2021 Annual Financial Report

1. Declaration by the person responsible for the annual financial report

"I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of all the companies included in the consolidation scope, and that the management report in section 2 gives a true and fair view of changes in the business, results and financial position of the Company and of all the companies included in the consolidation scope and describes the main risks and uncertainties to which they relate."

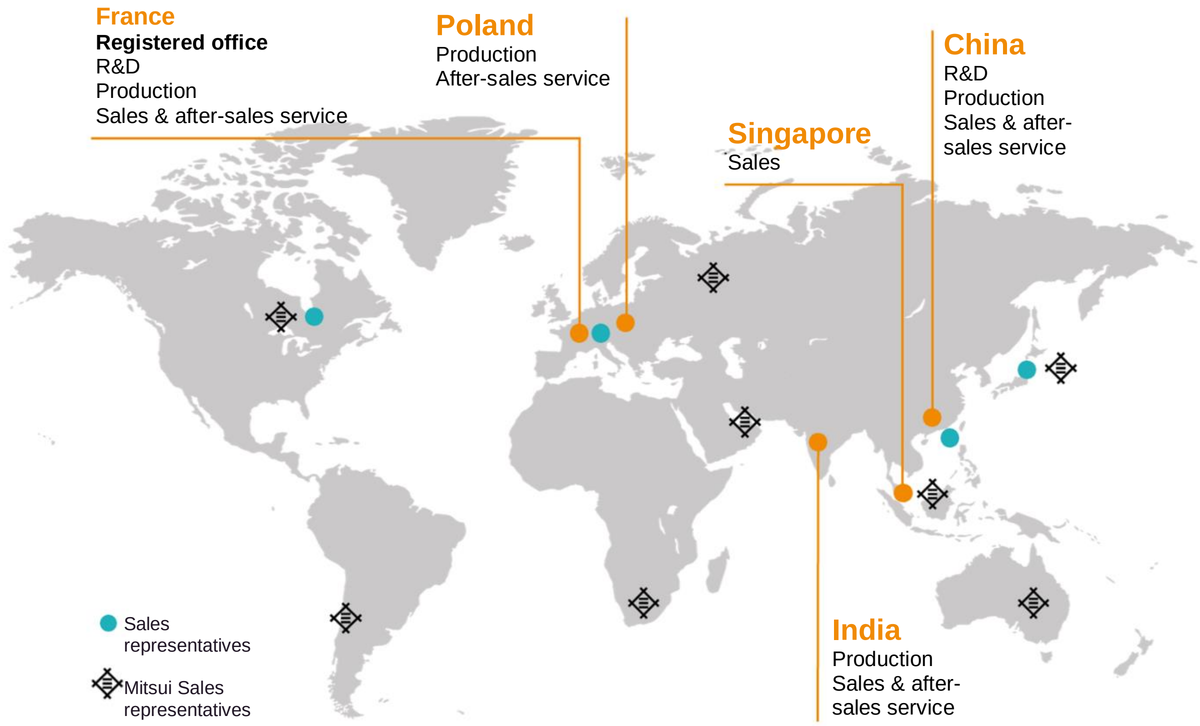
Signed in Paris, on April 28, 2022

2. Management report

2.1 Group situation and activity

2.1.1 General presentation

Forsee Power, which has been growing rapidly since its creation in 2011, designs and manufactures smart battery systems for electromobility. These systems are developed from electrochemical cells and then integrated into vehicles for a first life for about ten 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 for use in or network back-up or storage of renewable energy generated through solar panels for example. 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.



2011 CREATION

4 PRODUCTION AND MAINTENANCE SITES

3 R&D CENTRES

602 EMPLOYEES

The Group presents its segment information on the basis of the financial information presented to Group management in its internal reporting, which it reviews regularly in order to make decisions on the allocation of resources to the business segments and the assessment of their performance. The Group's reporting includes two business segments:

- *Heavy Vehicles (HeV)* (or transport and storage), which includes the market for solutions adapted to the development of electric or hybrid vehicles for various means of transport (buses, utility and "last mile" vehicles, trams, trains, trucks and marine vessels) and stationary storage (residential, commercial and industrial). Stationary storage is not part of first life but second life.

- *Light Vehicles and Industrial Tech (LeV & Ind Tech)* (or portable and mobility), which includes the light electric mobility market as well as other electric applications (electric scooters, light vehicles with 2 to 4 wheels, electric bikes, medical equipment, connected objects, home automation, robotics and professional tools).

These business segments are broken down by geographic area: France, Europe (excluding France), Asia, the United States and the rest of the world. Revenues by geographic area are determined based on customer location.

The segment presentation is detailed in Note 6 to the consolidated financial statements in section 5 of this document. Revenues by segment and geographic area are analysed in paragraph 2.1.6 of this document and in Note 6 to the consolidated financial statements in section 5 of this document.

2.1.2 Key figures

(In € thousands)	**FY 2021**	**FY 2020[(a)]**	**Change**	**Change (as a %)**
Revenues	**72,423**	62,060	+10,363	+17%
Of which Heavy Vehicles (HeV)	50,481	47,567	+2,914	+6%
Of which Light Vehicles and Industrial Tech (LeV & Ind Tech)	21,942	14,493	+7,449	+51%
EBITDA [(b)]	**(21,050)**	**(12,694)**	-8,356	-66%
EBITDA margin	(29)%	(20)%		
Adjusted EBITDA [(c)]	**(14,351)**	**(12,037)**	-2,314	-19%
Adjusted EBITDA margin	(20)%	(19)%		
Current operating income	**(25,984)**	(20,039)	-5,945	-30%
Operating income	**(26,772)**	(20,039)	-6,733	-34%
Net financial income (expense)	**(11,192)**	(6,311)	-4,881	-77%
Net income of the consolidated group	**(38,097)**	(30,062)	-8,035	-27%

a) *The comparative consolidated financial statements as of December 31, 2020 have been restated from the published consolidated financial statements as of December 31, 2020. These restatements are detailed in Note 5.4 to the consolidated financial statements - section 5 of this document.*

b) *The EBITDA indicator corresponds to operating income before amortisation and impairment of intangible assets, amortisation of rights of use on property, plant and equipment, depreciation and impairment of property, plant and equipment and net impairment of assets. This indicator is detailed in paragraph 2.1.3 of this document.*

c) *In addition to EBITDA, the Group tracks adjusted EBITDA. This alternative performance indicator corresponds to EBITDA restated for share-based compensation expenses. The Group considers that these expenses do not reflect its current operating performance, particularly for equity-settled compensation plans, which have no direct impact on cash. This indicator is detailed in paragraph 2.1.3 of this document.*

In the 2021 financial year, Forsee Power recorded a robust sales performance in an environment of major pressure on supplies, with consolidated revenues of €72,423 thousand, up 17%, driven in particular by the development of its two business segments. Compared with the previous financial year, sales of goods were up by 22%, i.e. €12,826 thousand, while sales of services were down by 65%, i.e. €2,225 thousand.

The Group maintained an adjusted EBITDA margin level comparable to that of FY 2020 at (20)%. The change in value of adjusted EBITDA between FY 2020 and FY 2021 is mainly due to:

- lower sales in 2021 of non-recurring engineering costs (-€2,225 thousand);
- the effect of the net income from the research tax credit (+€1,901 thousand);
- the integration of the operating costs of the Holiwatt business (-€562 thousand); and
- other effects (positive volume impact, increase in purchase price and other effects) generating a negative net impact (-€1,429 thousand).

Operating income for FY 2021 came to €(26,772) thousand. It was down from the operating income of €(20,039) thousand for FY 2020. Operating income is analysed below in section 2.1.6 of this document.

Following its IPO last November, Forsee Power has significant liquidity. The Group has also continued to successfully implement actions to extend its suppliers' payment terms and to use its "deconsolidating" factoring contracts to optimise its working capital requirements (WCR). The WCR balance in the 2021 closing balance sheet represented 31% of revenues compared with 38% in 2020.

Capex (excluding the impact of IFRS 16) for FY 2021 amounted to €4,680 thousand, or 6% of revenues, compared with €2,299 thousand in 2020 and 4% of revenues.

Group cash and equity (including capital expenditure and financial debt) are analysed in section 2.1.8 of this document.

2.1.3 Key performance indicators

The Group uses revenues and EBITDA as the main performance indicators. These performance indicators are monitored on a regular basis by the Group to analyse and evaluate its activities and their trends, measure their performance, prepare earnings forecasts and make strategic decisions.

In addition, the Group monitors adjusted EBITDA corresponding to EBITDA restated for share-based compensation expenses as it considers that they do not reflect the Group's current operating performance and have no direct impact on cash.

Definition of EBITDA and adjusted EBITDA

The Group considers EBITDA and adjusted EBITDA, non-accounting measures, to be performance measures.

The reconciliation of these aggregates with the IFRS financial statements is presented in the table below:

In € thousands	FY 2021:	FY 2020 restated [(a)]
Current operating income	**(25,984)**	**(20,039)**
- Amortisation and impairment of intangible assets	(2,307)	(2,123)
- Amortisation of rights of use on property, plant and equipment	(1,123)	(1,283)
- Depreciation and impairment of property, plant and equipment	(1,332)	(1,036)
- Net impairment of assets	(172)	(2,903)
EBITDA	**(21,050)**	**(12,694)**
- Share-based compensation expenses	(5,556)	(464)
- Employer's contributions for share-based compensation	(1,143)	(193)
Adjusted EBITDA [(b)]	**(14,351)**	**(12,037)**

a) *The comparative consolidated financial statements as of December 31, 2020 have been restated from the published consolidated financial statements as of December 31, 2020. These restatements are detailed in Note 5.4 to the consolidated financial statements - section 5 of this document.*

b) *Adjusted EBITDA corresponds to EBITDA restated for share-based compensation expenses ("IFRS 2" expense) and employer contributions. The "IFRS 2" expense amounted to €(5,556) thousand in 2021 compared with €(464) thousand in 2020. Employer contributions for share-based compensation amounted to €(1,143) thousand in 2021 compared with €(193) thousand in 2020. In financial year 2020, according to this new definition, EBITDA would have amounted to €(12,037) thousand.*

2.1.4 Highlights

2.1.4.1 Business performance

- Commercial success of the SLIM range for commercial and off-highway vehicles, the world's thinnest modular batteries.
- Partnership with Connected Energy to extend the use of battery systems to second life applications.
- Winning the largest lot in the RATP call for tenders to equip Heuliez electric buses with batteries.
- Partnership with Omega Seiki Mobility to supply batteries for the Indian group's three-wheel vehicles.

2.1.4.2 Impact of COVID-19 on the business

The Group did not experience any production interruptions in 2021, unlike in 2020 where production was interrupted in China (early 2020) and in France (from mid- to end-March, followed by partial activity on the main production lines before full activity resumed from mid-May 2020).

2.1.4.3 Industrial development

- **Deliveries of new buildings on the Chasseneuil-du-Poitou plant site**

Delivery of the new buildings continued in 2021, and enables the Group, in addition to having a fully modernised site, to double its available production space from the second half of 2021.

- **Ramp-up of the production centre in India**

Mass production of batteries for light electric vehicles will start at the end of May 2021 at the Pune industrial site in India.

2.1.4.4 Acquisition of assets of Holiwatt

Pursuant to a ruling of the Lyon Commercial Court of July 21, 2021, Forsee Power took over part of the business, assets and workforce of Holiwatt (formerly Centum Adetel Transportation), a specialist in rail energy storage and fast-charging systems, for €700 thousand. This business acquisition strengthens the Group’s position in the rail transport market.

2.1.4.5 Financing from the European Investment Bank (EIB) and new bank financing lines for €9 million with pledges on inventories

- **EIB financing**

The first tranche (tranche A) of the EIB loan signed in December 2020 was drawn down in June 2021 for €21.5 million. This tranche was accompanied by the repayment of €20 million of the EIB loan (tranches 1, 2 and 3) granted in 2017 and 2018.

On September 28, 2021, the Company obtained a prior approval requested from the EIB to be able to carry out the various capital restructuring operations prior to the IPO as well as the IPO itself. In consideration for this approval, the capitalised interest rate applicable to tranche A of the EIB loan was increased by 0.5% from 4% to 4.5% per year (applicable retroactively). In addition, the EIB required the payment of a restructuring fee of €1,255 thousand, which was paid in December 2021.

Lastly, in October 2021 the Group drew down tranche B of the EIB loan for €8.5 million. This loan was repaid in full in November 2021 (after the IPO).

- **Financing from a banking pool**

In the first half of 2021, the Group negotiated bank financing lines with three banks for a total amount of €9 million with a pledge on inventories for a value of €11.7 million: Banque Populaire Val de France (agreement entered into on June 30, 2021), Caisse Régionale de Crédit Agricole de la Touraine et du Poitou (agreement entered into on June 30, 2021) and Crédit Industriel et Commercial (agreement entered into on July 2, 2021). These credit lines were drawn down during the second half of the year and repaid on November 15, 2021.

2.1.4.6 IPO on the Euronext Paris market

On November 3, 2021, Forsee Power completed a capital increase by way of an initial public offering (IPO) of €100 million through the issuance of 13,793,103 new ordinary shares at a price of €7.25 per share, followed by the start of trading in the shares in compartment B of the Euronext Paris regulated market.

Total expenses relating to the IPO amounted to €7,453 thousand, of which €6,865 thousand charged to issue premium and €788 thousand recognised as non-current operating expenses. The proceeds net of expenses received from the cash capital increase were €92.5 million.

This capital increase will be used to finance innovation, the development of new products, the acceleration of international industrial development, opportunistic development transactions and the Group's general needs.

This initial public offering was followed by a "greenshoe" over-allotment option between November 3 and December 2, 2021 on 1,116,731 existing ordinary shares acquired from the selling shareholders at the offering price of € 7.25, representing a total amount of €8,096 thousand.

Following this IPO, in November 2021 Forsee Power signed a liquidity contract with an independent investment services firm to ensure the liquidity of transactions and regular trading of its shares from December 3, 2021.

2.1.4.7 Strategic partnership with Ballard Power Systems

A strategic partnership was signed on October 18, 2021 with Ballard Power Systems Group, the world leader in fuel cells for medium and heavy duty hydrogen vehicles. This new partnership aims to develop the first fully integrated fuel cell and battery system, optimised to meet the needs of the targeted medium and heavy duty mobility markets for buses, trucks, trains, boats and off-highway vehicles.

Ballard Power Systems also contributed €37.7 million to the capital increase on November 3, 2021 and now holds 9.77% of the share capital of Forsee Power SA.

2.1.4.8 Changes in governance

One month after its successful IPO on Euronext Paris, Forsee Power continues to structure its corporate social responsibility (CSR) approach with a Board of Directors composed of thirteen directors, including six women and seven independent members. Forsee Power is thus already meeting its objective of gender-balanced governance, which was announced for 2025 in its registration document.

With a strong international dimension and solid experience in the field of sustainable transport, the Board will support the Company in the sustained and steady growth of its revenues, which will enable it to achieve its ambitious financial objectives.

Forsee Power's Board of Directors now consists of thirteen directors, including the Chairman and Chief Executive Officer, Christophe Gurtner:

- Christophe GURTNER, director and Chairman and Chief Executive Officer
- Matthieu BONAMY, director representing Eurazeo Investment Manager
- Kosuke NAKAJIMA, director representing Mitsui & Co., Ltd.
- Eric LECOMTE, director representing Bpifrance Investissement
- Nicolas POCARD, director representing Ballard Power Systems Inc.
- Sylvie BERNARD-CURIE, independent director
- Florence DIDIER-NOARO, independent director
- Joerg ERNST, independent director
- Corinne JOUANNY, independent director
- Pierre LAHUTTE, director
- Véronique STAAT, independent director
- Isabelle TRIBOTTÉ, independent director
- Sonia TROCME-LE PAGE, independent director

2.1.4.9 Dispute with Unu GmbH

The referral procedure

On March 12, 2021, Unu GmbH filed an application for court-ordered expert assessment with the Paris Commercial Court against Forsee Power and its former insurer, Generali. Unu GmbH is suing the Company on the basis of product liability and common law contractual liability, alleging that the batteries are defective and do not meet the technical characteristics agreed between the parties under the terms of the supply agreement of July 23, 2016 and its amendment of June 29, 2018. The Company did not object to this request for a court-ordered expert assessment, but stated that it should also cover the scooters produced by Unu GmbH, the characteristics of which do not comply with the initial contractual specifications and are the cause of the battery malfunctions.
Pursuant to an order dated March 31, 2021, the judge in summary proceedings ordered the appointment of a legal expert whose mission was to study both the batteries and the scooters in order to determine the origin of the malfunctions, the associated disorders and therefore the responsibilities. As the initially appointed expert withdrew, the judge in summary proceedings ordered the appointment of a new expert by an order dated April 16, 2021.
The expert heard the various arguments put forward by the parties from May 5, 2021, but has not yet appointed a laboratory to carry out the necessary tests on the batteries and scooters. However, the expert has repeatedly pointed out the difficulties of cooperation with Unu GmbH, which refuses to provide certain key documents for the expert assessment, in particular the test reports for its scooters.

