paragraph 18.2 of the Registration Document.

BSA ***EIB A***

As part of a EUR 20 million fund raising (the "Loan Agreement No. 1") with the European Investment Bank (the "EIB"), the Company issued several financial guarantees for the benefit of the EIB; these financial guarantees were in the form of share subscription warrants (BSAs). In accordance with the subscription contract of December 18, 2017, 6,857 A share subscription warrants (the "$BSA_{EIB\ A}$") were issued pursuant to the provisions of Articles L. 228-92 and L. 225-129 of the French Commercial Code for the benefit of the EIB during the drawdown of the Loan Agreement No. 1 and subscribed on March 15, 2018. Each $BSA_{EIB\ A}$ grants the right to subscribe to one ordinary share of the Company (subject to the adjustments mentioned in the terms and conditions of these $BSA_{EIB\ A}$) at an exercise price of

EUR 10[50]. The $BSA_{EIB\ A}$ may notably be exercised after a change in control, default or at the maturity date of tranche 1 of Loan Agreement No. 1 (a "$BSA_{EIB\ A}$ Event") up to their expiration set at 10 years from the issue date (the "$BSA_{EIB\ A}$ Exercise Period"). The $BSA_{EIB\ A}$ are not freely transferable before the start of the $BSA_{EIB\ A}$ Exercise Period, with the exception of transfers before the first day of the $BSA_{EIB\ A}$ Exercise Period (i) with the prior written consent of the Company, (ii) in the context of any case of voluntary or mandatory early repayment, or (iii) in the event of transfer to a transferee related to the transferor.

Moreover, if the holder of the $BSA_{EIB\ A}$ plans to sell the $BSA_{EIB\ A}$ to a third party between December 18, 2017, and the expiration date indicated in the paragraph above, unless this sale (i) is planned for the benefit of the transferee related to the transferor or (ii) results from the exercise by the holder of the $BSA_{EIB\ A}$ of the Sale Agreement (as this term is defined in the paragraph below), the Company, firstly, and the Company's shareholders, secondly, in the event of the exercise by the Company of its substitution right (the "Beneficiaries"), will benefit from a right to first refusal in order to acquire the $BSA_{EIB\ A}$ in question. For this reason, the holders of $BSA_{EIB\ A}$ may not transfer their $BSA_{EIB\ A}$ without first having offered the $BSA_{EIB\ A}$ in question to the Beneficiaries.

As an alternative to the exercise of the $BSA_{EIB\ A}$, the holder of the $BSA_{EIB\ A}$ benefits from a Sale Agreement concerning the sale to the Company or the repayment of all or part of their $BSA_{EIB\ A}$ for an amount corresponding to the market value of the $BSA_{EIB\ A}$ (the "$BSA_{BEI\ A}$ Sale Agreement"), it being specified that the $BSA_{BEI\ A}$ Sale Agreement can be exercised since June 21, 2021 and for the length of time that the $BSA_{EIB\ A}$ are in force (see Note 7.12 of the condensed interim consolidated financial statements for the half-year ended June 30, 2021).

*BSA **EIB C***

As part of a EUR 50 million fund raising with the EIB, the Company issued several financial guarantees for the benefit of the EIB; these financial guarantees were in the form of share subscription warrants (BSAs). In accordance with the subscription contract of June 3, 2021, 3,500 C share subscription warrants (the "$BSA_{EIB\ C}$") were issued pursuant to the provisions of Articles L. 228-92 and L. 225-129 of the French Commercial Code for the benefit of the EIB during the drawdown of tranche A of the 2020 EIB Loan Agreement of June 4, 2021. Each $BSA_{EIB\ C}$ gives the right to subscribe to one of the Company's ordinary shares at the exercise price of EUR 10[51]. The $BSA_{EIB\ C}$ may notably be exercised after a change in control, default or the admission of the Company's shares for trading on a regulated market (a "*$BSA_{EIB\ C}$ Event*") up to their expiration set at 20 years from the issue date (the "$BSA_{EIB\ C}$ Exercise Period"). The $BSA_{EIB\ C}$ are not freely transferable before the start of the $BSA_{EIB\ C}$ Exercise Period, with the exception of transfers before the first day of the $BSA_{EIB\ C}$ Exercise Period (i) with the

[50] It should be noted that, in the event that new shares are issued by the Company (the "Adjustment Event"), the Company undertakes to (i) issue new $BSA_{EIB\ A}$ to the holders of $BSA_{EIB\ A}$ or (ii) adjust the exercise ratio of the $BSA_{EIB\ A}$ to ensure that the equity interest of the holders of the $BSA_{EIB\ A}$ in the profits of the Company remains the same as it would have been in the absence of the Adjustment Event (the "Adjustment Undertaking"). However, the Adjustment Undertaking shall not be applicable in the event that the issuance of new shares meets all of the following conditions listed: the capital increase is carried out (i) to finance the growth of the Company; (ii) on the basis of a price per share equal to at least EUR 379.16 (issue premium included); and (iii) the EIB and Eurazeo (formerly known as Idinvest Partners) are diluted by the capital increase in the same proportions. In this respect, the capital increase that will take place when the Company's shares are admitted to trading on the regulated market of Euronext Paris will not represent an Adjustment Event.

[51] Note that if new shares are to be issued by the Company (the "Adjustment Event"), the Company undertakes to (i) issue new $BSA_{EIB\ C}$ for the benefit of $BSA_{EIB\ C}$ holders or (ii) adjust the exercise ratio for the $BSA_{EIB\ C}$ so that the equity interest of holders of $BSA_{EIB\ C}$ in the Company's profits remains identical to the level it would have been without the Adjustment Event (the "Adjustment Undertaking"). However, the Adjustment Undertaking shall not be applicable in the event that the issuance of new shares meets all of the following conditions listed: the capital increase is carried out (i) to finance the growth of the Company; (ii) on the basis of a price per share equal to at least EUR 379.16 (issue premium included); and (iii) the EIB and Idinvest Partners are diluted by the capital increase in the same proportions. In this respect, the capital increase that will take place when the Company's shares are admitted to trading on the regulated market of Euronext Paris will not represent an Adjustment Event.

prior written consent of the Company or (ii) in the event of transfer to a transferee related to the transferor.