On December 31, 2021, Unu GmbH filed a summary action against Forsee Power before the Paris Commercial Court to replace the legal expert appointed in April 2021, on the grounds that the expert is categorically biased and does not have sufficient competence to carry out the court-ordered expert assessment. On January 26, 2022, the Company responded to these arguments by stating that the judge in summary proceedings did not have jurisdiction and that the case should be brought before the supervisory judge. The Company also rejected Unu GmbH's arguments regarding the alleged bias or incompetence of the expert.
In a ruling dated March 18, 2022, the judge in summary proceedings of the Paris Commercial Court ruled that it had no jurisdiction. The case was brought before the supervisory judge, who is due to decide in April on the replacement of the expert.

The trial proceedings
On November 2, 2021, in spite of the expert assessment in progress, Unu GmbH sued Forsee Power on the same grounds before the Paris Commercial Court ruling as a trial judge, and claimed €15,845 thousand for material losses suffered as well as €50 thousand for non-material losses. The court remanded the case to May 25, 2022 for a procedural hearing. The Company expects the Court to stay proceedings until the expert report is filed.

Provision retained
The provision recorded in the financial statements for the financial year ended December 31, 2021 in the amount of €651 thousand therefore includes the fees of the Company's legal counsel as well as those of the legal expert and external experts used by the Company.
The company considers that the claims of Unu GmbH are unfounded and intends to assert its rights and legal arguments legitimizing at this stage of the procedure the absence of provision for risks beyond the legal costs mentioned.

2.1.4.10 CSR approach

The Group obtained a score of 72% in EthiFinance's OneTrack rating, which places the Group at an "advanced +" level, well above the average of 52% obtained by comparable companies.

2.1.5 Subsequent events

2.1.5.1 NEoT Capital

On March 25, 2022, Forsee Power SA signed a firm commitment to acquire all of the NEoT Capital shares held by its partner Mitsubishi Corporation, i.e. 42.5% of the shares issued, for a total of €2,292 thousand. This acquisition, which is expected to be completed by May 6, 2022, is subject to the prior approval of the EIB. The EIB's approval had not been issued on the closing date of April 6 2022.

Following this transaction, Forsee Power will hold 57.5% of the shares of NEoT Capital. This stake will nevertheless be reduced to between 45% and 50% following the recapitalisation operations planned for 2022 with the partner EDF; the two partners have undertaken to hold the same number of shares in NEoT Capital.

2.1.5.2 Unu GmbH dispute

The summary hearing ruling relating to Unu GmbH's request to replace the court-appointed expert was issued on March 18, 2022. This summary ruling is in line with Forsee's expectations. The judge in summary proceedings referred the decision to the judge in charge of reviewing expert assessments, who will hear the request in the coming months.

2.1.5.3 Situation in Ukraine and Russia

The Group is not exposed to the restrictions imposed on Russia as Forsee Power has no employees, customers or suppliers in that country.

However, logistical impacts and increases in materials costs linked to the situation in Ukraine are likely, but the Group is unable to quantify them at this time.

2.1.5.4 COVID-19 situation in China

The first quarter of 2022 has been affected by an increase in cases of COVID-19 in China, particularly in Shanghai, which exposes the Group to pandemic risk due to the presence in China of one of its production sites and some of its suppliers.

2.1.6 Results of operations

Revenues

The table below shows changes in revenues by business segment and geographic area.

In € thousands	FY 2021	FY 2020	Change
France			
Heavy Vehicles (HeV)	40,352	38,340	+2,012
Light Vehicles and Industrial Tech (LeV & Ind Tech)	5,989	5,846	+143
Total	**46,342**	**44,186**	**+2,156**
As a %	*64%*	*71%*	
Europe			
Heavy Vehicles (HeV)	10,040	9,171	+869
Light Vehicles and Industrial Tech (LeV & Ind Tech)	2,793	3,361	-568
Total	**12,833**	**12,532**	**301**
As a %	*18%*	*20%*	
Asia			
Heavy Vehicles (HeV)	6	6	0
Light Vehicles and Industrial Tech (LeV & Ind Tech)	10,511	3,520	+6,991
Total	**10,517**	**3,526**	**+6,991**
As a %	*15%*	*6%*	
United States			
Heavy Vehicles (HeV)	-	30	-30
Light Vehicles and Industrial Tech (LeV & Ind Tech)	2,649	1,645	+1,004
Total	**2,649**	**1,675**	**+974**
As a %	*4%*	*3%*	
Rest of the world			
Heavy Vehicles (HeV)	82	20	+62
Light Vehicles and Industrial Tech (LeV & Ind Tech)	-	121	-121
Total	**82**	**141**	**-59**
As a %	*0%*	*0%*	
TOTAL	**72,423**	**62,060**	**+10,363**
Heavy Vehicles (HeV)	50,481	47,567	+2,914
Light Vehicles and Industrial Tech (LeV & Ind Tech)	21,942	14,493	+7,449

The Group's consolidated revenues amounted to €72,423 thousand in 2021 compared with €62,060 thousand in 2020, an increase of +€10,363 thousand or 17%. The growth in 2021 is mainly due to the end of the COVID-19 health crisis. Activity picked up faster in the light vehicle market segment, which has a shorter business cycle than heavy vehicles. The slower growth in the heavy vehicle market is mainly due to postponements in 2020 as a result of the COVID-19 pandemic and public procurement decisions, which in turn impact deliveries and sales in 2021. Nevertheless, the order backlog for 2022 is already higher than the 2021 revenues, which bodes well for the Group's business growth.

The Heavy Vehicles (HeV) business segment remained the largest contributor to the Group's consolidated revenues (70% in 2021 compared with 77% in 2020).

Revenues for this segment were €50,481 thousand in 2021, up +€2,914 thousand or 6% compared with 2020. This mainly results from:

- the sharp increase in revenues in France (+€2,012 thousand), mainly due to the sale of battery systems for the bus market, a direct consequence of the ramp-up with existing customers (Iveco/Heuliez) and the arrival of new customers (Starway), partially offset by lower performance with certain existing customers (Alstom), and;
- the increase in revenues in Europe (+€869 thousand), resulting mainly from the contribution of the contract entered into with Bamford Bus in the United Kingdom, partially offset by the one-off decline in orders from Caetano in Portugal in the European Heavy Vehicles (HeV) business segment.

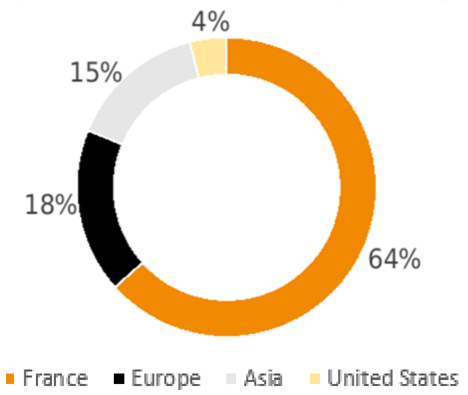
The Light Vehicles and Industrial Tech (LeV & Ind Tech) segment accounted for 30% of the Group's revenues in 2021 (compared with 23% in 2020).

Revenues for this segment were €21,942 thousand, an increase of +€7,449 thousand or 51% compared with 2020. This increase mainly reflects:

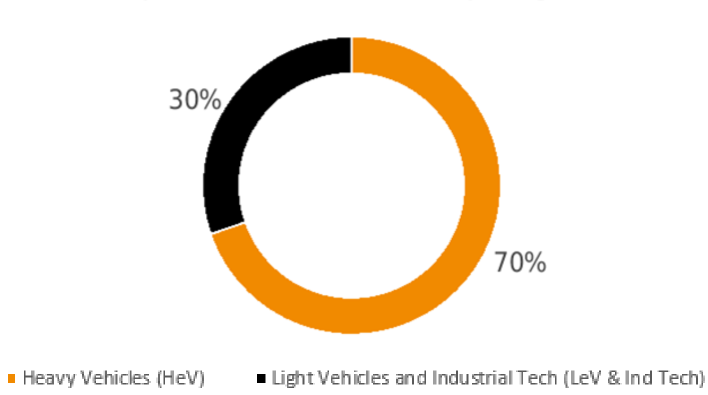
- the increase in revenues in Asia (+€6,991 thousand), a direct consequence of increased sales of battery packs for two-wheelers in China (Piaggio and Bosch) and India (Bosch), and;
- the increase in revenues in the United States (+€1,004 thousand), resulting from increased sales in the industrial technologies sub-segment (Victor Technologies).

These effects were partially offset by the decrease in revenues in Europe (-€568 thousand), explained by a general decline in part of the customer portfolio.

Breakdown of revenues by geographic area



Breakdown of revenues by business segment



Current operating income

The table below shows the components of the Group's current operating income, in absolute terms and as a percentage of revenues, for the periods indicated.

	Financial year				
	2021		2020 restated[a]		
	€ thousands	% of revenues	€ thousands	% of revenues	% change
Revenues	**72,423**	**-**	**62,060**	**-**	**+17%**
Other operating income and expenses	(1,042)	-1	(555)	-1	-88%
External services and purchases consumed	(66,008)	-91	(53,815)	-87	-23%
Personnel costs	(26,613)	-37	(18,266)	-29	-46%
Taxes and duties	(906)	-1	(867)	-1	-4%
Depreciation and amortisation	(4,762)	-7	(4,443)	-7	-7%
Provisions and impairment	925	1	(4,155)	-7	+122%
Current operating income (EBIT)	**(25,984)**	**-36**	**(20,039)**	**-32**	**-30%**

a) *The comparative consolidated financial statements as of December 31, 2020 have been restated from the published consolidated financial statements as of December 31, 2020. These restatements are detailed in Note 5.4 to the consolidated financial statements presented in section 5 of this document.*

- ***Revenues***

Refer to the analysis above.

- ***Other operating income and expenses***

Other operating income and expenses remained stable and represented an expense of €(1,042) thousand for the year ended December 31, 2021, compared with €(555) thousand for the year ended December 31, 2020, i.e. a decrease of - €487 thousand.

- ***External services and purchases consumed***

The breakdown of the item is as follows:

In € thousands	FY 2021	FY 2020 restated[a]
Purchases consumed, including foreign exchange gains and losses on purchases	(56,843)	(45,172)
Fees, external services	(3,058)	(3,447)
Leases, maintenance and insurance	(2,349)	(795)
Transport, travel and conference expenses	(2,426)	(2,233)
Study and research costs	(905)	(1,538)
Post and telecommunications expenses	(280)	(261)
Subcontracting	(26)	(327)
Other	(122)	(43)
External services and purchases consumed	**(66,008)**	**(53,815)**

a) *The comparative consolidated financial statements as of December 31, 2020 have been restated from the published consolidated financial statements as of December 31, 2020. These restatements are detailed in Note 5.4 to the consolidated financial statements presented in section 5 of this document.*

The increase in external services and purchases consumed of +€12,193 thousand, i.e. +23%, in 2021 compared with 2020, is mainly due to:

- the increase in purchases consumed of **+€11,671 thousand** (+26 % compared with 2020), mainly due to the increase in activity and partly explained by the rise in the prices of certain components (mainly the price of cells due to market conditions) and;
- the increase in rentals, maintenance and insurance for **+€1,554 thousand** mainly due to exceptional maintenance costs related to the Chasseneuil-du-Poitou plant.

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. The costs of these raw materials have risen due to higher production costs and increased demand in the electric vehicle market.

The prices of these raw materials fluctuate and their available supply may be unstable depending on market conditions and global demand, in particular due to increased global production of electric vehicles and energy storage products.

These increases are offset by commercial measures that make it possible to pass on all or part of these additional costs to customers.

- ***Personnel costs***

The +€8,347 thousand increase in personnel costs, i.e. an increase of 46% compared with 2020, is mainly due to the increase in share-based payment costs from €(464) thousand in 2020 to €(5,556) thousand in 2021 as well as the +30% increase in the average workforce (597 in 2021 versus 459 in 2020). The growth in the workforce is the result of both the increase in activity and the Group's effort to continue to upscale for the strong growth to come, as well as the takeover of the workforce of the former Holiwatt business.

As a percentage of revenues, salaries and social security charges, excluding the cost of share-based payments, remained stable at 28% in both 2021 and 2020, despite the impact of the acquisition of the former Holiwatt business.

- ***Taxes and duties***

Taxes, duties and similar payments were stable (+€39 thousand between 2020 and 2021) and amounted to €(906) thousand as of December 31, 2021, which is mainly explained by an increase in payroll taxes of €(453) thousand as of December 31, 2021 compared with €(371) thousand as of December 31, 2020 as a direct result of the increase in the payroll detailed above. As a percentage of revenues, taxes, duties and similar payments were stable at 1% as of December 31, 2021, unchanged from December 31, 2020.

- ***Non-current operating income***

In 2021, non-current operating income represented an expense of €(788) thousand, corresponding exclusively to uncapitalised costs resulting from the IPO.

- ***Net depreciation, amortisation and impairment***

The item breaks down as follows:

In € thousands	FY 2021	FY 2020 restated[a]
Amortisation and impairment of intangible assets	(2,307)	(2,123)
Amortisation of rights of use on property, plant and equipment	(1,123)	(1,283)
Amortisation and impairment of property, plant and equipment	(1,332)	(1,036)
Provisions for risks and charges	1,097	(1,252)
Net impairment of inventories and receivables	(172)	(2,903)
Net charges	**(3,837)**	**(8,597)**

a) *The comparative consolidated financial statements as of December 31, 2020 have been restated from the published consolidated financial statements as of December 31, 2020. These restatements are detailed in Note 5.4 to the consolidated financial statements presented in section 5 of this document.*

The item decreased from €(8,597) thousand in 2020 to €(3,837) thousand in 2021. Its contribution as a percentage of revenues declined, at 5% of revenues in 2021 compared with 14% in 2020.

A provision of €1,901 thousand recorded in 2020 was reclassified as an impairment loss in 2021 to cover the decline in the net realisable value of the 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 or on which management anticipates a risk that it will either not be able to sell the entire inventory or will have to grant exceptional price cuts in order to sell them. This is because these ranges are partly competing with other products that the Group has launched more recently.

Fixed assets and provisions are discussed in the comments on the balance sheet in paragraph 2.1.7 of this document.

Operating income (expense)

Given the factors presented above, the Group's operating income decreased by €6,733 thousand, of which €5,556 thousand attributable to the cost of share-based payments, posting at €(26,772) thousand in 2021 (compared with €(20,039) thousand in 2020).

Net financial income (expense)

The Group's net financial income decreased from €(6,311) thousand at end-December 2020 to €(11,192) thousand at end-December 2021, i.e. a decrease of **+€4,881 thousand**, mainly resulting from:

- the **+€437 thousand** increase in the cost of gross financial debt to €(5,468) thousand at the end of December 2021 compared with €(5,031) thousand at the end of December 2020. This is mainly due to the increase in the Group's financial debts as its borrowings gradually increased during the 2020 financial year, with in particular the convertible bond issue subscribed by the shareholders BPI and Eurazeo (formerly called Idinvest), and the obtaining of State-guaranteed loans from BNP Paribas, HSBC and Bpifrance as well as an Atout loan from Bpifrance. On the other hand, the conversion of part of these debts into capital, in particular the bond issue, just before the IPO, reduced the financial expense at the end of the 2021 financial year. (see Note 2 to the consolidated financial statements in section 5 of this document).
- Other financial income and expenses increased by **€4,443 thousand** net to €(5,723) thousand in 2021, compared with €(1,280) thousand in 2020. This change is explained in particular by:

- the change in the fair value of the Warrant A BSA derivative, which in 2021 generated a financial expense of +**€1,805 thousand**, adversely affecting net financial income.
- the increase in the effective interest rate, for **+€2,490 thousand**, explained by the increase in financial expenses between 2020 and 2021, mainly due to (i) the early repayment, in June 2021, of the €20 million EIB loan taken out in 2017, and (ii) the issue in June 2021 of the €21.5 million tranche A of the EIB loan.

- the **+€1,250 thousand** impact of the penalties paid to the EIB in 2021 due to the early repayment waiver after new financial debt had been taken out.
- the positive currency effect for **+€982 thousand**, a direct consequence of the trend in the US dollar.

Tax expense

The tax expense was €(134) thousand as of December 31, 2021 compared with €(3,711) thousand as of December 31, 2020. Theoretical tax income was €9,491 thousand as of December 31, compared with €6,983 thousand as of December 31, 2020. The change in the tax expense results from the change in deferred taxes.

The differences (i.e. tax income of €9,625 thousand in 2021 and €10,694 thousand in 2020) between the theoretical tax expense and the actual tax expense result mainly from the impact of deferred taxes on prior tax losses not recognised on the balance sheet (€9,653 thousand as of December 31, 2021 and €6,419 thousand as of December 31, 2020), and the write off in 2020 of €3,498 thousand in previously recognised tax losses due to the lack of profit prospects over the next three years.

Details of the tax expense are provided in Note 8.9 to the consolidated financial statements in section 5 of this document.

Net income

Given the factors set out above, the net result of the consolidated group represents a loss of €(38,097) thousand as of December 31, 2021 compared with a loss of €(30,062) thousand as of December 31, 2020, i.e. a decrease of -€8,035 thousand.

2.1.7 Comments on the main balance sheet items

Certain historical information included in the financial statements for the year ended December 31, 2020, used for comparative purposes, has been restated in relation to the consolidated financial statements published as of December 31, 2020.

(In € millions)	31.12.2021	31.12.2020	Change	Change (as a %)
Non-current assets	**41,738**	**35,780**	**+5,958**	**+17%**
Of which intangible assets[a]	14,892	12,060	+2,832	+23%
Of which property, plant and equipment[b]	18,643	16,731	+1,911	+11%
Of which non-current financial assets[c]	5,588	4,398	+1,190	+27%
Current assets	**124,859**	**56,749**	**+68,110**	**N/A**
Of which other current assets[d]	15,101	8,587	+6,514	+76%
Of which cash and cash equivalents[e]	70,770	11,273	+59,498	N/A
Total assets	**166,598**	**92,529**	**+74,069**	**+80%**
Equity[f]	**69,224**	**(32,934)**	**+102,158**	**N/A**
Liabilities (g)	**97,374**	**125,463**	**-28,089**	**-22%**
Of which bonds	-	28,727	-28,727	-100%
Of which loans from the EIB	20,351	18,765	+1,586	+8%
Of which Atout loan from BPI	4,375	5,000	-625	-13%
Of which State-guaranteed loans	18,400	17,526	+874	+5%
Of which rights of use liabilities	8,437	9,289	-852	-9%
Of which related-party liabilities	331	6,821	-6,491	-95%
Of which derivative financial instruments	6,972	4,457	+2,515	+56%
Provisions for risks and charges (h)	**5,316**	**6,413**	**- 1,097**	**- 17%**
Trade payables[i]	**13,599**	**8,684**	**+4,914**	**+57%**
Other liabilities (j)	**17,629**	**13,452**	**+4,177**	**+31%**
Total liabilities	**166,598**	**92,529**	**+74,069**	**+80%**

a) The increase in this item is mainly due to the capitalisation of research and development costs (+€4,106 thousand) and the effect of changes in the scope of consolidation arising from the integration of the former Holiwatt business (+€1,008 thousand). These effects were partially offset by the increase in amortisation and impairment related to the increase in intangible assets (-€2,290 thousand). Intangible assets are detailed in Note 7.2 to the consolidated financial statements - section 5 of this document.

b) Property, plant and equipment are detailed in Note 7.3 to the consolidated financial statements - section 5 of this document.

c) Other non-current financial assets consist mainly of a cash pledge (€3,973 thousand at end-December 2021 compared with €3,663 thousand at end-December 2020). The Group had a first demand payment guarantee of USD 7,000 thousand from a banking institution in favour of a foreign supplier until December 31, 2021. This first demand payment guarantee was secured by a cash pledge in the amount of USD 4,500 thousand. As this cash was not immediately available, this cash pledge is not presented in the "Cash" item but in the "Financial assets" item, in accordance with IAS 7.

d) The increase in this item is due to the recognition in 2021 of research tax credit (CIR) receivables relating to the 2018, 2019 and 2020 financial years for €2,237 thousand. In addition, advances and deposits paid increased by +€2,547 thousand and tax receivables by +€1,544 thousand (see Note 7.7 to the consolidated financial statements - section 5 of this document).

e) As of December 31, 2020, cash and cash equivalents consisted of demand deposits in euros and US dollars. Cash flows are analysed in paragraph 2.2.5.

f) Movements affecting the Group's equity in FY 2020 and FY 2021 are detailed in the consolidated statement of changes in equity and the related note (see paragraph 2.1.8.1 of this document and section 5 "Consolidated statement of changes in equity").

g) Borrowings and debts are detailed in section 2.3 below and in Note 7.11 of - section 5 of this document.

h) They consist mainly of the provision for:

- *after-sales service, intended to cover the risk of future after-sales service costs arising from Forsee Power's liability for products sold (€3,279 thousand at end-2021 compared with €2,426 thousand at end-2020);*
- *recycling, set aside to cover the estimated future costs of recycling battery systems sold, for which the Group has a take-back and recycling commitment in the event that customers return batteries (€709 thousand at end-December 2021 compared with €999 thousand at end-December 2020). The decrease in this provision between the two financial years is the direct result of the change of supplier made by the Group in 2021. As this new supplier located in Poland charges lower prices per tonne, the provision set aside was reduced accordingly, and;*
- *the provision set aside in respect of the dispute with Unu GmbH, for €651 thousand as of December 31, 2020.*

i) The increase in trade payables is mainly due to the increase in component purchases for battery pack production in line with the increase in business activity.

j) The non-current portion came to €3,683 thousand as of December 31, 2020 (€3,197 thousand as of December 31, 2020) and the current portion came to €13,946 thousand as of December 31, 2021 (€10,255 thousand as of December 31, 2020). Other liabilities correspond mainly to advances and deposits received, social security and tax liabilities, deferred income on specific battery warranty extensions and benefits granted on interest free State-guaranteed loans maturing in one to five years. Other liabilities are detailed in Note 7.16 to the consolidated financial statements in section 5 of this document.

2.1.8 Equity, cash and debt

2.1.8.1 Equity

On November 3, 2021, Forsee Power completed a capital increase by way of an initial public offering (IPO) of €100 million through the issuance of 13,793,103 new ordinary shares at a price of €7.25 per share, followed by the start of trading in the shares in compartment B of the Euronext Paris regulated market.

This initial public offering was followed by a "greenshoe" over-allotment option between November 3 and December 2, 2021 on 1,116,731 existing ordinary shares acquired from the selling shareholders at the offering price of €7.25, representing a total amount of €8,096 thousand.

Equity attributable to owners of the Group's parent company therefore came to €69,224 thousand as of December 31, 2021 and €(32,934) thousand as of December 31, 2020. The change between the two periods mainly reflects:

- the capital increase resulting from the IPO described above, and;
- the net loss for the period of €(38,097) thousand compared with €(30,062) thousand a year earlier.

Changes in equity are detailed in the Group's consolidated financial statements in section 5 of this document.

2.1.8.2 Group consolidated cash flows

The comparative financial statements for the year ended December 31, 2020, commented on below, have been restated in detail in Note 5.4 to the consolidated financial statements, in section 5 of this document.

in € thousands	**FY 2021**	**FY 2020**	**Change**
Cash flow from operating activities	(18,324)	(21,924)	+3,600
Cash flow from investing activities	(10,182)	(10,032)	-150
Cash flow from financing activities	87,921	40,330	+47,591
Change in cash and cash equivalents	**59,498**	**8,359**	**+51,139**

- ***Cash flow from operating activities***

in € thousands	**FY 2021**	**FY 2020**	**Change**
Operating income	(26,772)	(20,039)	-6,733
Eliminations [(a)]	8,031	5,858	+2,173
Impact of changes in working capital requirements [(b)]	357	(7,714)	+8,071
Tax expense paid (income received) [(c)]	59	(29)	+88
Cash flow from operating activities	**(18,324)**	**(21,924)**	**+3,600**

a) *This flow includes non-cash changes, such as depreciation, amortisation and provisions, capital gains and losses on disposals, share-based payments, non-capitalised expenses on capital increases and IPOs, and the research tax credit (CIR) income deducted from operating expenses. In 2021, the main eliminations related to depreciation, amortisation and provisions (€3,737 thousand), share-based payments (€5,556 thousand) and the research tax credit (€2,237 thousand). In 2020, they related mainly to depreciation, amortisation and provisions for €5,761 thousand (see the consolidated cash flow statement - section 5 of this document).*

b) *The change in the impact of the change in working capital requirements mainly related to changes in inventories between 2020 and 2021. In 2020, the Company had increased its inventory level due to the sudden drop in activity at the very beginning of the COVID-19 crisis. The fall in the inventory level in 2021 reflects both a healthy level of activity and a return to a more normal situation compared with that at the start of the COVID-19 crisis.*
Furthermore, following the strengthening of its cash position in 2020 as a result of the financing received in the form of convertible bonds (€30 million), State-guaranteed loans (€20 million) and an Atout loan (€5 million), the Company had taken steps with its main suppliers and credit insurance companies to extend its payment terms. In particular, the Company had put in place a USD 7 million first demand payment guarantees through its banking partner HSBC for the benefit of its largest supplier LG Energy Solution, enabling a 75-day increase in the payment term with this supplier. These measures had already paid off in 2020 and continued to have a positive impact on trade payables in 2021. (see consolidated cash flow statement - section 5 of this document).

c) *See the consolidated cash flow statement and Note 8.9 to the Group's consolidated financial statements in section 4.1 of this document.*

The reduction in cash flow from operating activities (-€3,600 thousand) is directly attributable to the decline in operating income of -€6,733 thousand (see the analysis made in paragraph 2.1.6 of this document), partially offset by the improvement in the change in working capital requirements (+€8,071 thousand).

- *Cash flow from investing activities*

in € thousands	**FY 2021**	**FY 2020**	**Change**
Acquisition of fixed assets (net of liabilities and advances paid)[(a)]	(9,361)	(6,495)	-2,866
Investment grant for an R&D project	337	-	+337
Cash pledge[(b)]	-	(3,663)	+3,663
Assets managed under liquidity contract	(500)	-	-500
Realised gains (losses) on liquidity contract	(2)	-	-2
Disposal of fixed assets (net of receivables)	-	126	-126
Proceeds from financial assets	45	-	+45
Holiwatt acquisition[(c)]	(700)	-	-700
Cash flow from investing activities	**(10,182)**	**(10,032)**	**- 150**

a) *The level of fixed asset acquisitions (net of liabilities and advances paid) increased between 2020 and 2021, in line with the increase in activity. These acquisitions mainly concern research and development expenses, as well as those enabling the Company to increase its production capacity or improve its production facilities in its various plants (see the consolidated cash flow statement - section 5 of this document).*

b) *In 2020, this pledge enabled the Company, through a bank guarantee provided by HSBC, to increase its payment terms with its main supplier by approximately 75 days, thereby optimising its working capital requirements. (see the consolidated cash flow statement - section 4.1 of this document).*

c) *The Holiwatt acquisition is detailed in paragraph 2.1.4.3 and in Note 2 to the Group's consolidated financial statements in section 5 of this document.*

Cash flow from investing activities was stable due to (i) the increase in fixed asset acquisitions as a result of the increase in activity, and (ii) the impact in 2020 of the cash pledge.

- *Cash flow from financing activities*

in € thousands	FY 2021	FY 2020	Change
Capital issue through IPO[a]	100,000	-	+100,000
Payment of IPO issue expenses[a]	(6,423)	-	-6,423
Subscription to warrant C BSA issue	4	-	+4
Payment of capital issue expenses (excluding IPO)	(148)	(86)	-62
Change in other financial liabilities	15	(8)	+23
New borrowings[b]	30,000	55,000	-25,000
Short-term credit line for WCR financing	-	(4,500)	+4,500
Repayment of borrowings[c]	(29,161)	(33)	-29,128
Debt repayments on leased real estate	(880)	(634)	-246
Factoring financing[d]	(1,381)	(7,856)	+6,474
Payment of EIB loan issuance costs	(108)	(40)	-68
Change in financial liabilities with related parties	-	660	-660
Penalty paid to the EIB and other bank charges[e]	(1,562)	(86)	-1,476
Financial expenses paid	(2,433)	(2,086)	-346
Cash flow from financing activities	**87,921**	**40,330**	**+47,591**

a) *In 2021, these flows correspond to the capital increase carried out by the Group on November 3, 2021 for €100 million. Total expenses relating to the IPO amounted to €7,453 thousand, of which €6,864.7 thousand charged to issue premium and €788 thousand presented as non-current operating expenses. Proceeds net of expenses received from the capital increase in cash came to €92.5 million (see Note 2 to the consolidated financial statements - section 5 of this document).*

b) *In 2021, the Group issued €30 million in OC5 convertible bonds to the SPI fund (€15 million) and to Idinvest (€15 million) in February and may 2020. These bonds were converted on September 28, 2021 into 76,923 shares (refer to Note 7.11 to the consolidated financial statements - section 5 of this document). In 2020, new borrowings consisted mainly of the subscription in equal parts by the shareholders BPI and Eurazeo (formerly known as Idinvest) to convertible bonds issued by the Company in February and May 2020 for a total amount of €30 million, State-guaranteed loans for €15 million, the Atout loan taken out with BPI for €5 million and the innovation support loan for €5 million granted by BPI.*

c) *In 2021, this flow corresponded mainly to the repayment of the EIB loan taken out in 2017 for €20 million and the repayment of tranche B of the EIB loan granted in 2020 for €8.5 million.*

d) *See paragraph 2.2.2.4 of this document.*

e) *In 2021, this flow corresponded mainly to the penalties paid to the EIB in connection with the September 28, 2021 early repayment waiver agreement after new financial debt for €1,250 thousand was taken out.*

The increase in cash flow from financing activities is mainly attributable to (i) the capital increase in 2021, (ii) the increase in repayments on existing financing and (iii) the decrease in new borrowings. These effects are detailed in the table above.

2.1.8.3 Financial debt

The schedule of financial debts is detailed in the table below and in Note 7.11 to the consolidated financial statements in section 5 of this document.

in € thousands	**December 31, 2020**	**Issuance**	**Repayments**	**Debt issuance costs**	**Interest recognised on interest free loans**	**Reclassification**	**Currency translation effects**	**Effective interest method impact**	**Net change**	**Conversion to capital**	**Fair value**	**IFRS 16 loan issuance**	**December 31, 2021**
Bond issues (1)	28,727					0		0		(30,000)	1,272		0
Loan from the EIB (2)	18,765	30,000	(28,500)	(108)				2,467			(2,273)		20,351
Atout loan from BPI	5,000		(625)										4,375
State-guaranteed loan from BPI	5,000												5,000
State-guaranteed loan from BNP (3)	6,263				278	197		7					6,746
State-guaranteed loan from HSBC (3)	6,263				305	79		7					6,654
Right-of-use liability - non-current	9,289					(939)	17					70	8,437
Deposits and guarantees received	56		(36)										20
Related-party liabilities	6,821									(6,491)			331
Debt for financing trade receivables (4)	1,382								(1,381)				
Long-term financial debt	**87,566**	**30,000**	**(29,161)**	**(108)**	**583**	**(663)**	**17**	**2,482**	**(1,381)**	**(36,491)**	**(1,001)**	**70**	**51,915**
Accrued interest on financial liabilities	3,856	4,219	(2,412)				0			(4,800)			863
Right-of-use liability - current	896		(880)			853	10						878
Short-term credit line													
Fair value hedges related to foreign exchange risk (5)													
Accrued interest not yet due	3								15				18
Bank overdrafts (cash liability)									0				0
Short-term financial debt	**4,754**	**4,219**	**(3,293)**			**853**	**11**		**15**	**(4,800)**			**1,759**
Gross financial debt	**92,321**	**34,219**	**(32,454)**	**(108)**	**583**	**190**	**28**	**2,482**	**(1,366)**	**(41,291)**	**(1,001)**	**70**	**53,673**
Of which													
Current	*4,864*	*4,219*	*(3,293)*			*853*	*11*		*(1,366)*	*(4,800)*	*1,272*		*1,759*
Non-current	*87,456*	*30,000*	*(29,161)*	*(108)*	*583*	*(663)*	*17*	*2,482*		*(36,491)*	*(2,273)*	*70*	*51,913*

- ***Bond financing***

In February and May 2020, the Company issued €30 million of OC 5 convertible bonds to the SPI fund (€15 million) and to Eurazeo (formerly known as Idinvest) (€15 million). These bonds were converted on September 28, 2021 into 76,923 shares.

See Note 7.11 to the consolidated financial statements in section 5 of this document.

- ***EIB loans***

The Company and the EIB entered into a €20 million credit agreement in 2017 with provision of the first tranche of €7.5 million in March 2018, the second tranche of €7.5 million in October 2018 and the third and final tranche of €5 million in December 2019. This €20 million loan was repaid in full in June 2021.

It was accompanied by 6,857 $_{\text{EIB Warrant A}}$BSA issued on March 15, 2018, leading in the event of exercise to the issuance of 854,000 ordinary shares.