Moreover, if the holder of the $BSA_{EIB\ C}$ plans to sell the $BSA_{EIB\ C}$ to a third party after the start of the $BSA_{EIB\ C}$ Exercise Period, unless this disposal (i) is planned for the benefit of the transferee related to the transferor or (ii) results from the exercise by the holder of the $BSA_{EIB\ C}$ of the Sale Agreement (as this term is defined in the paragraph below), the Company, firstly, and the Company's shareholders, secondly, in the event of the exercise by the Company of its substitution right (the "Beneficiaries"), will benefit from a right to first refusal in order to acquire the $BSA_{EIB\ C}$ in question. For this reason, holders of $BSA_{EIB\ C}$ may not transfer their $BSA_{EIB\ C}$ without first having offered the $BSA_{EIB\ C}$ in question to the Beneficiaries.

As an alternative to the exercise of the $BSA_{EIB\ C}$, the holder of the $BSA_{EIB\ C}$ benefits from a Sale Agreement concerning the sale to the Company or the repayment of all or some of their $BSA_{EIB\ C}$ for an amount corresponding to the market value of the $BSA_{EIB\ C}$ (the "$BSA_{BEI\ C}$ Sale Agreement"), it being specified that the $BSA_{BEI\ C}$ Sale Agreement may be exercised from the occurrence of a $BSA_{EIB\ C}$ Event (i.e., as from the admission of the Company's shares to trading on a regulated market) and for as long as the $BSA_{BEI\ C}$ are in force (see Note 7.12 of the condensed interim consolidated financial statements for the half-year ended June 30, 2021.).

$BSA_{EIB\ D}$

If tranche B of 2020 EIB Loan Agreement for a maximum principal amount of EUR 10 million were drawn, 1,000 D share subscription warrants (the "$BSA_{EIB\ D}$") would be issued pursuant to the provisions of Articles L. 228-92 and L. 225-129 of the French Commercial Code for the benefit of the EIB. Each $BSA_{EIB\ D}$ would give the right to subscribe to a number of the Company's ordinary shares determined according to the following formula[52]:

$X = 8{,}500 / (SP \times 1.7)$

Where:

SP: means (i) EUR 379.16 or (ii) the price per share paid by one or more third parties if, prior to the issue of the $BSA_{EIB\ C}$, $BSA_{EIB\ D}$ or $BSA_{EIB\ E}$, one or more third parties were to subscribe to Company shares for an amount at least equal to EUR 10 million (the "Fund Raising") (or the average price per share paid by one or more third parties in the case where the Fund Raising takes place on several occasions).

The $BSA_{EIB\ D}$ may notably be exercised after a change in control, default or the admission of the Company's shares for trading on a regulated market (a "$BSA_{EIB\ D}$ Event") up to their expiration set at 20 years from the issue date (the "$BSA_{EIB\ D}$ Exercise Period"). The $BSA_{EIB\ D}$ are not freely transferable before the start of the $BSA_{EIB\ D}$ Exercise Period, with the exception of transfers before the first day of the $BSA_{EIB\ D}$ Exercise Period (i) with the prior written consent of the Company or (ii) in the event of transfer to a transferee related to the transferor.

[52] Note that if new shares were to be issued by the Company (the "Adjustment Event"), the Company undertakes to (i) issue new $BSA_{EIB\ D}$ for the benefit of $BSA_{EIB\ D}$ holders or (ii) adjust the exercise ratio for the $BSA_{EIB\ D}$ so that the equity interest of holders of $BSA_{EIB\ D}$ in the Company's profits remains identical to the level it would have been without the Adjustment Event (the "Adjustment Undertaking"). However, the Adjustment Undertaking shall not be applicable in the event that the issuance of new shares meets all of the following conditions listed: the capital increase is carried out (i) to finance the growth of the Company; (ii) on the basis of a price per share equal to at least EUR 379.16 (issue premium included); and (iii) the EIB and Eurazeo (formerly known as Idinvest Partners) are diluted by the capital increase in the same proportions. In this respect, the capital increase that will take place when the Company's shares are admitted to trading on the regulated market of Euronext Paris will not represent an Adjustment Event.

Moreover, if the holder of the $BSA_{EIB\ D}$ plans to sell the $BSA_{EIB\ D}$ to a third party after the start of the $BSA_{EIB\ D}$ Exercise Period, unless this disposal (i) is planned for the benefit of a transferee related to the transferor, or (ii) results from the exercise by the holder of the $BSA_{EIB\ D}$ of the Sale Agreement (as this term is defined in the paragraph below), the Company, firstly, and the Company's shareholders, secondly, in the event of the exercise by the Company of its substitution right (the "Beneficiaries"), will benefit from a right to first refusal in order to acquire the $BSA_{EIB\ D}$ in question. For this reason, the holders of $BSA_{EIB\ D}$ may not transfer their $BSA_{EIB\ D}$ without first having offered the $BSA_{EIB\ D}$ in question to the Beneficiaries.

As an alternative to the exercise of the $BSA_{EIB\ D}$, the holder of the $BSA_{EIB\ D}$ benefits from a Sale Agreement concerning the sale to the Company or the repayment of all or part of their $BSA_{EIB\ D}$ for an amount corresponding to the market value of the $BSA_{EIB\ D}$ (the "$BSA_{BEI\ D}$ Sale Agreement"), it being specified that the $BSA_{BEI\ D}$ Sale Agreement may be exercised from the occurrence of a $BSA_{EIB\ D}$ Event.

$BSA_{EIB\ E}$

If tranche C of 2020 EIB Loan Agreement for a maximum principal amount of EUR 10 million were to be drawn, 1,000 E share subscription warrants (the "$BSA_{EIB\ E}$") would be issued pursuant to the provisions of Articles L. 228-92 and L. 225-129 of the French Commercial Code for the benefit of the EIB. Each $BSA_{EIB\ E}$ would give the right to subscribe to[53]:

i. three ordinary shares if, between December 21, 2020 and the date of drawdown of tranche C, one or several entities were to subscribe to Company shares for an amount at least equal to EUR 40 million; or

ii. a number of ordinary shares determined according to the following formula if, between December 21, 2020 and the date of drawdown of tranche C, one or several entities were to subscribe to Company shares for an amount between EUR 10 million (inclusive) and EUR 40 million (exclusive):

$X = 10{,}000 / (SP \times 2)$

Where:

SP: means (i) EUR 379.16 or (ii) the price per share paid by one or more third parties if, prior to the issue of the $BSA_{EIB\ C}$, $BSA_{EIB\ D}$ or $BSA_{EIB\ E}$, one or more third parties were to subscribe to Company shares for an amount at least equal to EUR 10 million (the "Fund Raising") (or the average price per share paid by one or more third parties in the case where the Fund Raising takes place on several occasions).