A new EIB loan was signed in December 2020 for which tranche A, of €21.5 million, was disbursed on June 16, 2021. This tranche was accompanied by 3,500 $_{\text{EIB Warrant C}}$ BSA issued on June 4, 2021, leading in the event of exercise to the issuance of 386,400 ordinary shares. On September 28, 2021, the Company obtained a prior approval requested from the EIB to be able to carry out the various capital restructuring operations prior to the IPO as well as the IPO itself. In consideration for this approval, the capitalised interest rate applicable to tranche A of the EIB loan was increased by 0.5% from 4% to 4.5% per year (applicable retroactively). In addition, the EIB required the payment of a restructuring fee of €1,255 thousand, which was paid in December 2021.

Tranche B was disbursed on October 21, 2021 for an amount €8.5 million and then fully repaid early in November 2021. The issue of tranche B was not accompanied by an issue of 1,000 $_{\text{EIB Warrant D}}$ BSA following the waiver agreement of September 28, 2021.

The financial derivatives on the EIB loans ($_{\text{EIB Warrant A}}$ BSA and $_{\text{EIB Warrant C}}$BSA) are presented below in paragraph 2.1.8.5.

The EIB financing is detailed in Note 7.11 to the consolidated financial statements in section 5 of this document.

- ***Other bank financing***

In 2020, the Company had received €25.0 million in bank financing through:

- State-guaranteed loans (PGE), in order to cover its cash flow needs, particularly in the context of delays in its projects, and to cope with the consequences of the COVID-19 pandemic. These totalled €20 million and break down as follows: (i) two State-guaranteed loans divided equally between HSBC and BNP Paribas for an amount of €7,500 thousand each at an annual percentage rate of 1.69% and 2.14% respectively, solely for the Company's operating needs in France (HSBC) and for the financing of its cash flow to support its business in France (BNPP); and (i) an innovation support loan (PGE) granted by Bpifrance for an amount of €5,000 thousand at an annual percentage rate of 2.35%. In accordance with the legal regime applicable to State-guaranteed loans, these loans had an initial maturity of one year from the date they were made available. They do not impose any financial covenants. The Company has elected to repay all of its State-guaranteed loans over the longest available term. As a result, the three State-guaranteed loans are eligible for an additional one-year grace period for repayment of the principal, which will be repaid on a straight-line basis until 2026.

  The State-guaranteed loan taken out with BNP Paribas was also amended on March 19, 2021, mainly to introduce a new interest rate on the loan of 0.75 % from its initial maturity date (June 4, 2021) and to adjust the repayment schedule to quarterly instalments in accordance with the terms and conditions set out in the agreement.

  The Company's representations and undertakings under these agreements and the events of early repayment stipulated therein are in line with market standards for this type of loan (State-guaranteed loans - PGE) and mainly concern 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 of State-guaranteed loans.
- the Atout loan granted by Bpifrance, in the amount of €5 million and at an annual percentage rate of 5%. This loan has a one-year grace period and will then be repaid quarterly from August 31, 2021 to May 31, 2025. It does not impose any financial covenant. The Company's representations and undertakings under this agreement, as well as the events of early repayment, are similar to those of the State-guaranteed loan referred to above.
- Lastly, in 2021 the Company obtained three new credit lines of €3 million each, at an interest rate of 2%, and accompanied by a 130% pledge on inventory. These agreements are governed by both special and general terms and conditions. The general terms and conditions include "standard"

immediate repayment clauses, including the requirement to reconstitute 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. As of December 31, 2021, these three credit lines were available and undrawn. See paragraph 2.1.8.2 "Group consolidated cash flow statement".

See Note 7.11 to the consolidated financial statements in section 5 of this document.

- ***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.

The outstanding receivables financed by factoring with and without recourse are detailed in the table below and in Notes 3.3.10 and 7.6 to the consolidated financial statements - section 5 of this document:

€ thousands	31.12.2021	31.12.2020
Assignment of receivables without recourse	4,067	2,086
Assignment of receivables with recourse	-	1,520
Total receivables assigned	4,067	3,606

- *Right-of-use liability*

The right-of-use liability amounted to €9,315 thousand as of December 31, 2020 and €10,185 thousand as of December 31, 2020. The decrease in this lease liability is explained by the repayment of principal and lease liabilities over the period.

2.1.8.4 Schedule of financial debts

The schedule of financial debts is detailed in the table below and in Note 7.11 to the consolidated financial statements in section 5 of this document.

2.1.8.5 Derivatives on financial instruments

Derivatives on financial instruments are detailed in the table below and in Note 7.12 to the consolidated financial statements in section 5 of this document.

in € thousands	**Date of issue**	**Expiry date**	**Number of BSA instruments**	**Number of shares subscribed if the BSA are exercised**	**December 31, 2021**	**December 31, 2020**
Warrant A BSA for EIB	March 18, 2018	March 15, 2028	6,857	854,000	4,789	2,984
Warrant C BSA for EIB	June 4, 2021	June 4, 2041	3,500	386,400	2,184	
Derivative on OCA 5	March 1, 2020	March 1, 2025				1,473
Total			**10,357**	**1,240,400**	**6,972[1]**	**4,457[1]**

(1) Number of shares subscribed in the event of exercise of BSA and before stock split.

The derivatives on financial instruments mature in more than five years.

2.1.9 Information about the parent company

2.1.9.1 Business activity

Forsee Power SA is a company specialising in the design and integration of specialised batteries:

- in the field of autonomy and mobility (bicycles, scooters, rolling stock, medical facilities, home automation, professional tools and more);
- in electric transport (buses, trucks, trams, shipping and rail transport, marine and offshore vessels) and storage of electrical energy (residential, commercial and industrial markets).

2.1.9.2 Comments on the business activity of the parent company

in € thousands	FY 2021	FY 2020
Revenues	**66,878**	**61,084**
Operating income	(22,157)	(19,712)
Net financial income (expense)	(4,478)	(4,858)
Non-current income	(1,228)	(72)
Corporate income tax	(2,237)	0
Profit (loss) for the year	**(25,627)**	**(24,640)**
Share capital	5,321	2,999
Financial liabilities	47,024	85,548
Cash and cash equivalents	69,664	10,673

- ***Revenues***

Revenues came to €66,878 thousand in 2021, up +€5,794 thousand from 2020. They consisted mainly of the sale of battery systems for heavy vehicles, up by +€3,440 thousand due to the increase in volumes with three of the Company's main customers.

- ***Operating income***

Operating income came to €(22,157) thousand in 2021 compared with €(19,712) thousand in 2020. This -€2,445 thousand decrease is mainly due to the -€4,575 thousand increase in payroll costs resulting from the increase in the workforce during the period, partially offset by a net increase in provisions and reversals of +€1,212 thousand.

These effects were partially offset by the +€5,794 thousand increase in revenues (explained above).

- ***Net financial income (expense)***

Net financial income increased by +€380 thousand compared with 2020. This increase was mainly due to positive exchange rate differences of around +€639 thousand during the period.

- ***Non-current income***

Non-current income was €(1,228) thousand in 2021 compared with €(72) thousand in 2020.

The non-current expense recognised in 2021 corresponds mainly to penalties invoiced by the EIB following the repayment of tranche B in November 2021 for €(1,255) thousand.

This aggregate is detailed in section 4 - Note 18 "non-current income" of this document.

- ***Tax expense***

In the second half of 2021, the Company appointed an expert firm to assess the research tax credit (CIR).

The tax expense of €(2,237) thousand recognised in 2021 results exclusively from an additional filing of CIR claims for the 2018, 2019 and 2020 financial years, following the work of this expert firm appointed by the Company.

This aggregate is detailed in section 4 - Note 19 "taxes" of this document.

- ***Net income***

Net income thus amounted to €(25,627) thousand, down by €(986) thousand from 2020.

- ***Financial position***

Forsee Power SA's financial liabilities amounted to €47,024 thousand in 2021, down by €38,524 thousand compared with 2020. This decrease is mainly due to the €32,121 thousand decrease in convertible bond issuance and the -€6,412 thousand decrease in miscellaneous loans and financial debts.

The increase in cash and cash equivalents of +€58,991 thousand compared with 2020 is due to the IPO of Forsee Power on November 3, 2021, involving a capital increase of €100 million.

2.1.9.3 Outlook and trends

The outlook set out below is based on data, assumptions and estimates, including as regards the economic outlook, that the Group considers to be reasonable as of the date of this document.

This outlook, which results from the Group's strategy, does not constitute forward-looking data or profit forecasts. The figures, data, assumptions, estimates and objectives presented below may change or be modified in an unforeseeable manner, depending, inter alia, 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 this document.

In addition, the occurrence of certain risks described in paragraph 2.3 of this document could have an adverse impact on the Group's business, financial position, market situation, results or outlook and therefore jeopardise its ability to achieve the objectives presented below.

Furthermore, the achievement of these objectives requires the successful orientation and implementation of the Group's strategy.

As a result, the Group does not make any commitment or give any guarantee that the objectives set out in this section will be achieved.

The Group has established its objectives in accordance with the accounting methods applied in the Group's consolidated financial statements for the year ended December 31, 2020. This outlook is based on the Group's scope of consolidation as of December 31, 2021, and on future growth in line with the implementation of the Group's strategy. This outlook does not take into account a further deterioration in the health situation in the countries where the Group operates.

- ***Internal assumptions:***

  - The Group's capacity to produce additional volumes from its current facilities, which will be gradually scaled up as needed;

  - Implementation of the Group's productivity plan, which consists of developing, producing and marketing new battery systems that are less and less expensive, offer more functionality and also generate better margins;

  - Continued implementation of the Group's strategy;

  - No significant changes in the economic and financial terms and conditions negotiated with suppliers compared with those in force on December 31, 2021;

  - Use of factoring lines for deconsolidating trade receivables under IFRS, and the ability to obtain new lines of the same type from banking partners;

  - Improvement in the quality of the Company's credit with credit insurance companies and the Banque de France, allowing for a gradual improvement in supplier payment terms;

  - Optimisation of inventory levels with the relocation of certain supplies, in particular battery cells from Asia to Europe; this relocation will depend on the ability of European suppliers to offer cells with satisfactory characteristics and price levels; and;

  - Maintaining a policy of rigorous capital expenditure management, giving preference to solutions that provide a rapid return on investment.

- ***Macroeconomic and market assumptions:***

  - No lasting worsening of supply conditions that may create a shortfall in revenues and a deterioration in profitability;

  - Market growth in the Group's selected business segments and continued market share gains;

  - Average annual growth rate of more than 40% over the period 2021-2027;

  - Gradual increase in the weight of the Heavy Vehicles (HeV) business segment in the Group's total revenues over the period 2021-2027, and;

  - No significant change in the regulatory (including interpretations that may be adopted by certain national regulators) and tax environment existing as of the date of this document.

- ***Objectives***

As announced at the time of the 2021 sales release, Forsee Power will continue to deploy its strategic plan in 2022, as unveiled at the time of its IPO. In a favorable environment, benefiting from the Biden climate plan and exponential demand for electric mobility solutions in the United States, Forsee Power is currently involved in an active prospecting process to establish its industrial base in the United States with a view to starting operations by the end of 2022. The setting up of an industrial site in the United States will enable the Group to have a total production capacity of around 10 GWh, of which 1 GWh will be produced locally by 2027.

At the same time, the Company is pursuing its projects in the high-value-added off-highway and rail markets as well as its R&D initiatives to consolidate its technological leadership and expand its product and service offering.

The Company is rolling out its sustainable development roadmap in accordance with the announced plan and in line with its mission statement: to contribute to the climate change mitigation effort by offering the most comprehensive range of batteries and services to enable sustainable electromobility. Forsee Power will publish its extra-financial performance statement in the coming weeks, including a section on the European taxonomy.

Given the uncertainties linked to the Covid-19 crisis in China, where the Group operates one of its four production sites, the indirect impacts of the conflict in Ukraine (logistical impact between Asia and Europe, increase in the price of raw materials) and the context of tension on the supply of certain electronic components, the Company is suspending its objective of reaching break-even in 2023. As soon as the situation normalizes, the Company will inform the financial markets of the date on which it expects to reach operating breakeven.

However, Forsee Power confirms all of its financial objectives for 2027, namely to achieve revenues of approximately €600 million and EBITDA and adjusted EBITDA margins both above 15%.

2.1.9.4 Research and development activities

The Group has three research and development (R&D) centres, located in France and China. 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 and production start-up as well as the monitoring and maintenance of products and systems in service.

The Group's R&D teams have a wide range of multidisciplinary skills, including:

- electrochemistry, including material physics and physico-chemical kinetics: advanced analysis of ageing phenomena over the entire life cycle (storage, recycling, etc.);
- functional analysis of the system and overall electrical scaling;
- comprehensive multi-scale thermomechanical design (cells, modules, packs, vehicle system);
- wiring systems (power; instrumentation and control);
- cooling system;
- analogue 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 (embedded 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:

- scaling and preliminary overall architecture analyses;
- functional and behavioural modelling based on 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 integration testing, verification, qualification, validation and certification;
- development of thermomechanical and wiring sub-assemblies;
- development of power electronics products and modules;

- digital and analogue electronic development;
- embedded software development compliant with applicable standards implementing advanced control and regulation algorithms to maximise system performance and life span.

As most of the Group's products and systems are embedded in vehicles with an average life span of more than 10 or 12 years, the Group's engineers focus on designing robust solutions to meet the various requirements. In addition, R&D activities aim to optimise the 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 those 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 need for cross-functionality and genericity across the range of products, systems and solutions offered by the Group, while taking into account the specific characteristics of each range.

R&D cycles include:

- a concept study or exploration phase, from a predominantly scientific and technological perspective, which may involve external collaborations;
- a functional modelling phase aimed at demonstrating technical feasibility (key features and performance), as well as establishing a first technical-economic framework;
- iterative prototyping phases, until achieving product-process representativeness prior to preparation of mass production.

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

Following the takeover of the assets attached to the Holiwatt autonomous business in late July 2021, certain products and know-how are protected by filed patents. As of the date of this document, the Group has 21 patents filed, 11 of which are in force and the majority of which are granted or filed in several countries.

2.1.9.5 Table of results for the last five financial years

Result	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
I. Financial position at year-end (in €k)					
a) Share capital	5,321	2,999	2,999	2,452	2,188
b) Number of shares composing the share capital	53,210,003.00	299,876.00[(1)]	299,876.00[(1)]	245,219.00[(1)]	218,844.00[(1)]
Number of shares issued with a nominal value of €1					
Number of shares issued with a nominal value of €2					
c) Number of bonds convertible into shares	-	123,957.00	-	-	-
II. Results from operations (in € thousands)					
a) Revenues excluding tax	66,878	61,084	53,511	24,831	17,053
b) Earnings before tax, depreciation, amortisation and provisions	(10,723)	(13,701)	(19,523)	(18,586)	(13,814)
c) Corporate income tax	(2,237)	-	(28)	(82)	(170)
d) Earnings after tax, depreciation, amortisation and provisions	(25,627)	(24,641)	(25,397)	(22,465)	(17,005)
e) Amount of distributed earnings	-	-	-		
III. Earnings per share (in euros)					
a) Earnings after tax but before depreciation, amortisation and provisions	(0.20)	(45.69)	(65.10)	(75.79)	(63.12)
b) Earnings after tax, depreciation, amortisation and provisions	(0.48)	(82.17)	(84.69)	(91.61)	(77.70)
c) Dividend paid per share	-	-	-	-	-
IV. Staff (in € thousands)					
a) Number of employees	284.00	257.00	215.00	154.00	107.00
b) Payroll costs	(14,423)	(11,923)	(10,928)	(7,811)	(5,717)
c) Amount paid for social benefits (social security, services, etc.)	(7,198)	(5,123)	(4,485)	(3,368)	(2,446)

(1) Number of shares before the stock split carried out on October 15, 2021.

2.1.9.6 Customer and supplier payment terms

Pursuant to Article L.441-6-1 of the French Commercial Code, the table below provides information on payment terms for the Company's suppliers and customers:

Article D.441 I.-1: Invoices received and due but not paid at financial year-end

SUPPLIERS	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Late payment lengths						
Number of invoices concerned (1)	2,117	44	30	21	906	1,001
Total amount of invoices concerned incl. VAT (1)	-5,621,886.29	-186,086,57	-953,215.77	-2,881.97	-200,416.49	-1,342,600.80
Percentage of total purchases incl. VAT for the year (1)	7%	0%	1%	0%	0%	2%
(B) Invoices excluded from (A) relating to disputed or unrecognised liabilities						
Number of invoices excluded						
Total amount of invoices excluded						
(C) Reference payment terms used (contractual or statutory - Article L.441-6 or Article L.443-1 of the French Commercial Code)						
Payment terms used to calculate late payments		30 days				

(1) This includes transactions with subsidiaries whose payment terms differ from those of suppliers.

Article D.441 I.-2°: Invoices issued and due but not paid at financial year-end

CUSTOMERS	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Late payment lengths						
Number of invoices concerned (1)	836	18	13	8	111	150
Total amount of invoices concerned incl. VAT (1)	15,050,010.16	1,790,176.57	837,495.11	209,035.50	1,048.990.79	3,885,697.97
Percentage of total sales incl. VAT for the year (1)	19%	2%	1%	-	1%	5%
(B) Invoices excluded from (A) relating to disputed or unrecognised liabilities						
Number of invoices excluded						
Total amount of invoices excluded						
(C) Reference payment terms used (contractual or statutory - Article L.441-6 or Article L.443-1 of the French Commercial Code)						
Payment terms used to calculate late payments		30 days from invoice date				

(1) This includes transactions with subsidiaries whose payment terms differ from those of customers.

2.1.9.7 Amount of intercompany loans granted and statement by the statutory auditor

Not applicable.

2.1.9.8 Financial penalties

Not applicable.

2.1.10 Other information

- ***Additional tax information***

In accordance with the provisions of Article 223 *quater* of the French General Tax Code, we hereby inform you that no non-tax-deductible expenses were incurred during the past financial year.

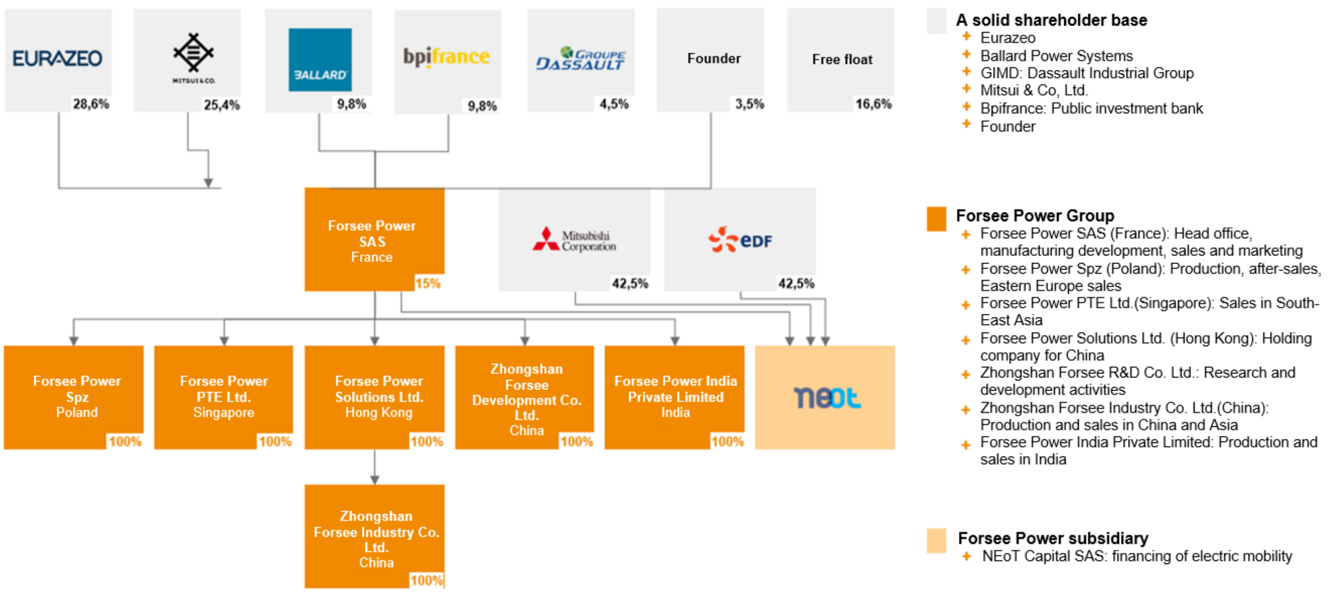
In addition, none of the general operating expenses referred to in Articles 39-5 and 223 *quinquies* of the French General Tax Code that do not appear on the special statement were incurred.

- ***Injunctions or financial penalties for anti-competitive practices***

Not applicable.

2.1.11 Simplified organisation chart

The simplified organisation chart below presents the legal organisation of the Group and its main subsidiaries as of the date of this document. The percentages mentioned for each entity are the ownership percentages.



NeoT is not a consolidated entity of the Group.

2.1.12 Significant subsidiaries

Company	Location	Currency	December 31, 2021			December 31, 2020		
			% control	% ownership	Consolidation method	% control	% ownership	Consolidation method
1 - Forsee Power SA	France	Euro	100%	100%	parent company	100%	100%	FC
2 - Forsee Power Solutions Ltd.	Hong Kong	Hong Kong dollar	100%	100%	FC	100%	100%	FC
3 - Zhongshan Forsee Power Industry Co. Ltd.	China	Yuan renminbi	100%	100%	FC	100%	100%	FC
4 - Zhongshan Forsee Power Development Co. Ltd.	China	Yuan renminbi	100%	100%	FC	100%	100%	FC
5 - Forsee Power Spz	Poland	Zloty	100%	100%	FC	100%	100%	FC
6 - Forsee Power India Private Ltd.	India	Indian rupee	100%	100%	FC	100%	100%	FC
7 - Forsee Power Pte Ltd.	Singapore	Singapore dollar	100%	100%	FC	100%	100%	FC
8 - NEoT Capital	France	Euro	15%	15%	NC	15%	15%	NC

Information on the Company's direct or indirect shareholdings is provided in section 5 of this document in Note 4 to the Group's consolidated financial statements "Information on the scope of consolidation" and in Note 18 to the annual financial statements "Table/list of subsidiaries and shareholdings" in section 4.

2.1.13 Existing branches

Not applicable.

2.1.14 Recent acquisitions and sales of subsidiaries

Changes in the scope of consolidation are detailed in Notes 4, 5.1 and 5.2 to the Group's consolidated financial statements for the year ended December 31, 2021 in section 5 of this document.

2.1.14.1 Acquisitions

The Group continued to expand in the rail battery systems market with the takeover of the assets attached to the autonomous business of Holiwatt , formerly Centum Adetel Transportation, a specialist in rail energy storage and rapid charging systems based in Ecully, near Lyon.

Pursuant to a ruling of July 21, 2021, Forsee Power acquired Holiwatt's business (ex-Centum Adetel Transportation) a specialist in rail energy storage and rapid charging systems and part of its workforce for €700 thousand. This business acquisition strengthens the Group’s position in the rail transport market.

2.1.14.2 Creations

- Creation of Forsee Power India in July 2020, wholly owned by Forsee Power SA;
- Integration of the financial statements for the subsidiary Forsee Power Pte located in Singapore, wholly owned by Forsee Power SA.

2.1.14.3 Disposals

None.

2.1.15 Disposals of cross-shareholdings

Not applicable.

2.2 Internal control and risk management

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 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.

As of the date of this 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 and which are specific to the Group's business activities.

This section provides a summary of the key risks that the Group may face in its business activities. The mentioned risks are for illustrative purposes only and are not exhaustive. These or other risks not identified at the date of filing of this document, or considered as not significant by the Group at the date of filing of this document, could have an adverse effect on the Group's business activities, financial position, results or development prospects.

It should also be noted that some of the risks, whether or not they are mentioned in this document, may be triggered or occur as a result of external factors, as these risks are beyond the Group's control.

The main risks affecting the Group can be divided into five categories:

- Risks related to the Group's business sector
- Risks related to the Group's business activity

- Risks related to the Group's strategy
- Market risks
- Regulatory and legal risks

Within each risk category mentioned below, the risk factors that the Company considers to be the most significant as of the date of the document are marked with an asterisk and listed first.

Lastly, it should be noted that the non-financial performance statement contains a description of the non-financial risks, some of which are included here if they are considered significant.

2.2.1 Risk management policy

Risk management refers to the measures put in place by the Group to identify, analyse and mitigate the risks it is exposed to in France and abroad. The Group attaches great importance to its risk culture and has adopted a structured approach, aimed at conducting an active risk management policy to ensure that its major and operational risks are known and managed. The risk management system is regularly monitored by divisions within the Group’s operational entities.

The Group sees risk management as a priority and has developed a consistent approach to risk management and internal control. The Group's risk management and internal control systems are based on a set of resources, policies, procedures, behaviours and actions aimed at ensuring that the required measures are taken to:

- ensure effective operations and efficient use of resources; and
- identify, analyse and manage risks that may have a material impact on the Group's assets, results, operations or the achievement of its objectives, whether operational, commercial, legal or financial, or related to compliance with laws and regulations.

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.

Since the admission of its shares to trading on the regulated market of Euronext Paris, the Company has set up an Audit and Risk Committee within the Company's Board of Directors. This committee's principal tasks will be to ensure 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.

2.2.2 Risk related to the Group’s business sector

Risk related to technological developments*

Description of the risk

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 2.1.1 of the document).

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 10% in 2019, 8% in 2020 and 5% in 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 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.

Risk management approach

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*

Description of the risk

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.

Risk management approach

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.

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

Description of the risk

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.

Risk management approach

The Group operates in large business segments with strong growth prospects where demand outweighs the supply of services. As the number of customers is greater than the number of battery manufacturers, the Group is able to build up a portfolio of high-quality customers, thereby minimising this risk.

Competition risk

Description of the risk

The electromobility market is highly competitive. 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 this 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.

Risk management approach

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 unfavorable changes in public policies supporting clean energy

Description of the risk

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.

Risk management approach

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 electric energy compared to traditional fossil fuels or alternative technologies

Description of the risk

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.

Risk management approach

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.

2.2.3 Risks related to Group business activity

Risk related to production plant operation*

Description of the risk

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 this 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 paragraph 2.1.4.2 of this 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.

Risk management approach

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 or limitation of supply and activity of production plants*

Risk description

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.

Risk management approach

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

Risk description

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 70% of the Group's consolidated revenue for the year ended December 31, 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 88% of the Group's consolidated revenue for the year ended December 31, 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 46% and 10% of the Group's consolidated revenue for the year ended December 31, 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 this document, most of which is with certain of the Group's long-standing customers such as Iveco/Heuliez, Piaggio,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 this document, which could have a material adverse effect on the business, results, financial position and outlook of the Group.

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.

Risk management approach

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

Risk description

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 this 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 21% and 6% used for this purpose in the year ended December 31, 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 54% for the year ended December 31, 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.

Risk management approach

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

Risk description

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.

Indeed, the Group could be confronted in the future with possible (downward) pressure on prices. Consequently, 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.

Risk management approach

To minimise this risk, the Group continually seeks to optimise the cost of its products by optimising purchases, by designing new, more attractive models and by continuously improving its manufacturing process.

Thanks to these combined efforts, it can deliver its battery systems at attractive and competitive prices.

Risk related to the failure of products marketed by the Group

Risk description

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 2.9 of this 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.

Risk management approach

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.

2.2.4 Risks related to the Group strategy

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

Risk description

The Group has experienced a growth in its business activity over the past few years, from consolidated revenue of EUR 62,060 thousand for the year ended December 31, 2020 to 72,423 thousand for the year ended December 31, 2021, and has recorded an average annual growth rate of 39% over the 2015–2021 period. This 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 2.1.9.3 of this 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.

Risk management approach

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

Risk description

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.

Risk management approach

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.

As the Group attaches great value to its human capital, it has taken several measures to limit the risk related to retaining experienced employees. The Group has therefore set up an assessment process for high-potential and at risk employees. Support measures have also been taken to secure the retention of these key profiles.

In addition, in order to minimise the risk related to the management teams, the Group has planned to set up succession plans for the Group's executives and key managers at Nominations and Compensation Committee meetings to be held in the second half of 2022.

2.2.5 Market risks

Liquidity risk

Risk description

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 December 31, 2021, the Group's cash and cash equivalents totaled EUR 70,770 thousand.

The table below shows the Group's available resources (liquidity position) (see Note 7.13.2 "Liquidity risk management" of the consolidated financial statements for the year ended December 31, 2021):

(EUR thousand)	At December 31, 2021	At December 31, 2020
Overdraft authorization	-	-
Subtotal credit facilities (a)	-	-
Cash and cash equivalents	70,770	11,273
Bank overdrafts – Cash liability	-	-
Net liquidity (b)	70,770	11,273
Total liquidity position (a) + (b)	**70,770**	**11,273**

The analysis of the Group's financial liabilities by maturity, based on the residual contractual maturity at the reporting date, is presented in Note 7.11 of the Group's consolidated financial statements for the year ended December 31, 2021 of this document.

Risk management approach

Banks and financial partners have consistently supported the Group in its organic growth and financing needs.

Exchange rate risk

Risk description

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.

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.

Risk management approach

As of the date of this document, the Group does not hold any trading derivative instruments. Since April 2021, the Group has used a currency hedging mechanism to hedge US dollar (USD) risk by means of currency forwards (see consolidated financial statements in section 5 of this 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 USD and 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 as of the date of this document.

Credit and/or counterparty risk

Risk description

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 position at December 31, 2021 and 2020:

(EUR thousand)	**December 31, 2020**	**December 31, 2020**
Trade receivables	10,616	8,789
Impairment of trade receivables	(45)	(184)
Accounts payable – Advances and prepayments	8,121	5,574
Net receivables	**18,692**	**14,180**

Trade receivables as at December 31, 2021, were as follows:

(EUR thousand)	**December 31, 2021**
Trade receivables	**10,616**
Not past due	5,238
Due	5,378

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.

See note 7.13.1 to the consolidated financial statements in section 5 of this document.

Risk management approach

The Group has set up bi-monthly 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

Risk description

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, 2021.

Risk management approach

The Group regularly reviews its financing needs and anticipates the negotiation or renegotiation of its credit facilities to secure favorable interest rates.

2.2.6 Regulatory and legal risks

Risk linked to the regulations applicable to electric vehicles

Risk Description

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.

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.

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.

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. 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.

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 this 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.

Risk management approach

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.

2.2.7 Financial risks related to the effects of climate change

Risk description

The Group takes into account the financial risks associated with the effects of climate change and implements measures to reduce them through a CSR strategy in all parts of its business (see the Non-Financial Performance Statement in section 2.4). These risks are both operational (related to the physical impacts of climate change) and financial. The latter are related to the political and regulatory impacts of the energy transition.

The Group operates in certain regions of the world that are exposed to changes in the magnitude or frequency of extreme weather events caused by climate change. These phenomena may slow down or interrupt the Group's operations or make them more costly. This issue is the same for its customers and suppliers.

Climate change will trigger more frequent and severe weather events in every part of the world.

Risk management approach

In order to adapt to the already visible consequences of climate change, the Group ensures that physical risks (frequency and impact) are assessed before launching its investments.

The Group also has risk management systems (see paragraphs above) to adopt appropriate preventive operational measures and manage these crises by first and foremost protecting people and industrial facilities.

Chronic risks are taken into account in particular when designing production units, in the same way as their energy efficiency and carbon footprint.

2.2.8 Anti-corruption measures

The Group is committed to establishing a system to prevent the risks of exposure to corruption and influence peddling. It helps protect the Group's reputation and the trust of all its internal and external stakeholders. To this end, the Group applies a zero-tolerance policy towards corruption and influence peddling.

Therefore, to achieve an ethical and transparent working environment, the Group has established several rules and guidelines for employees and other external stakeholders. The Group's code of conduct is distributed to all employees in France, China, Poland and India. Group employees are required to sign and comply with the code of conduct. This code includes not only all of the Group's internal policies and procedures, but also a summary of the Group's values and commitments. During the financial year ended December 31, 2021, the Group made several recommendations on the anti-corruption policy and the IT security policy and established procedures for the protection of personal data (these measures are detailed in the NFPS in paragraph 4.2 of this document).

2.2.9 Main features of the internal control and risk management procedures established by the Company and the Group related to the preparation and processing of accounting and financial information

2.2.9.1 Management of the accounting and finance organisation

- ***Organisation of the accounting and finance function***

Limited number of accounting entities

The determination to limit the number of legal structures, and therefore the number of accounting entities, is a source of operational savings and risk mitigation.

Centralised management of the accounting and finance function

Forsee Power's accounting and finance function is managed by the Group's Finance Department, which reports directly to Executive Management.

The Group Finance Department's responsibilities mainly include the production of financial statements, controlling the financial reporting of subsidiaries, management control, taxation, financing, cash management and participation in financial communication.

Each subsidiary has either a finance team functionally reporting to the Group Finance Department, or an external accounting firm.

Supervision of the accounting and financial function by Executive Management and the Board of Directors

The Finance Department reports to the Group's Executive Management. Like all Group entities, it participates in the management system described in the previous paragraphs: weekly meetings focused on day-to-day operations, monthly meetings devoted to a detailed review of figures, the organisation of the function and the monitoring of major projects.

Executive Management is involved in the management and control processes and in preparing the financial statements.

The Board of Directors exercises control over the accounting and financial information. It reviews and approves the interim and annual financial statements. It is supported by the Audit Committee described in section 3 "Corporate governance report" of this document.

- ***Organisation of the accounting information system***

Accounting

All Group companies prepare monthly financial statements used for the consolidation and publication of the Group's quarterly revenues and interim results.