The $BSA_{EIB\ E}$ may notably be exercised after a change in control, default or the admission of the Company's shares for trading on a regulated market (a "$BSA_{EIB\ E}$ Event") up to their expiration set at 20 years from the issue date (the "$BSA_{EIB\ E}$ Exercise Period"). The $BSA_{EIB\ E}$ are not freely transferable before the start of the $BSA_{EIB\ E}$ Exercise Period, with the exception of transfers before the first day of

[53] Note that if new shares were to be issued by the Company (the "Adjustment Event"), the Company undertakes to (i) issue new $BSA_{EIB\ E}$ for the benefit of $BSA_{EIB\ E}$ holders or (ii) adjust the exercise ratio for the $BSA_{EIB\ E}$ so that the equity interest of the holders of $BSA_{EIB\ E}$ in the Company's profits remains identical to the level it would have been without the Adjustment Event (the "Adjustment Undertaking"). However, the Adjustment Undertaking shall not be applicable in the event that the issue of new shares meets all of the following conditions listed: the capital increase is carried out (i) to finance the growth of the Company; (ii) on the basis of a price per share equal to at least EUR 379.16 (issue premium included); and (iii) the EIB and Eurazeo (formerly known as Idinvest Partners) are diluted by the capital increase in the same proportions. In this respect, the capital increase that will take place when the Company's shares are admitted to trading on the regulated market of Euronext Paris will not represent an Adjustment Event.

the BSA$_{\text{EIB E}}$ Exercise Period (i) with the prior written consent of the Company, or (ii) in the event of transfer to a transferee related to the transferor.

Moreover, if the holder of BSA$_{\text{EIB E}}$ plans to sell the BSA$_{\text{EIB E}}$ to a third party after the start of the BSA$_{\text{EIB E}}$ Exercise Period, unless this disposal (i) is planned for the benefit of the transferee related to the transferor or (ii) results from the exercise by the holder of the BSA$_{\text{EIB E}}$ of the Sale Agreement (as this term is defined in the paragraph below), the Company, firstly, and the Company's shareholders, secondly, in the event of the exercise by the Company of its substitution right (the "Beneficiaries") will benefit from a right to first refusal in order to acquire the BSA$_{\text{EIB E}}$ in question. For this reason, holders of BSA$_{\text{EIB E}}$ may not transfer their BSA$_{\text{EIB E}}$ without first having offered the BSA$_{\text{EIB E}}$ in question to the Beneficiaries.

As an alternative to the exercise of the BSA$_{\text{EIB E}}$, the holder of the BSA$_{\text{EIB E}}$ benefits from a sale agreement concerning the sale to the Company or the repayment of all or part of their BSA$_{\text{EIB E}}$ for an amount corresponding to the market value of the BSA$_{\text{EIB E}}$ (the "BSA$_{\text{EIB E}}$ Sale Agreement"), it being specified that the BSA$_{\text{EIB E}}$ Sale Agreement may be exercised from the occurrence of a BSA$_{\text{EIB E}}$ Event.

19.1.4.2 *Bonus share awards (AGA)*

	AGA
Date of shareholder meeting	August 5, 2021
Date of allocation by the Chairman	September 14, 2021
Number of AGA authorized	4,000
Number of AGA granted	4,000
total number of AGA granted to corporate officers of the Company	0
Total number of AGA awarded to the Company's employees	4,000
Vesting period	1 year
Holding period	1 year
Number of shares being vested	4,000
Number of shares being held	0
Cumulative number of canceled or lapsed shares as of the date of the Registration Document	0

19.1.4.3 *Options giving rights to subscribe to shares*

	Stock Options 2018	Stock Options 2021[54]
Date of shareholder meeting	December 20 and 21, 2018	August 5, 2021

[54] The Stock Options 2021 Plan covers the 8,587 stock options not granted under the Stock Options 2018 plan.

	Stock Options 2018	Stock Options 2021[54]
Grant date	• April 2, 2019 • January 28, 2020 • November 13, 2020	August 12, 2021
Number of stock options authorized	17,137	15,000
Number of stock options granted	8,550	15,000
total number of stock options granted to the Company's executive corporate officers	2,250	15,000
Total number of shares to which the stock options were likely to give rights at their issue date	17,137 ordinary shares	15,000 ordinary shares
Starting date for exercise of stock options	At the end of the four-year lock-up period, starting at each stock option grant date, unless specific events occur first (transaction that changes control, a full asset sale or an initial public offering defined in the plan regulations)	At the end of the two-year lock-up period, starting at each stock option grant date, unless specific events occur first (transaction that changes control or a sale transaction of 100% of assets defined in the plan regulations)
Expiration date of the stock options	December 20, 2033	August 05, 2036
Issue price of the stock options	-	-
Exercise price of the stock options (including issue premium)	EUR 340 for the options already granted[55]	EUR 650
Exercise procedures	The exercise of the stock options will materialize by the sending to each beneficiary, in the form of a registered letter with acknowledgment of receipt, or a letter hand-delivered against signature to the Chairman, of a declaration of exercise of the stock options, along with the corresponding subscription form and the effective payment of the subscription price.	
Number of shares subscribed as of the date of the Registration Document	-	-
Cumulative number of canceled or lapsed stock options as of the date of the Registration Document	750	-
Stock options not yet granted as of the date of the Registration Document	0	0

[55] For options not yet granted, the subscription price of the shares will be fixed on the date the corresponding option is granted, using the same methods and weightings as those set out in Grant Thornton's report of September 29, 2018.