Several times a year, monthly revenue, income and cash flow forecasts are prepared for all the companies and consolidated by the Group Finance Department.

Accounting rules and methods

The accounting rules and methods used by the Group are presented in the notes to the consolidated financial statements in this document. At each reporting date, the Audit Committee ensures that they are properly applied by the Finance Department and the Statutory Auditors.

The application of rules for valuing projects on a percentage-of-completion basis is subject to ongoing control carried out jointly by the Industrial Department and by the Finance Department (management control).

2.2.9.2 Preparation of published financial accounting information

- ***Reconciliation of accounting data from the internal management system***

All Group entities produce a monthly budget, a monthly operating account and forecasts that are revised several times a year.

The budget process takes place over a period concentrated in the fourth quarter. This is a key period. It is used to implement the strategy adopted by the Group's Executive Committee, adapt the organisation to changes in the business lines and the market, and assign quantitative and qualitative objectives to all Group entities. A budget that includes a detailed monthly operating forecast is produced by each unit on this occasion.

The monthly operating account closed at the beginning of the following month is established by each of the Group's entities and consolidated by the Group's Finance Department. Management indicators (cash flow, profitability indicators, etc.) are also reviewed.

Lastly, the forecast operating account drawn up several times a year includes the actual figures for the previous months and a new forecast for the remaining months until the end of the current half-year. This forecast is compared to the budget.

Sales activity (prospects, business in progress, contract signing, etc.) and customer invoicing are monitored weekly by the Group's Executive Committee.

The results of the monthly management reporting are checked and reconciled with the accounting results of the different subsidiaries by the Management Control teams attached to the Finance Department.

- ***Procedure for the preparation of financial statements***

Each company prepares a financial statement at least quarterly.

The Statutory Auditors of the companies included in the audit scope of the consolidated financial statements sign off on the interim and annual consolidation reports. They are then processed by the Group Finance Department, which is assisted by an external firm specialising in consolidation under IFRS, and the consolidated financial statements are audited by the Group's Statutory Auditors.

2.2.9.3 Financial statement approval process

The interim and annual consolidated financial statements are presented to Executive Management by the Finance Department.

As part of their annual closing at the end of December, the financial statements of Forsee Power and its subsidiaries are audited by the Statutory Auditors for the purpose of certification. A limited review is also conducted as of June 30.

In monitoring the statutory audit of the financial statements, the Audit Committee takes note of the work and findings of the Statutory Auditors when reviewing the interim and annual financial statements.

The Audit Committee reviews the financial statements, in particular to assess risk exposure, to verify that data collection and control procedures guarantee reliable information and to ensure that accounting methods are consistent and appropriate. It reviews the comments prepared by the Statutory Auditors.

The Group's financial statements are then presented to the Board of Directors for approval.

2.2.9.4 Financial communication

The Communications, CSR and Public Affairs Department, which reports to the Chairman of the Board of Directors, manages the Group's financial communications. The Group disseminates financial information through various channels, including:

- press releases;
- the Universal Registration Document and the various reports and information it contains;
- the presentation of the interim and annual results.

The Group's website has dedicated sections that include the aforementioned items as well as other regulatory and information items.

2.3 Shareholding and share capital

2.3.1 Breakdown of share capital and voting rights

The table below shows the breakdown of the Company's share capital and voting rights as of December 31, 2021. This description is made to the best of the Company's knowledge, based on information available to it as of December 31, 2021:

Shareholders	Number of shares	% share capital	% theoretical voting rights*	% exercisable voting rights*
Eurazeo Investment Manager	15,222,118	28.61%	28.61%	28.62%
Mitsui & Co, Ltd.	14,285,900	26.85%	26.85%	26.86%
Société de Projets Industriels	5,463,700	10.27%	10.27%	10.27%
Christophe Gurtner	1,860,257	3.50%	3.50%	3.50%
Groupe Industriel Marcel Dassault	2,358,194	4.43%	4.43%	4.43%
Ballard Power Systems Inc.	5,200,000	9.77%	9.77%	9.78%
Free float	8,792,767	16.52%	16.52%	16.53%
Treasury shares	27,067	0.05%	0.05%	-
TOTAL	53,210,**003**	**100%**	**100%**	**100%**

** Exercisable voting rights (i.e. excluding shares stripped of voting rights)*

2.3.2 Crossing of thresholds imposed by law or articles of association

None.

2.3.3 Change in shareholding structure over three years

The table below shows the breakdown of share capital and voting rights as of December 31, 2019, December 31, 2020 and December 31, 2021 on a non-diluted basis:

Shareholder	Number of ordinary shares and voting rights	Percentage of share capital	Percentage of exercisable voting rights
Eurazeo Investment Manager	146,776	48.95%	41.20%
Mitsui & Co, Ltd.	65,936	21.99%	21.99%
Société de Projets Industriels	42,441	14.15%	14.15%
Christophe Gurtner	19,722	6.58%	9.99%
Groupe Industriel Marcel Dassault	25,001	8.34%	12.67%
Ballard Power Systems Inc.	-	-	-
Free float	-	-	-
Treasury shares	-	-	-
Total as of December 31, 2019	**299,876**	**100%**	**100%**
Eurazeo Investment Manager	146,776	48.95%	41.20%
Mitsui & Co, Ltd.	65,936	21.99%	21.99%
Société de Projets Industriels	42,441	14.15%	14.15%
Christophe Gurtner	19,722	6.58%	9.99%
Groupe Industriel Marcel Dassault	25,001	8.34%	12.67%
Ballard Power Systems Inc.	-	-	-
Free float	-	-	-
Treasury shares	-	-	-
Total as of December 31, 2020	**299,876**	**100%**	**100%**
Eurazeo Investment Manager	15,222,118	28.61%	28.62%
Mitsui & Co, Ltd.	14,285,900	26.85%	26.86%
Société de Projets Industriels	5,463,700	10.27%	10.27%
Christophe Gurtner	1,860,257	3.50%	3.50%
Groupe Industriel Marcel Dassault	2,358,194	4.43%	4.43%
Ballard Power Systems Inc.	5,200,000	9.77%	9.78%
Free float	8,792,767	16.52%	16.53%
Treasury shares	27,067	0.05 %	-
Total as of December 31, 2021	**53,210,003**	**100%**	**100%**

2.3.4 Control structure

As of December 31, 2021, the majority of the Company's share capital and voting rights are held by the Eurazeo funds and Mitsui & Co. Ltd. .

In this context, the Company has taken all necessary measures to ensure that control is not exercised improperly:

- of the thirteen members of the Board of Directors, seven directors (more than one third) are independent;
- one director is a representative of Bpifrance Investissement; and
- one director is a representative of Ballard Power Systems;

2.3.5 Summary statement of transactions in the Company's shares or related financial instruments carried out during the year by executives or similar persons

None.

2.3.6 Treasury shares and acquisition by the Company of its own shares

As of December 31, 2021, none of the Company's shares are held by any of its subsidiaries or by a third party on its behalf. As of December 31, 2021, the Company held 27,067 of its own shares, representing approximately 0.05% of the share capital as of December 31, 2021, under the liquidity contract. These shares have no voting rights.

2.3.7 Other securities giving access to the share capital

2.3.7.1 Share subscription options

At December 31, 2021: by virtue of its 22nd resolution the Company's shareholders' meeting of October 15, 2021 authorised the Board of Directors, with the option of sub-delegation, to grant share subscription or purchase options to some or all of the Company's employees and corporate officers.

2.3.7.2 Grant of free shares

At December 31, 2021: by virtue of its 23rd resolution the Company's shareholders' meeting of October 15, 2021 authorised the Board of Directors to grant existing or new free shares to some or all of the Group's employees and corporate officers.

2.3.7.3 Conditions governing any acquisition rights and/or obligations relating to subscribed but unpaid capital

None.

2.3.7.4 Share capital of any Group company subject to an option or an agreement to place it under option

None.

2.3.8 Forsee Power's share buyback programme

- ***Authorisation granted by the shareholders' meeting***

The shareholders' meeting of October 15, 2021 authorised the Board of Directors to trade in the Company's own shares on the stock market. This authorisation was given for 18 months, until April 15, 2024.

The maximum unit repurchase price was set by the 10th resolution, adopted by the Company's combined shareholders' meeting on October 15, 2021, at 200% of the price of the shares offered to the public in connection with the admission of the Company's shares to trading on the regulated market of Euronext Paris, i.e., a unit price of €14.5 per share for a maximum amount of €50,000,000.

The objectives of this programme include:

- promoting liquidity and stimulating 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 recognised by the French Financial Markets Authority (AMF); and/or
- meeting obligations relating to stock option plans, free share grants, employee savings plans or other share grants to employees of the Company or an affiliated company, including (i) the implementation of any Company share purchase option plan pursuant to the provisions of Articles L.225-177 *et seq*. of the French Commercial Code, (ii) the grant of existing shares to employees under a profit-sharing scheme and the implementation of any company savings plan under the conditions provided for by law, in particular Articles L.3332-1 to L.3332-8 *et seq*. of the French Labour Code or (iii) the grant of existing free shares pursuant to the provisions of Articles L.225-197-1 *et seq.* of the French Commercial Code; and/or
- providing 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
- cancelling all or part of the securities purchased, subject to a specific resolution; and/or
- more generally, carrying out any transaction that complies with the regulations in force.

- ***Review of the share buyback programme***

(In number of treasury shares)	Stimulating trading	Share buyback programme	Total
Position as of December 31, 2020	-	-	-
Purchases	39,614	-	39,614
Sales/transfers	(12,547)	-	(12,547)
Position as of December 31, 2021	**27,067**	**-**	**27,067**

Over the full year 2021, 39,614 shares were purchased at an average price of €6.16 per share and 12,547 shares were sold at an average price of €6.09 per share. As of December 31, 2021, the Company directly or indirectly held 27,067 of its own shares, representing a value of €153.2 thousand based on the carrying amount.

2.3.9 Agreement providing for employee shareholding in the Company

None.

2.3.10 Employee share ownership plans

As at the date of this document, the Company has adopted several incentive plans, as described below:

(i) **2018 Stock Option Plan**: in accordance with decisions made by the extraordinary shareholders' 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. As a result of the stock split decided by the Company's combined shareholders' meeting held on October 15, 2021 and the lapse of 75,000 options following the departure of an employee of the Company, as of the date of this document the 2018 Stock Option Plan is composed by 780,000 options that entitles the holder(s) to subscribe for 855,000 Company shares;

(ii) **2021 Stock Option Plan**: in accordance with decisions made by the extraordinary shareholders' meeting held on August 5, 2021, the Company authorised 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 2021 Stock Option Plan covers the 8,587 stock options not granted under the 2018 Stock Option Plan and the 10,000 stock options not granted under the 2020 Stock Option Plan. As a result of the stock split of the Company's shares decided by the shareholders' meeting of October 15, 2021, as of the date of this document the 2021 Stock Option Plan is composed by 1,500,000 options that entitles the holder(s) to subscribe for 1,500,000 Company shares;

(iii) **Free share grant**: in accordance with the decisions made by the extraordinary shareholders' meeting held on August 5, 2021, the Company empowered the Chairman to grant 4,000 free shares in the Company. The Chairman made use of this delegation and granted 3,820 ordinary shares under the plan. As a result of the stock split of the Company's shares decided by the shareholders' meeting of October 15, 2021, the number of free shares awarded amounts to 382,000.

2.3.11 Dividends

- *Dividend distribution policy*

Given the Company's current stage of development and results, there are no plans to implement a dividend distribution policy.

- *Dividends distributed over the last three financial years*

Forsee Power SA did not distribute any dividends for the financial years ended December 31, 2019, 2020 and 2021.

2.4 Non-Financial Performance Statement (NFPS)

2.4.1 EDITORIAL

Transport accounted for 37% of global CO_2 emissions in 2020. After a sharp decline due to the COVID-19 pandemic and lockdowns in 2020, CO_2 emissions peaked in 2021, in particular due to strong demand for freight and passenger transport. And yet, according to the IEA, the transport sector must reduce its emissions by 20% by 2030 to reach the Net Zero 2050 scenario[1]. Changing uses and especially the electrification of vehicles (100% batteries, hydrogen or hybrid) are major challenges in achieving decarbonisation goals.

The Forsee Power Group was founded in 2011 on the strength of a conviction: the need to develop highly reliable energy storage technologies to support the energy transition in the transport market.

Over the years, we have made sustainability a key component and a driver of our corporate strategy. We make smart battery systems for sustainable electromobility, which helps mitigate climate change while having the smallest possible environmental footprint. We are also committed to developing employment, skills and diversity within Forsee Power and more broadly within the battery industry.

This first Non-Financial Performance Statement presents the three main pillars of our sustainable development approach, called **impact** :

- "**p**olicies", which covers all material issues, risks and opportunities associated with governance;
- "**p**eople", which focuses on people and value creation, both for our employees and for the communities where we operate. This is particularly about promoting diversity and developing a strong health and safety culture;
- "**p**lanet", which concerns our actions to limit our environmental impacts, including our carbon footprint and the contribution of our products and services to climate change mitigation.

In order to strengthen our commitments and the priorities of our roadmap for 2025, we have chosen to join the United Nations Global Compact and to have our approach assessed by independent third parties (EthiFinance and Ecovadis), who have awarded us scores corresponding to an advanced level of performance. We have a strong ambition: to position ourselves as a committed player in all areas. We not only produce sustainable products that limit the impact of transport on climate, but also strive to have a positive influence on people, the environment and society.
A large number of initiatives have been implemented to improve waste management and prepare for the French entity's ISO 14001 certification, scheduled for 2022.

The COVID-19 health crisis and the pressure on procurement once again had an impact on logistics this year, including a higher than intended use of air transport. The recycling capacity of our service providers was also impacted in Europe, resulting in an accumulation of waste in 2020 that were processed in 2021.

In 2021, the Forsee Power group launched its IPO on the Euronext Paris regulated market, providing an opportunity to implement good governance practices. The Board of Directors has a majority of independent directors and has achieved gender parity, thereby meeting an additional objective of our 2025 roadmap.

Sophie Tricaud
Director of Communications, Public Affairs and Sustainability

[1] Tracking transport 2021, IEA

2.4.2 Sustainable development at the heart of the business model

2.4.2.1 Business model

Sustainability is a key component and a driver of Forsee Power's business model. The Group enables a low-carbon, circular industry by providing the most comprehensive offering possible for electromobility markets. Its business is to manufacture smart battery systems for sustainable electromobility. The model has many advantages, particularly in terms of services:

- Helping limit global warming through innovation in efficient and sustainable technologies that help customers and cities reduce their carbon footprint
- Ensuring a sustainable energy transition for products through second life
- Creating value and protecting stakeholders wherever the Group operates by recruiting, developing employees' skills and promoting diversity and inclusion
- Engaging with business partners by placing ethics at the heart of relationships

Forsee Power business model

VISION	PURPOSE	4 VALUES
We believe that smart battery systems can mitigate climate change by promoting sustainable, zero-emission electromobility.	We contribute to the fight against climate change by offering the most comprehensive range of batteries and services possible to enable sustainable electromobility.	Respect Innovation Operational excellence Customer care

RESOURCES

Our employees - skills and diversity
>600 employees
22 nationalities
43% women

Innovation and research capacity
3 R&D centres
>100 R&D engineers
Lithium-ion NMC, LTO, LFP, LiCap

Global sales and industrial presence
4 production sites
1 GWh capacity
4 maintenance centres
>25 sales offices.
Cell supplier partnerships

Reference shareholders
MITSUI&CO. BALLARD EURAZEO bpifrance

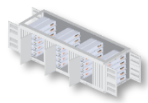
Responsible governance
Diversity and complementarity of skills within the Board of Directors

A SUSTAINABLE APPROACH THROUGHOUT THE BATTERY VALUE CHAIN

FORSEE POWER

FORSEE POWER'S SOLUTIONS TO THE CHALLENGES OF ELECTROMOBILITY
- Providing our international customers with innovative and safe technological solutions adapted to vehicles, infrastructures and uses
- Providing a comprehensive service offering for financing, design and full battery life cycle management



	Supply of components	Design and manufacture of battery systems	First life in electric vehicles	Second life in stationary energy storage and electric vehicles	End-of-life battery collection
CHALLENGES	Consumption of natural resources Cells Electronic components Respect for the environment and human rights Carbon footprint Transport	Consumption of natural resources Carbon footprint of activities Talent and skills management Health & safety Product safety Sustainable design Waste management	Low-carbon transition Air quality Energy efficiency Financing Technology management Reparability	Battery's economic value Battery's environmental footprint	Product end-of-life management Recyclability

OPTIMAL POSITIONING IN HIGH VALUE-ADDED SUSTAINABLE MOBILITY MARKET SEGMENTS

Focus on the most important markets for independent system integrators with respect to customers and suppliers.