	Stock Options 2018	Stock Options 2021[54]
Total number of shares that can be subscribed as of the date of the Registration Document	-	-
Maximum total number of shares that can be subscribed upon the exercise of all stock options in circulation as of the date of the Registration Document (assuming that all of the exercise conditions for the said BSA have been met) for the requirements of the table in Section 16.1	7,800	15,000

19.1.4.4 *Summary of dilutive instruments*

The table below presents the summary of the dilutive instruments as of the date of approval of the Registration Document:

	BSA	AGA	Stock Options 2018	Stock Options 2021	Total
Total number of shares that can be subscribed upon the exercise of the BSA, stock options or bonus shares	12,090	4,000	7,800	15,000	38,890
Potential dilution	2.79%	0.92%	1.8%	3.46%	8.98%

19.1.5. Vesting conditions

A Company shareholder meeting will take place, prior to the AMF approval of the prospectus relating to the admission of the Company's shares for trading on the regulated market of Euronext Paris, in order to adopt the financial delegations described below, subject to the condition precedent of admission of the Company's shares for trading on the regulated market of Euronext Paris.

	Validity period/Expiration	Ceiling (par value) (1)	Price setting procedures
Delegation of authority to be granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or all securities, with pre-emptive subscription rights for shareholders*	26 months	EUR 1,970,845(2) EUR 150 million regarding debt securities	
Delegation of authority to be granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or all securities, without pre-emptive subscription rights for shareholders and public offers (other than offers indicated in paragraph 1° of Article L. 411-2 of the French Monetary and Financial Code)	26 months	EUR 1,970,845(2) EUR 150 million regarding debt securities	Please refer to (3)

	Validity period/Expiration	Ceiling (par value) [1]	Price setting procedures
Delegation of authority to be granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or all securities, without pre-emptive subscription rights for shareholders as part of a public offer for the benefit of qualified investors or a limited circle of investors indicated in paragraph 1° of Article L. 411-2 of the French Monetary and Financial Code *	26 months	EUR 788,338[2] up to 20% of the share capital per 12-month period EUR 150 million regarding debt securities	Please refer to [4]
Delegation of authority to be granted to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without pre-emptive rights decided under the above delegations.	26 months	up to 15% of the initial issuance[2][5]	Same price as the initial issuance
Authorization to be granted to the Board of Directors, in case of an issue of shares or all securities without pre-emptive subscription rights for shareholders, to set the issue price up to 10% of the share capital*	26 months	up to 10% of the share capital as it existed at the date of the operation in question	Please refer to [6]
Delegation of authority to be granted to the Board of Directors to decide the issuance of ordinary shares or securities giving rights to ordinary shares to be issued immediately or in the future by the Company, without preemptive subscription rights for shareholders for the benefit of categories of beneficiaries*[7]	18 months	EUR 788,338 EUR 150 million regarding debt securities	Please refer to [8]
Delegation of authority to be granted to the Board of Directors to issue ordinary shares and securities giving rights to the Company's share capital in the case of a public offer including an exchange component initiated by the Company*	26 months	EUR 788,338[2] EUR 150 million regarding debt securities	
Delegation of power to be granted to the Board of Directors to decide the issuance of ordinary shares of the Company or securities giving rights by any means, immediately and/or in the future, to the Company's ordinary shares, up to 10% of the share capital, to compensate contributions in kind of equity securities or securities giving rights to the share capital of third-party companies outside of a public exchange takeover bid*	26 months	10% of the share capital as it exists at the date of the said operation[2]	

	Validity period/Expiration	Ceiling (par value) [(1)]	Price setting procedures
Delegation of authority to be granted to the Board of Directors to increase the share capital through the incorporation of premiums, reserves, profits or other *	26 months	EUR 788,338	-
Authorization to be granted to the Board of Directors to grant Company stock options*	38 months	5% of the share capital[(9)]	Please refer to [(10)]
Authorization to be granted to the Board of Directors to carry out bonus share awards of existing or unissued shares*	38 months	5% of the share capital(9)	-
Authorization to be granted to the Board of Directors for the purchase by the Company of its own shares*	18 months	10% of the share capital	-
Authorization to be granted to the Board of Directors to reduce the share capital through the cancellation of shares as part of the authorization to purchase its own shares*	18 months	10% of the share capital per 24-month period	-

** Subject to the non-retroactive condition precedent that a final price is set for the Company's shares as part of their admission for trading on the regulated market of Euronext Paris.*

(1) The numbers of shares indicated in this table correspond to the number of shares with a par value of EUR 0.10 after taking into account the division of the par value and the conversion of ADPC2, ADPC3 and ADPC3b preferred shares into ordinary shares.

(2) These amounts are not cumulative. The maximum cumulative ceiling authorized by the Shareholder Meeting for capital increases in par value is set at EUR 1,970,845. The overall nominal amount of issues of securities representing Company debt giving rights to the Company's share capital may not exceed EUR 150 million; this ceiling does not apply to debt securities for which the issuance is decided or authorized by the Board of Directors pursuant to Article L. 228-40 of the French Commercial Code.

(3) The issue price will be set as follows:

- in respect of the capital increase to be carried out at the time of the admission to trading and the first listing of the Company's shares on the regulated market of Euronext Paris, the subscription price for a new share will result from the comparison of supply for the shares and placement requests submitted by investors as part of the so-called "order book building" technique; and

- after the admission for trading and the first listing of the Company's shares on the regulated market of Euronext Paris, the issue price of the shares will be at least equal to the volume-weighted average of prices over the last three trading sessions prior to the start of the public offering less, if applicable, the discount authorized by legislation (currently 10%) and corrected if there is a difference in the dividend rights date. It is specified that the issue price of securities giving rights to the share capital will be such that the amount immediately received by the Company plus, if applicable, the amount likely to be received at a later date, is at least equal to the issue price defined above for each share issued as a result of the issuance of these securities.

(4) The issue price of the shares shall be at least equal to the volume-weighted average of the prices over the last three trading sessions prior to the start of the public offering less, if applicable, the discount authorized by legislation (currently 10%). It is specified that the issue price of securities giving rights to the share capital will be such that the amount immediately received by the Company plus, if applicable, the amount likely to be received at a later date, is at least equal to the issue price defined above for each share issued as a result of the issuance of these securities.

(5) 15% or any other fraction that will have been set by current regulations.

(6) Up to 10% of the Company's share capital (as it existed at the date of the operation) per 12 month period, to derogate to the conditions relating to the determination of the price set forth in the indicated resolutions and to set the issue price of ordinary shares and/or securities giving rights, immediately or in the future to the issued capital, according to the following terms and conditions:

- the issue price for the ordinary shares shall be at least equal to the volume-weighted average of the listed prices over the last three trading sessions prior to its setting, less, if applicable, a maximum discount of 15%, it being noted that it may not, in any case, be less than the par value of a Company share at the issue date of the relevant shares; and

- the issue price of the securities giving rights to the share capital shall be such that the amount immediately received by the Company, plus, if applicable, that likely to be received at a later date, is at least equal to the issue price as defined in the paragraph above for each share issued as a result of the issue of these securities.

(7) Categories of beneficiaries with one of the following characteristics:

(i) French or foreign individuals or legal entities (including companies), trusts or investment funds, or other investment vehicles, whatever the form, that usually invest in growth and/or cleantech companies; and/or

(ii) French or foreign companies, institutions, groups or entities, whatever the form, that conduct a significant portion of their business activities in the area of green and/or renewable energies and may, if applicable, sign an industrial and/or commercial partnership with the Company; and/or

(iii) French or foreign investment services providers, or any foreign establishment with equivalent status, that could guarantee the completion of an issuance intended to be placed with the persons described in items (i) and/or (ii) above and, within this framework, subscribe to the securities issued.

(8) The issue price of the ordinary shares shall be at least equal to the volume-weighted average of the listed prices of the last three trading sessions prior to the date it is set, less, if applicable, a maximum discount of 20%, it being noted that it may not, in any case, be less than the par value of a Company share at the issue date of the relevant shares.

The issue price of the securities giving rights to the share capital shall be such that the amount immediately received by the Company, plus, if applicable, that likely to be received at a later date, is at least equal to the issue price defined in the paragraph above.

(9) These amounts are not cumulative; the maximum cumulative number authorized by the Shareholder Meeting of shares likely to result from the exercise of share subscription options and bonus share awards is 1,970,845 shares.

(10) As of the admission of the Company's shares for trading on the regulated market of Euronext Paris, the purchase or subscription price per share shall be set by the Board of Directors on the date on which the option is granted subject to the limits provided by law, without being less than 95% of the average of the listed prices over the 20 trading days prior to the date of the Board's decision to grant the options, rounded to the higher EUR cent, or, with regard to purchase options, less than 80% of the average purchase price of Company treasury shares, rounded to the higher EUR cent.

19.1.6. Information about the share capital of any group member that is under option or an agreement to be put under option and the detail of these options

Not applicable.

19.1.7. History of the share capital

19.1.7.1. Change in the share capital

The table below presents a summary of the change in the share capital over the last three financial years.

Date(s) of transaction	Nature of transaction	Number of shares issued or canceled	Nominal amount (EUR)	Issue or contribution premium (EUR)	Cumulative nominal amount of share capital (EUR)	Total cumulative number of shares in circulation	Par value (EUR)
December 20 and 21, 2018	Capital increase	26,375 ADPC3	263,750	9,736,595	2,452,190	245,219	10
March 13, 2019	Capital increase	10,550 ADPC3	105,500	3,894,638	2,557,690	255,769	10
December 18, 2019	Capital increase	13,188 ADPC3	131,880	4,868,482.08	2,689,570	268,957	10
December 18, 2019	Capital increase	5,275 ADPC3b	52,750	1,947,319	2,743,320	274,232	10
December 18, 2019	Capital increase	11,867 ADPC3b	118,670	4,380,821.72	2,860,990	286,099	10
December 26, 2019	Capital increase through the conversion of convertible bonds (OC3)	8,261 ADPC3b	82,610	3,049,630.76	2,943,600	294,360	10
December 26, 2019	Capital increase through the conversion of convertible bonds (OC4)	5,516 ADPC3b	55,160	2,036,286.56	2,998,760	299,876	10
September 28, 2021	Capital increase in cash reserve for the benefit of the SPI Fund – *Sociétés de Projets Industriels*	3,296 ordinary shares	32,960	2,109,440	3,031,720	303,172	10
September 28, 2021	Capital increase through the conversion of convertible bonds into shares	76,923 ADPC3	769,230	29,230,667.52	3,800,950	380,095	10
September 29, 2021	Capital increase in cash reserved for	14,074 ordinary shares	140,740	9,007,360	3,941,690	394,169	10

Date(s) of transaction	Nature of transaction	Number of shares issued or canceled	Nominal amount (EUR)	Issue or contribution premium (EUR)	Cumulative nominal amount of share capital (EUR)	Total cumulative number of shares in circulation	Par value (EUR)
	the benefit of the Eurazeo Fund						

19.1.7.2. Change in the breakdown of the Company's share capital over the last three financial years

	Position as at December 31, 2018		Position as at December 31, 2019		Position as at December 31, 2020	
	Number of shares	% of share capital	Number of shares	% of share capital	Number of shares	% of share capital
Christophe Gurtner	19.722	8.04%	19.722	6.58%	19.722	6.58%
Rond Point Holding	25.001	10.20%	25.001	8.34%	-	-
Dassault Industrial Group	-	-	-	-%	25.001	8.34%
FPCI Electranova Capital	41.563	16.95%	42.973	14.33%	-	-
FCPI Idinvest Patrimoine	9.852	4.02%	10.186	3.40%	-	-
FCPI Banque Postale Innovation 11	807	0.33%	807	0.27%	-	-
FCPI Capital Croissance 4	4.117	1.68%	4.275	1.43%	-	-
FCPI Objectif Innovation Patrimoine 4	5.866	2.39%	6.089	2.03%	-	-
FCPI Stratégie PME 2011	1.056	0.43%	1.093	0.36%	-	-
FCPI Allianz Eco Innovation 3	2.910	1.19%	2.910	0.97%	-	-
FCPI Objectif Innovation 5	2.180	0.89%	2.180	0.73%	-	-
FCPI Idinvest Croissance	1.336	0.54%	1.336	0.45%	-	-
FCPI SG Innovation 11	408	0.17%	408	0.14%	-	-
FCPI Capital Croissance n°5	3.752	1.53%	3.886	1.30%	-	-
FCPI Objectif Innovation Patrimoine n°5	4.220	1.72%	4.402	1.47%	-	-
FCPI Idinvest Patrimoine 2	5.565	2.27%	5.806	1.94%	-	-
FCPI Objectif Innovation Patrimoine n° 7	7.205	2.94%	8.187	2.73%	-	-
FCPI Idinvest Patrimoine 4	8.688	3.54%	9.849	3.28%	-	-