High value added — Low value added for Forsee Power

Niche markets	High value customised opportunities					High volume customised opportunities		Mass markets	
AEROSPACE AND DEFENCE	MARITIME	TRAIN	OFF-HIGHWAY	SPECIAL PURPOSE VEHICLES	BUSES	LIGHT ELECTRIC VEHICLES	LIGHT COMMERCIAL VEHICLES	TRUCKS	CARS
N.A.									N.A.

FORSEE POWER POSITIONING

trend for OEMs to internalise

VALUE CREATION

impact 2025
A sustainable development roadmap with 10 major objectives for 2025

people
Creating value and protecting our people wherever we operate

planet
contributing to decarbonisation of transport and adopting smarter consumption behaviours

policies
establishing a robust and transparent governance system

Contribution to the SDGs
5 ÉGALITÉ ENTRE LES SEXES
8 TRAVAIL DÉCENT ET CROISSANCE ÉCONOMIQUE
11 VILLES ET COMMUNAUTÉS DURABLES
12 CONSOMMATION ET PRODUCTION RESPONSABLES

Signatory
UN GLOBAL COMPACT

ESG assessments
SILVER 2020 ecovadis
EthiFinance

2.4.3 From material issues to the CSR approach

2.4.3.1 Methodology for establishing materiality

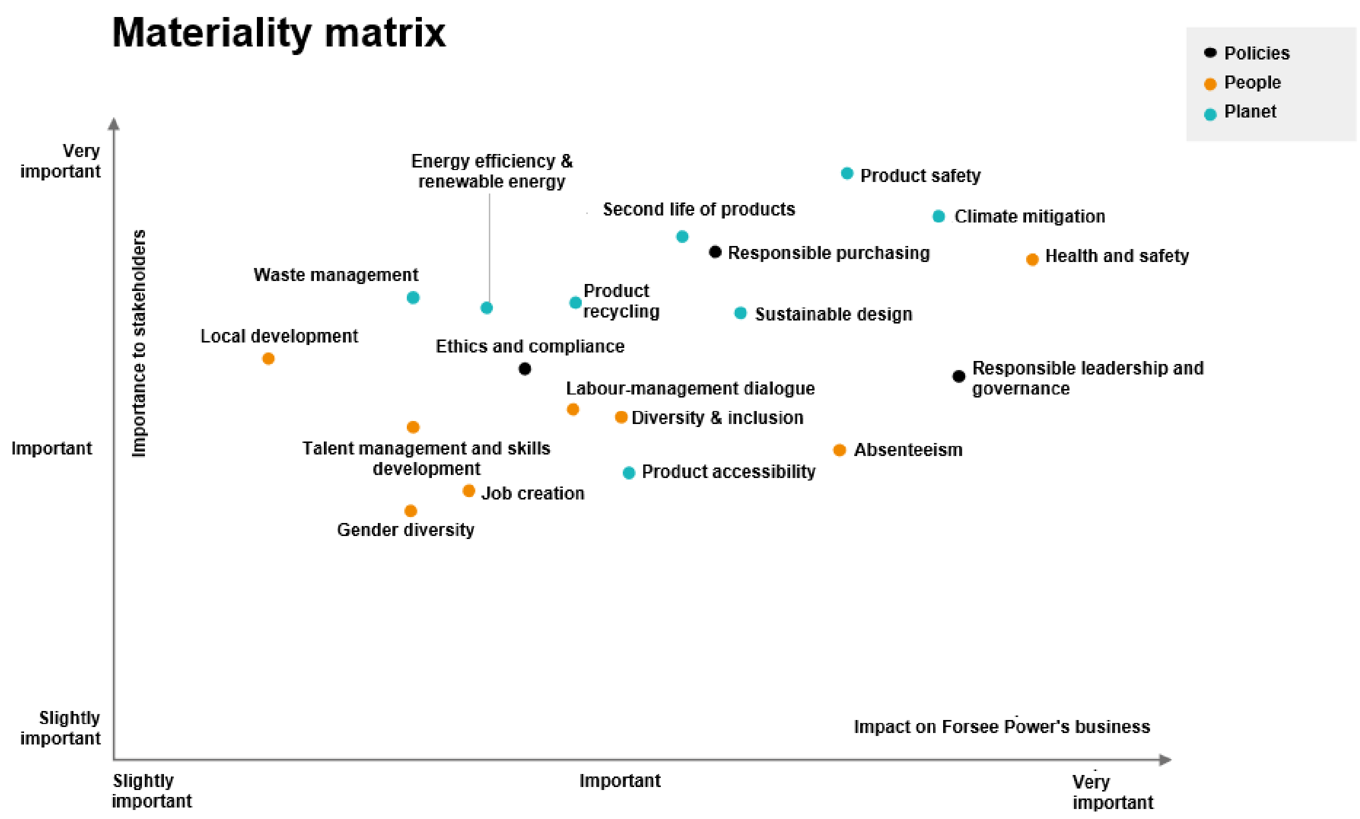
In 2020, the Group carried out a materiality analysis. For this exercise, the Sustainable Development team selected and evaluated 20 CSR issues, grouped under the three pillars, Policies, People and Planet, in line with the Sustainable Development Strategy[2].

Subsequently, the team carried out a quantitative assessment in the form of online questionnaires. The first questionnaire asked key stakeholders to rate the importance of each issue on a scale of 1 to 5 (from not very important to very important).

A second questionnaire, addressed to the executive committee, asked respondents to assess the impact of significant issues on the company's activity, using the same scale. The Sustainable Development team assigned weightings to each of the stakeholders to ensure a fair and unbiased perspective.

The first questionnaire was sent to the top 100 suppliers (based on the 2020 financial year), site employees (France, Poland and China), main customers, shareholders and investors as well as the local community and industry organisations.

Following this quantitative assessment phase, an average quantitative value based on the relevant weightings was assigned to each CSR issue. This analysis was completed by a review of existing data and internal interviews with members of the Executive Committee in order to create the materiality matrix shown below. This matrix provides a better understanding of current performance while assessing and aligning strategies, objectives, indicators and reporting on material issues.



[2] In 2021, in order to reflect a systemic vision of the impacts on the environment and the climate and to improve the clarity of the CSR strategy, the Group merged the Climate and Environment categories.

ESG PILLAR	MATERIAL ISSUE	STRATEGY
POLICIES	**Responsible leadership and governance**	Establishing a robust and transparent governance system
	Ethics and compliance	Improving business ethics and compliance
	Responsible purchasing	Building a responsible and sustainable supply chain
PEOPLE	**Job creation**	Improving attractiveness as an employer and recruiting more talent
	Diversity & inclusion	Encouraging a diverse and inclusive workplace
	Local development	Facilitating local economic development
	Absenteeism	Improving the working environment to reduce absenteeism
	Social dialogue	Promoting dialogue with employees
	Health & safety	Promoting a healthy and safe working environment to achieve operational excellence
	Talent management and skills development	Retaining talent through skills development and training
	Gender diversity	Promoting gender diversity within the organisation and management
PLANET	**Climate change mitigation**	Achieving zero-emission electromobility and a reduction in carbon footprint
	Sustainable design	Encouraging product innovation through eco-design
	Product safety	Improving safety standards for product use
	Second life of the product	Adopting the circular economic approach through second life applications of batteries
	Product accessibility	Increasing access to electromobility through financing solutions (battery rental)
	Product recycling	Adopting product recycling and recovery practices
	Waste management	Reducing waste through efficient production and reduced consumption
	Energy efficiency & renewable energy	Promoting renewable energy consumption

2.4.3.2 Risks associated with the identified material issues

For each material issue, Forsee Power has identified the associated risks and opportunities. In this respect, the Group took into account the risk factors identified in the Universal Registration Document (URD) and retained only those additional risks not identified in this analysis based on the financial impact, using criteria of severity and probability of occurrence.

It then assessed the coverage of these non-financial risks and opportunities provided by the CSR strategy. The tables below show, for each pillar of the strategy, the areas of engagement as well as the policies and key performance indicators that allow us to prevent and mitigate risks and to continue to improve performance.

POLICIES

Themes	Areas of engagement	Risks & Opportunities	CSR policies	Key performance indicators	Material issues
POLICIES	Establishing a robust and transparent governance system	Failure of the governance system or practices that breach market ethical standards	Formalised CSR governance system Ethical measures and employee code of conduct Signature of the Global Compact and application of the 10 principles	100% of employees made aware of the code of conduct 100% of employees having signed the code of conduct	Leadership and responsible governance Ethics and compliance
		Legal risks associated with non-compliance with anti-corruption laws (Sapin II law) or non-compliance with tax regulations in the countries where the Group operates	Employee code of conduct including an anti-corruption component		
		Risk of loss of sensitive data and IT system security, data breaches or cyberattacks	Internal rules incorporating the IT charter Information Systems Security Policy (ISSP) Virtual cybersecurity classes and awareness campaigns	100% of employees made aware and 52% of employees trained in cybersecurity	
		Human rights and environmental abuses in the supply chain	Business code of conduct Supplier code of conduct Responsible purchasing policy	85.5% of suppliers of production components having signed the code of conduct	
		Securing the supply chain by building supplier loyalty through responsible purchasing practices	Responsible purchasing policy	30-day payment terms	
	Ensuring the safety of the end users of the products	Product quality defects that may compromise user safety	Quality policy Customer training through the Forsee Academy Product certification Product quality tests Cooperation with SDIS86 experts		Product safety

PEOPLE

Themes	Areas of engagement	Risks & Opportunities	CSR policies	Key performance indicators	Material issues
PEOPLE	Creating value for employees and communities	Difficulties in finding and retaining the talent needed to support the Group's strong growth	Human resources management procedure Internal mobility charter Annual internal satisfaction survey	176 new hires 27% staff turnover	Job creation
		Mismatch of skills and know-how with needs, due to shortcomings in the system for assessing, developing and valuing skills	Human resources management procedure Training plan Strategic workforce planning approach	57% of employees having taken a training course during the year 18 hours of training completed per year per employee on average 458 employees having received a performance and career development review	Talent management and skills development
		Non-compliance with the principles of diversity and equality and failure to combat discrimination and harassment Promoting new jobs related to the battery industry	Code of conduct Work-study programmes and partnerships with schools and universities	46% women on the Board of Directors 20% women managers 16 work-study contracts	Diversity & inclusion Gender diversity
		Harm to health and safety of people at work related to workplace accidents or psychosocial risks and occupational diseases	Promoting a strong HSE culture HSE training for employees Harassment whistleblower procedure	Accident frequency rate = 7.95 Accident severity rate = 0.05 3.01% absenteeism	Health and safety Absenteeism
		Poor management or deterioration of the social climate due to a lack of social dialogue	Promotion of social dialogue Formalised bodies Signing of collective bargaining agreements	Three collective bargaining agreements signed during the year 63.60% average employee satisfaction rate	Social dialogue
		Innovating by working with universities and schools in the battery sector Training customers and operators in battery professions	Partnerships with colleges and universities Forsee Academy	Research and PhD programmes	Diversity & inclusion

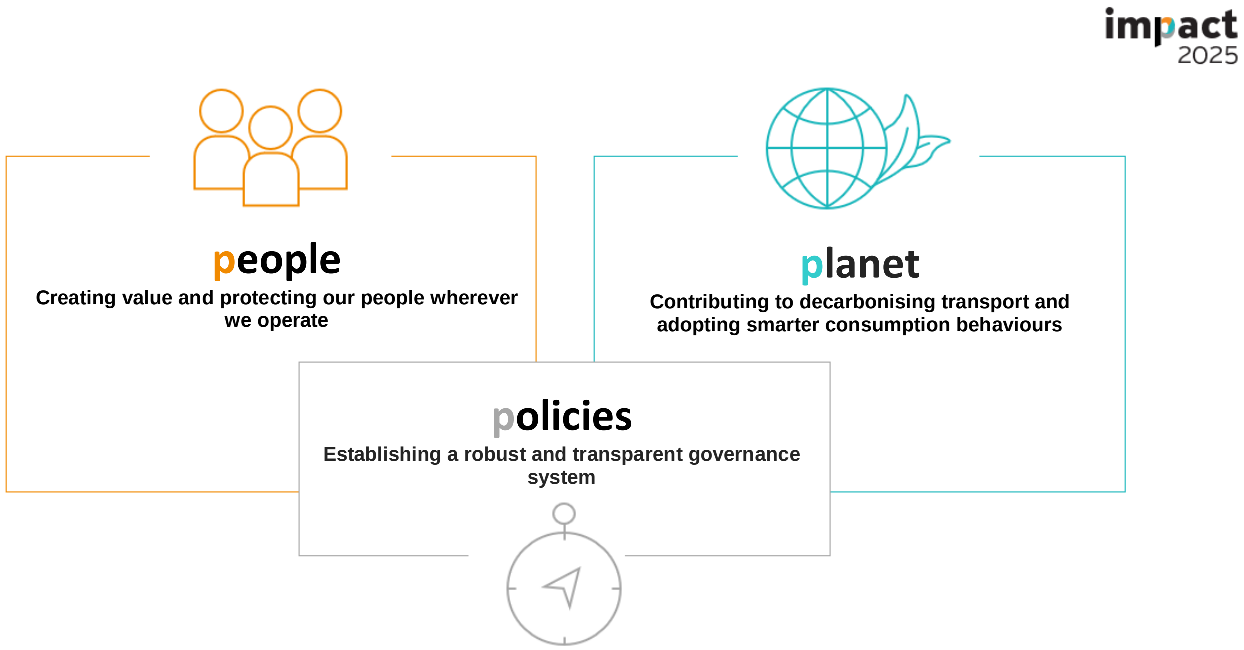
PLANET

Themes	Areas of engagement	Risks & Opportunities	CSR policies	Key performance indicators	Material issues
PLANET	Developing products with an optimised environmental footprint that contribute to decarbonisation of transport	Restriction of access to resources, procurement difficulties, increase in production costs	R&D policy and innovation integrating an eco-design approach aimed at developing efficient and sustainable technologies and extending the life cycle of batteries through second life applications Financing solutions to speed up energy transformation in transport Calculation of the carbon footprint	73% recyclability of the Zen 35 product 441,152.90 tCO_2eq of emissions avoided thanks to products + absence of fine particle emissions (e.g. vs diesel ICE bus)	Eco-design of products
		Increased regulatory constraints on design or end of life, which may generate compliance costs			
		Seizing opportunities in future markets and anticipating regulations to optimise the environmental footprint of batteries			
		Decarbonising transport - Contributing to improved air quality in cities through the contribution of products and solutions to the development of electromobility			
		Increasing the economic value of products, creating new commercial opportunities thanks to the reuse economy and removing the end-of-life barriers to the development of electric batteries			Second life of the product
	Adopting smarter consumption behaviours	Failure to control GHG emissions from operations and serious environmental damage in the manufacture of products	EMS ISO 14001 Optimisation of energy consumption Installation of renewable energy production and negotiation with energy suppliers Product end-of-life management Waste recycling	107 tCO_2eq scope 1 850 tCO_2eq scope 2 2,145.39 MWh total energy consumption 11.10 kWh energy consumed per kWh produced 3,871.57 kWh energy consumed per FTE 19.80% of renewable energy in energy consumption 364.44 tonnes of waste generated 74% of waste recovered or recycled	Climate change mitigation Energy efficiency & renewable energy Waste management
		Extending the life of transport batteries in stationary energy storage applications			

2.4.3.3 A sustainable development roadmap aligned with material issues and risks

In 2019, Forsee Power began developing the sustainable development strategy and defined three priority areas as well as a roadmap with targets for 2025. During 2020, the Group incorporated the founding principle of governance into its strategy. The aim was to implement a robust and transparent system within the company. The results of the materiality analysis and the analysis of the associated risks and opportunities have led the Group to change the structure of this strategy. With the aim of reflecting a systemic view of environmental and climate impacts, whether associated with the product and service offering or the way the company operates, the Group has taken the decision to merge the Climate and Environment pillars into a new pillar called "Planet".

The Group's sustainable development strategy, called **Impact**, is structured around three pillars within which the Group has defined its areas of engagement for 2025 as part of the **Impact 2025** roadmap:



- Renamed "policies", the first pillar covers all material issues, risks and opportunities associated with governance. The Group is committed to two strategic areas:
  - Establishing a robust and transparent governance system;
  - Integrating ethical, environmental and social issues into strategy, policies and decision-making processes;
- The second pillar, "people", focuses on people and value creation, both for employees and for the communities where the Group operates. It is particularly about promoting diversity and developing a strong health and safety culture;
- The last pillar, "planet", concerns actions to maximise the Group's contribution and limit its environmental impacts, including the carbon footprint and the contribution of products and services to climate change mitigation. It includes the following two areas:
  - Developing products with an optimised environmental footprint that contribute to decarbonisation of transport
  - Adopting smarter consumption behaviours.