	Position as at December 31, 2018		Position as at December 31, 2019		Position as at December 31, 2020	
	Number of shares	% of share capital	Number of shares	% of share capital	Number of shares	% of share capital
FPCI Electranova Capital 2/ FPCI Electranova - Idinvest Smart City Venture Fund	9.634	3.93%	25.129	8.38%	14.012	4.67%
Idinvest Expansion 2016	8.786	3.58%	8.786	2.93%	8.786	2.93%
FPCI Objectif Innovation Patrimoine n°8	534	0.22%	641	0.21%	-	-
FCPI Idinvest Patrimoine n°5	435	0.18%	522	0.17%	-	-
FCPI Idinvest Patrimoine 2015	332	0.14%	370	0.12%	370	0.12%
FCPI Objectif Innovation Patrimoine n°9	682	0.28%	1.609	0.54%	1.609	0.54%
FCPI Idinvest Patrimoine n°6	935	0.38%	2.207	0.74%	2.207	0.74%
FCPI Idinvest Patrimoine 2016	339	0.14%	800	0.27%	800	0.27%
FIP Régions & Industries	171	0.07%	190	0.06%	190	0.06%
Idinvest Innov FRR France	-	-	2.135	0.71%	2.135	0.71%
Idinvest Growth Secondary SLP	-		-	-	116.667	38.91%
Mitsui & Co Ltd	52.748	21.51%	65.936	21.99%	65.936	21.99%
SPI – Sociétés de Projets Industriels Fund	26.375	10.76%	42.441	14.15%	42.441	14.15%
TOTAL	**245.219**	**100.00%**	**299.876**	**100.00%**	**299.876**	**100.00%**

19.2. Articles of association and bylaws

19.2.1. Corporate purpose

The purpose of the Company both in France and abroad, directly or indirectly, on its own behalf or on behalf of third parties is:

- the acquisition of interests and equity interests in all commercial, industrial, financial or real estate companies or businesses, in France and abroad, in whatever form, notably through the subscription or acquisition of all securities, ownership interests or other corporate rights;

- the design, manufacturing, construction, assembly and marketing of batteries and battery chargers and all related accessories;

- business relating to the financing of projects and innovative technologies in the areas of energy and mobility;

- the acquisition and management of all real estate properties and rights and, if applicable, their resale;

- the implementation of the financial resources required for achieving the corporate purpose, and notably all loans, with or without guarantees;

- the management of cash position and, if applicable, that of the companies in which it has an equity interest, financing through loans, sureties, deposits, advances and any other means for companies and ventures related to the Company;

- all provision of services related to executive management, management, coordination or control functions for companies in which it holds an interest or equity interest, as well as administrative, legal, accounting and financial services, if applicable.

It may act on its own behalf either alone or in association or company with other companies or persons and directly or indirectly, in France and abroad, in whatever form, carry out operations that enter into its corporate purpose, and generally all financial, commercial, industrial, real estate and other transactions that may directly or indirectly relate to the purpose above or to similar or related purposes that promote its expansion or development.

19.2.2. Procedure to delay, defer or prevent a change of control

The Company's articles of association do not provide for procedures to delay, defer or prevent a change of control.

19.2.3. Disclosure thresholds

As long as the shares of the Company are listed for trading on a regulated market, in addition to the disclosure thresholds expressly provided by current laws and regulations in force, any natural or legal person who may own directly or indirectly, alone or in concert, a fraction of the capital or voting rights (calculated in accordance with Articles L. 233-7 and L. 233-9 of the French Commercial Code and the General Regulations of the French Financial Markets Authority (AMF)) equal to or greater than 3% of the equity or voting rights in the Company, or any multiple of this percentage, including above the thresholds set by legal and regulatory provisions, must notify the Company of the total number of (i) shares and voting rights that such individual or entity owns, directly or indirectly, alone or in concert, (ii) the securities giving future access to the Company's equity that said individual or entity owns, directly or indirectly, alone or in concert, and the voting rights potentially attached thereto, and (iii) related shares in application of Article L. 233-9 I 1 and 4° to 8° of the French Commercial Code. This notification must be given by registered letter with acknowledgment of receipt (or by any equivalent means for persons residing outside of France), within four trading days from the date the relevant threshold was crossed.

This required disclosure to the Company also applies, under the same deadlines and the same conditions, whenever the shareholder's equity investment or voting rights fall below the aforementioned thresholds.

In the event of non-compliance with the above-mentioned disclosure threshold requirement and on a request recorded in the minutes of the Shareholder Meeting from one or more shareholders representing at least 5% of the capital or of the voting rights, the shares exceeding the fraction which should have been disclosed will lose their voting rights for a period of two years following the date when proper notification is given.

The Company reserves the option to make the public and the shareholders aware either of the information in the disclosure received or the failure of the person in question to comply with the above obligation.

19.2.4. Specific provisions of the Board of Directors' internal rules

The internal rules of the Board of Directors of the Company, which shall apply subject to the condition precedent of the settlement and delivery of Company shares in the context of their admission to trading on the regulated market of Euronext Paris, stipulate that decisions concerning the following:

i. the transfer outside France of the Company's registered office;

ii. the transformation of the Company into a European company when the resulting entity is registered outside France;

iii. the cross-border merger of the Company with another entity if the entity resulting from such an operation has its registered office outside France;

iv. the relocation outside France (in any manner) of the Company's main research and development center;

v. the amendment of the internal rules of the Board of Directors of the Company with regard to points i., ii., iii., and iv. above;

are subject to the prior approval of the Board of Directors of the Company ruling with a qualified majority of 85%.

20. IMPORTANT CONTRACTS

With the exception of the contracts described below, the Group has not entered into any significant contracts other than those signed in the normal course of its business.

Cooperating agreement signed with Mitsui & Co. Ltd.

Under an agreement signed on December 21, 2020 amended on April 28, 2021, the Company authorized Mitsui & Co. Ltd. to perform business development, sales and marketing activities on behalf of the Company as an exclusive agent in the territory of Japan ("the Cooperation Agreement").

This authorization does not exclude the Company's ability to collaborate directly with potential customers in Japan, and applies only to business development and sales and marketing activities. The Company retains the right at any time to promote its products in Japan and to establish business relationships directly with potential customers in Japan. However, under said Cooperation Agreement, the Company must refrain from dealing with other business partners that may compete with Mitsui & Co. Ltd. and must not designate any third party as agent or distributor in Japan; the Company may deal directly with customers in Japan while respecting the principle under which, if the project is implemented or if the contractual relationship is signed in Japan, Mitsui & Co. Ltd. has the right to receive the success fee (see below) on all Company sales in Japan.

In addition, this authorization does not exclude the possibility for Mitsui & Co. Ltd. of collaborating directly with other companies and suppliers in Japan; said Cooperation Agreement applies only to the business development and sales and marketing activities of the Company. Mitsui & Co. Ltd. retains at all times the rights to promote its products in Japan and establish business relationships directly with potential customers offering other products in Japan.

Under this Cooperation Agreement, the Company and Mitsui & Co. Ltd. will communicate regularly via telephone conference in order to discuss the market for battery systems, the prospects to contact and the meetings with customers planned in Japan. Moreover, Mitsui & Co. Ltd. has the right to obtain from the Company a monthly report indicating all orders, sales and payments from Japan.

Remuneration: In consideration for the performance of its contractual obligations by Mitsui & Co. Ltd., the Company shall pay, at the end of each month during which it received payment from any customer located in Japan, a success fee based on the sales invoiced by the Company to any customer with its registered office in Japan.

The amount of the success fee is calculated as follows:

Total amount of the sales made during the last 12 months in Japan	Success fee
Between EUR 0 and EUR 500,000	5%
Between EUR 500,001 and EUR 1,000,000	4%
Between EUR 1,000,001 and EUR 2,000,000	3%
Over EUR 2,000,000	2%

If the Company does not pay, in whole or in part, the success fee owed to Mitsui & Co. Ltd. on the date due, it will be required to pay a late payment penalty for damages and interest at the rate of 2.6% per year from the due date of said payment until the effective payment date.

In addition, Mitsui & Co. Ltd. pays all travel costs to promote and sell the Company's products in Japan.

As of the date of the Registration Document, sales made in Japan under the Cooperation Agreement totaled EUR 56 thousand, corresponding to success fees of EUR 19,933.

Term of the agreement: The Cooperation Agreement entered into effect on October 1, 2020 for a term of one year and is renewable by tacit agreement for successive one-year periods.

In the event said Cooperation Agreement expires and is canceled, the Company will be required to continue to pay the success fee to Mitsui & Co. Ltd., the amount of which will then be based on the sales invoiced by the Company to any customer located in Japan for the nine months following the expiration or cancellation, and shall be equal to 50% of the amount of the success fee that would have been paid under the agreement.

Services agreement signed with Mitsui & Co. India PVT. Ltd.

Forsee Power India Private Limited and Mitsui & Co. India PVT. Ltd., signed a services agreement on April 16, 2021, under which Mitsui & Co. India PVT. Ltd. provides support to Forsee Power India Private Limited in order to expand the Group's business activities in India in exchange for a fixed compensation equal to INR 1,100,000 (the "Services Agreement").

Pursuant to the Services Agreement, Mitsui & Co. India PVT. Ltd. must:

- assist the departments of Forsee Power India Private Limited responsible for sales and marketing, including the expansion in India;
- conduct prospecting in order to recommend and acquire new customers for Forsee Power India Private Limited, particularly in the automobile, marine, rail, agribusiness, industry, mines, construction and robotics sectors;
- provide information and data on the Indian market for automobile electric mobility and conduct market studies on the marketing and sales possibilities for companies that specialize in electric vehicles/Original Equipment Manufacturer in the Indian market, at the express request of Forsee Power India Private Limited;
- support Forsee Power India Private Limited with companies specializing in electric vehicles/Original Equipment Manufacturers in India for their electrification that have an interest in the business activities of Forsee Power India Private Limited, and deal with them to discuss potential commercial opportunities;
- provide suggestions and advice if necessary/on request from Forsee Power India Private Limited to improve the operation of the Forsee Power India Private Limited plant in Pune;
- support Forsee Power India Private Limited in management functions;
- provide support to due diligence operations and to the internal approval process related to the new commercial opportunities sought by Forsee Power India Private Limited;
- maintain the existing relationships and develop new relations and networks with the Indian industry, including customers and equipment manufacturers, for the expansion of the business activities of Forsee Power India Private Limited in India;
- provide the advice and assistance necessary to Forsee Power India Private Limited so that it complies with regulatory changes concerning foreign investments, foreign currencies, taxes and duties and other laws and regulations in India;
- at the request of Forsee Power India Private Limited, provide legal and tax advice to Forsee Power India Private Limited, to the partners of joint ventures and to the commercial partners of Forsee Power India Private Limited;
- provide administrative support, such as visa requests, travel and hotel reservations, and similar to the designated personnel of Forsee Power India Private Limited;
- at the request of Forsee Power India Private Limited, and in accordance with business requirements, organize and attend meetings with Forsee Power India Private Limited, the

commercial partners of Forsee Power India Private Limited, or any potential commercial partner.

Term of the agreement: The Services Agreement entered into effect on April 1, 2021, and will remain in force until March 31, 2022, unless otherwise agreed in writing by the parties to the Services Agreement. Therefore, the Services Agreement will be automatically renewed, on an annual basis, except in the event of early termination.

Collaboration agreement with Mitsui & Co. Ltd.

Under an agreement signed on September 27, 2021 (the "Collaboration Agreement"), the Company and Mitsui & Co. Ltd. agreed on the following items:

- *Creation of a cooperation committee*
    - This committee acts as the main interface between the Company and Mitsui & Co. Ltd. in order to pursue joint cooperation and deploy reasonable efforts to promote close and frequent business communication, provided that this complies with applicable law, in order to:
        - exchange information on the battery market;
        - offer each other business contacts and new business opportunities;
        - identify opportunities for business collaboration in the mobility segment, particularly within the framework of a "battery as a service" offering, battery monitoring and the forecasts for battery energy consumption;
        - promote new projects, particularly in battery financing or leasing, and battery exchange, in particular for specific sites such as airports, mines, ports, etc.
    - This committee is composed of seven members, four of whom are appointed by the Company and three members appointed by Mitsui & Co. Ltd.
    - This committee will meet at least four times a year, primarily in the month after finalization of the quarterly financial reporting.
- *Business development*
    - Mitsui & Co. Ltd. may second two full-time employees to the Group to develop business activities with the latter in order to accelerate its growth and to hold certain positions within the Group or its subsidiaries in order to achieve this goal. These two employees will remain employed by Mitsui & Co. Ltd. and must sign commitments (binding during their secondment and for two years after its completion) to not share any confidential information, to which they have access during their secondment, with the Mitsui & Co. Ltd. sales departments that (i) are present in the same markets as the Group, or (ii) have signed partnerships with companies that are present in the same markets as the Group.
- *Marketing activities*
    - Mitsui & Co. Ltd. provides strategic support to the Group to allow the latter to achieve its future business growth, in particular through the development of new products and services and its expansion to new markets.
    - The business activity of Mitsui & Co. Ltd. as a representative of the Group in Japan will continue from the admission of the Company's shares for trading on the regulated market of Euronext Paris for a minimum period of five (5) years from the date of the Collaboration Agreement.

- If Mitsui & Co. Ltd. finds an opportunity to sell the Company's products to a new customer in a business sector such as mining production, marine or rail (the "New Sector") other than those sectors stipulated in the Cooperation Agreement or the Services Agreement, Mitsui & Co. Ltd. will be able to notify the Company of this opportunity. If this New Sector is of interest to the Company (if this New Sector presents no interest for the Company, it will not be required to accept this opportunity), the Company will be able to notify Mitsui & Co. Ltd., and the parties to the Collaboration Agreement must either (i) amend the Cooperating Agreement or the Services Agreement to include the New Sector, or (ii) enter into a new cooperating agreement (exclusive or non-exclusive) under which Mitsui & Co. Ltd. contributes to the marketing of the Company's products with a new customer in the New Sector and, in consideration for which, Mitsui & Co. Ltd. will be entitled to success fees.

  When an amendment is signed under option (i) above, if no contract is signed for new sales of the Company's products to a new customer in the New Sector in question in the twelve (12) months after the date of the amendment, either of the parties to the Collaboration Agreement may choose to modify the amendment again to remove the New Sector in question from this agreement by providing three months' notice to the other party. When a new agreement is signed under option (ii) above, if no contract is signed for new sales of the Company's products to a new customer in the New Sector in question in the twelve (12) months after the date the new agreement was signed, each party may choose to terminate this new agreement, with three months' notice to the other party.

- If Mitsui & Co. Ltd. finds an opportunity to sell the Company's products to a new customer in a country such as Australia, Russia, the countries of Southeast Asia or the United States (the "New Country") other than those stipulated by the Cooperating Agreement or the Services Agreement, Mitsui & Co. Ltd. will be able to notify the Company of this opportunity. If this New Country is of interest to the Company (if this New Country presents no interest for the Company, it will not be required to accept this opportunity), the Company will be able to notify Mitsui & Co. Ltd., and the parties to the Collaboration Agreement must either (i) amend the Cooperating Agreement or the Services Agreement to include the New Country, or (ii) enter into a new cooperating agreement (exclusive or non-exclusive) under which Mitsui & Co. Ltd. contributes to the marketing of the Company's products with a customer in the New Country and, in consideration for which, Mitsui & Co. Ltd. will be entitled to success fees.

- When an amendment is signed under option (i) above, if no contract is signed for new sales of the Company's products to a new customer in the New Country in question in the twelve (12) months after the date of the amendment, either of the parties to the Collaboration Agreement may choose to modify the amendment again to remove the New Country in question from this agreement by providing three months' notice to the other party. When a new agreement is signed under option (ii) above, if no contract is signed for new sales of the Company's products to a new customer in the New Country in question in the twelve (12) months after the date the new agreement was signed, each party may choose to terminate this new agreement by providing three months' notice to the other party.

- The success fee of Mitsui & Co. Ltd. will be discussed with the Group on a case-by-case basis for each project, taking into consideration the financial impact for the Group.

- The Company is free to develop and sell its products itself and/or through a third party, in a New Sector and/or in a New Country, without the authorization of Mitsui & Co. Ltd. and without any right for Mitsui & Co. Ltd. to a commission on the revenue received by the Company, provided that, if the Company decides to take measures to develop and sell its products through a third party in a New Sector and/or in a New Country (the "Marketing by a Third Party"), the Company has notified Mitsui & Co. Ltd. in writing after making this decision in order to allow the Company and Mitsui & Co. Ltd. to discuss and negotiate the

possibility of Mitsui & Co. Ltd. undertaking this Marketing by a Third Party on an exclusive basis for a period of at least 60 days from the date of receipt of this notification. After the expiration of this 60-day period (or, if applicable, after an earlier date on which Mitsui & Co. Ltd. confirms that it is not interested in the Marketing by a Third Party), unless the Company and Mitsui & Co. Ltd. have reached an agreement on the Marketing by a Third Party by Mitsui & Co. Ltd., the Company will be free to discuss the Marketing by a Third Party with any person during the following 180 days. After the expiration of this period of 180 days, any offer concerning the Marketing by a Third Party shall again be subject to the right of first refusal of Mitsui & Co. Ltd.

Term of the Agreement: The Collaboration Agreement shall enter into effect as of the admission of the Company's shares for trading on the regulated market of Euronext Paris for a minimum period of five (5) years from the date of the Collaboration Agreement. It will be automatically renewed at the expiration of the initial term or any extension thereof for additional periods of two years each, unless it is terminated early.

21. AVAILABLE DOCUMENTS

Copies of the Registration Document are available free of charge at the Company's registered office, located at 1 boulevard Hippolyte Marques, 94200 Ivry-sur-Seine, France.

The Registration Document can also be found on the Group's website (https://www.forseepower.com) and on the French Financial Markets Authority—*Autorité des Marchés Financiers* (AMF) website (www.amf-france.org).

The Articles of Association, minutes of the shareholder meetings and other corporate documents from the Company, as well as the historical financial information and any expert assessment or statement requested by the Group that must be made available to the shareholders, in accordance with the applicable legislation, may be consulted at the Company's registered office free of charge.

As of the admission of the Company's shares to trading on the regulated market of Euronext Paris, the information regulated by the provisions of the general regulation of the AMF will also be available on the Group's website (https://www.forseepower.com).