Sustainable development roadmap to 2025

Main objective	Performance Indicator (KPI)	Definition	2021	2025 objective
People Reduction in absenteeism and workplace accidents	1. Absenteeism rate	Absenteeism does not take paid leave or maternity leave into account Number of hours absent / Number of hours worked	3.01%	**3.8%**
	2. Severity rate	Number of working days lost due to workplace accidents x 1,000 / number of hours worked	0.05	**0**
People Better representation of women in the company	3. Percentage of women on the Board of Directors	Number of women on the Board of Directors / number of members of the Board of Directors x 100	46%	**40% - 60%**
	4. Percentage of female managers	By manager, we mean any person who administers and coordinates a group of one or more individuals to accomplish a task Total number of female managers / total number of managers	20%	**40% - 60%**
Policies More responsible purchasing management	5. Establishment of a supplier code of conduct	Availability of the supplier code of conduct on human rights and labour, environment and governance issues	available	**available**
	6. Percentage of production component suppliers that have signed the code of conduct	Number of production component suppliers that have signed the supplier code of conduct / Number of production component suppliers x 100	85.5%	**100%**
Planet Better consumption and waste recycling	7. Weight of waste per kWh produced	Total weight of waste (kg) / Production (kWh)	1.89kg**	**TBD**[3]
	8. Waste recovery or recycling rate (excluding organic waste)	Total weight of waste recycled and recovered (kg) / Total weight of waste (kg)	74%	**100%**
Planet Reduction of CO_2 emissions	9. Share of air transport in the transport of purchases	Amount (€) transport by air / Total amount (€) transport x 100	24%	**5%**
	10. Share of renewable energy in energy consumption	Total renewable energy consumption (kWh) / Total energy consumption (kWh) x 100	19.80%	**50%**

[3] The objective will be defined in the first half of 2022 based on a representative activity not impacted by the pandemic

2.4.3.4 Forsee Power's non-financial performance assessed and recognised by third parties

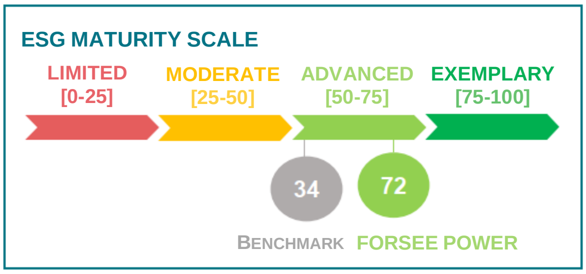
Each year, Forsee Power is assessed by some of its shareholders, such as Bpifrance and Eurazeo, as well as by non-financial rating agencies, on its sustainable development commitments, as well as its maturity and performance on environmental, social and governance (ESG) issues.

Results of the main assessments of the Group's non-financial performance

EthiFinance

The EthiFinance questionnaire for SMEs and mid-caps enables Forsee Power's performance to be assessed on the basis of a questionnaire adapted to the business sector. The ESG rating grid is also indexed to the Gaïa Research benchmark.

In 2021, Forsee Power achieved a total score of 72/100, corresponding to an advanced performance level on the rating scale. This is a higher level of maturity than that observed in comparable companies.



EcoVadis

The EcoVadis questionnaire assesses companies' policies and actions and covers around 20 issues grouped under the themes of environment, social & human rights, ethics and responsible purchasing.

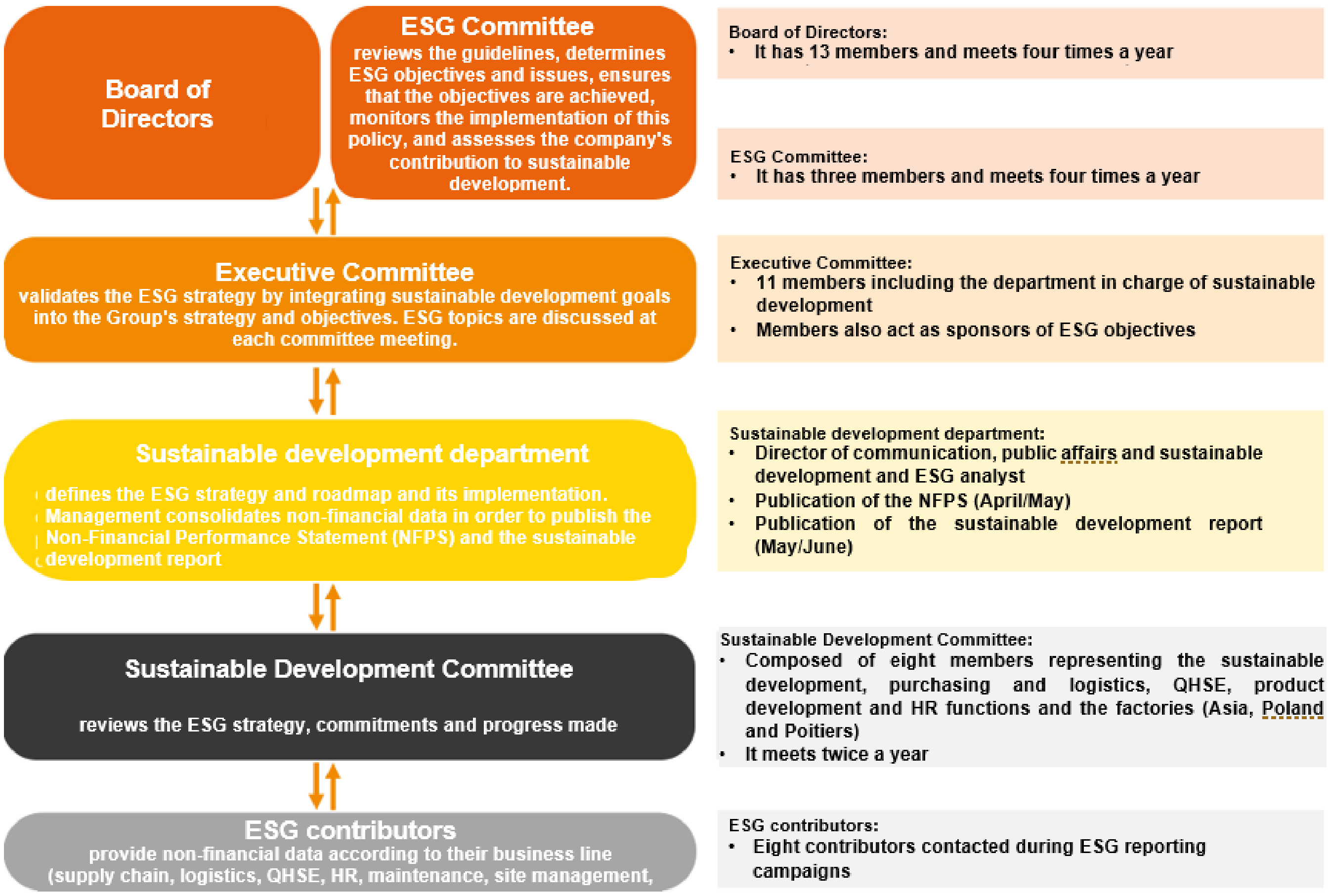
In 2020, Forsee Power responded to the EcoVadis assessment questionnaire for the first time and won a silver medal corresponding to an overall score of 60/100. This places the Group among the top 25% of companies assessed worldwide and the top 9% of companies in the sector.

2.4.4 Policies: strong and transparent governance that fully addresses environmental and social issues

2.4.4.1 The Group's vision for a sustainable future supported by formalised CSR governance

Forsee Power has set up a governance system that fully integrates sustainable development to ensure overall consistency and efficiency in decision-making.

CSR governance and role of the various bodies



Board of Directors

The Board of Directors has 13 directors, 6 women and 7 independent members, achieving the objective of balanced governance initially announced for 2025. It has a strong international dimension and profiles with solid experience in the field of sustainable transport. It includes a variety of expertise, particularly related to sustainability issues, for example, integrated performance management and ESG reporting, impact, management and investments related to the energy transition, innovation, gender balance, and human resources management and development.

From 2022 onwards, in order to promote and accelerate the achievement of the objectives of the ESG roadmap, it will be proposed to the shareholders' meeting in June 2022 that the remuneration of the Chairman and Chief Executive Officer be linked to ESG performance criteria.

The Group is working to adopt increasingly responsible and effective governance. Internal processes are continually improved based on the PDCA (Plan, Do, Check, Act) method. In addition, Forsee Power takes into account the results obtained on the governance criteria of the assessment questionnaires of the non-financial rating agencies and partners in order to advance and adopt best market practices.

Focus - EthiFinance's assessment of Forsee Power's governance

As regards the Group's governance, 56 of the 162 criteria in the EthiFinance questionnaire were assessed at an exemplary maturity level. The questionnaire covers criteria such as the risk of dilution of minority shareholders, the composition and operation of governance bodies, and executive and director remuneration. The assessment also identified areas for improvement, such as the representation of women on the Executive Committee, an area in which the Group has set targets and will continue to make progress in the future.

2.4.4.2 Business ethics and fight against corruption

Forsee Power has established a number of rules and principles to ensure that operations are conducted with integrity, in accordance with the highest ethical and legal standards and with respect for stakeholders. The code of professional conduct, distributed and signed by all employees, provides a framework for action and offers guidelines for decision-making in line with the Group's values. It is the foundation of a culture of honesty, integrity and respect that the company promotes internally and with customers, suppliers and partners.

Forsee Power's values

Respect	Operational excellence	Customer focus	Innovation
			
Show respect in all our words and actions, respect others and accept differences.	Act in an exemplary manner, both internally and externally; take personal responsibility for the Group's success and reputation; encourage colleagues to act according to the rules defined by the Group.	Be responsive to the needs and always strive for satisfaction of both internal and external customers; be flexible and adaptable; communicate in a sincere and transparent manner.	Be innovative in work methods and ideas; be curious about the world around us, both inside and outside our work environment.

The code is designed to complement Group policies and laws applicable to the company. It reflects the Group's commitments to respect and dignity for individuals, equal opportunities, an environment free from harassment or any other intimidating behaviour, health and safety in the workplace, and an environmentally sustainable company. It also covers the protection of company resources and information and the prevention of conflicts of interest.

It includes a whistleblowing system that enables employees to report cases of non-compliance via their supervisor, the legal department or the human resources department. Reports of inappropriate conduct are treated seriously and related investigations are conducted in a confidential manner. In 2021, 100% of new employees received the code of conduct.

Since 2020, the Group has also had in place an information systems security policy and a personal data protection procedure.

2.4.4.3 Cybersecurity and data protection

The Group relies on information systems to conduct its business and, accordingly, the management of these activities depends on the proper functioning of IT infrastructures, networks and applications. In this context, the company is also exposed to system security risks, data breaches or cyberattacks.

In order to strengthen security and continuously monitor the resilience of information systems, Forsee Power mobilises a number of resources and carries out prevention and awareness-raising activities. The IT services department has introduced a formal information systems security policy (ISSP)[4] which defines the guidelines applicable within the company. It has also developed specific business continuity and recovery plans for information systems. The management action plan defines and monitors cybersecurity and data protection initiatives. It is guided by the audit report produced by an external service provider, which provides information on the flaws found, their criticality and their probability of occurrence. These indicators enable the Group to rank its risks and implement the required actions. In 2021, the installation of a cybersecurity alert escalation solution enabled enhanced monitoring.

Information system security also depends on the users. The IT charter is incorporated into the internal rules and regulations , which all employees sign as soon as they join the company. It sets out a number of security rules and cybersecurity concepts. Since 2020, Forsee Power has been working with a partner that specialises in educating employees about IT risks such as phishing. In 2021, 52% of employees with a user account were trained or made aware via virtual classes. The Group also conducts campaigns to identify user vulnerabilities , enabling it to carry out increasingly targeted awareness-raising actions.

CYBERSECURITY Training and awareness-raising	2021
Percentage of employees with a user account trained or made aware of cybersecurity	52%

[4] This document will be finalised and validated by the Executive Committee in 2022.

2.4.4.4 Responsible supply chain and collaboration with suppliers

As part of its sustainable development strategy, the Group seeks to develop a responsible supply chain, in partnership with suppliers that share the same vision of a sustainable planet, thereby contributing to the United Nations' Sustainable Development Goals (SDGs).

The Group pays close attention to the origin of the materials contained in the cells and the working conditions associated with their extraction.

As part of its geographic expansion, the Group is seeking to develop a local supply chain to contribute to local economic development, reduce the carbon footprint associated with transport and shorten procurement times.

Electrochemical cells account for the majority of purchases. In order to ensure supply in a global context of very high demand, Forsee Power works in partnership with major groups such as LG Energy Solutions, giving it priority access.

Supplier code of conduct

In 2020, Forsee Power formalised and communicated this commitment through its supplier code of conduct. This code covers three areas: labour law and human rights, respect for the environment and adoption of the precautionary principle, and governance through the definition of a supplier-specific code of conduct aligned with the first two areas.

In 2021, 85.5% of Forsee Power's production component suppliers signed this code of conduct, indicating their adherence to the principles set out in the document.

Signature of the code of conduct by suppliers	2020	2021	2025 objectives
Share of suppliers of production components that have signed the supplier code of conduct	77%	85.5%	100%

Responsible purchasing approach

In 2021, the main purchasing items were electrochemical cells, chassis, covers and electronic cards, which represent €30.65 million, i.e. 73.5% of purchases in Europe in 2021.

As part of its contribution to the Sustainable Development Goals (SDGs) and with a view to continuous improvement, the Group will continue to ensure that its supply chain promotes ethics, decent and safe working conditions, diversity and inclusion as well as responsible consumption of resources based on climate-responsible behaviour. In June 2020, Forsee Power signed the United Nations Global Compact. In this way, the Group seeks to prevent and mitigate the risks of human rights and environmental abuses within its supply chain. The Group has introduced a formal responsible purchasing policy that reflects its commitments. In the coming years, it plans to conduct supplier audits based on environmental, social and governance (ESG) criteria in order to measure supply chain performance and monitor its progress in line with the policy. When possible, the Group obtains certificates of origin for the materials contained in the electrochemical cells, showing the location of the mines and the date of their last audit.

In a context of pressure on supplies, particularly of electrochemical cells, Forsee Power has for several years been setting up partnerships with its cell suppliers, ensuring secure supplies. Orders are placed up to 18 months in advance.

Optimising the supply chain and generating value locally

Most of the Group's supplies today come from Asia due to the lack of a local supply chain for electrochemical cells for industrial vehicles. Forsee Power's presence in Asia is a prerequisite for its business to succeed. It is also an opportunity to optimise the supply chain through local production and local purchases, a key lever for reducing greenhouse gas (GHG) emissions. This is particularly the case in the Indian market. In the same vein of supply chain optimisation, the Group plans to build an industrial base in the United States in order to address the commercial vehicle market locally (buses, trains and off-highway vehicles). Forsee Power pays particular attention to locally generated value. This is a requirement of some key markets; for example, the United States FAST Act concerning public procurement requires that 70% of value be produced locally. In addition to the economic value, the location of the supply helps reduce the carbon footprint arising from the shipment of products. The Group is developing relationships with future cell suppliers in Europe and North America in order to secure local supplies as soon as possible.

2.4.4.5 Safety of end users of Forsee Power products

All electrical products sold by the Group must comply with applicable international and national automotive safety standards, which vary by jurisdiction. Failure to meet safety and quality criteria could have serious impacts on the health of end users and lead to serious financial and reputational consequences for the Group. In order to ensure the safety of the end users of its products, Forsee Power has a quality policy and procedures that prevent product quality defects, in particular by ensuring the traceability and checking of cells before assembly. It also develops its batteries in compliance with safety and certification requirements throughout the design and manufacturing process. Quality checks are integrated at each stage of the production line to ensure product safety. Quality checks are carried out on each cell before assembly into a battery module and full traceability is ensured throughout the assembly process.

Particular attention is paid to quality throughout the manufacturing process, as well as to the traceability of the cells from validation at line entry to the complete pack stage. This level of quality is guaranteed by increased control of component inputs and the cell sorting process. Manufacturing processes comply with ISO and AFNOR standards and guarantee a high level of integrity at each stage of production. An automated stage of module construction 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 production is underway, several specialists are involved and contribute to guaranteeing product safety, including:

- The production quality engineer: checks that the products are properly tested, in accordance with project and customer specifications;
- The HSE manager: ensures the implementation of safety procedures for the protection of people and products, and manages the environmental aspects related to the production site and the products and components that are managed there;

Forsee Power's products have specific certifications: R-100-2 automotive, R10.5 Electromagnetic compatibility, UN38.3 Transport.

FOCUS - Battery Management System (BMS)

The BMS is a computer (electronics and software) essential for the use and safety of lithium-ion batteries. It performs three functions:

- safety by preventing critical events
- performance by optimising battery life
- communication by exchanging data with the host system.

The BMS ensures that the operating conditions of the cells are always in accordance with specifications and safety levels. Very high quality batteries are developed according to development standards for safe systems, such as IEC 61508. *Source: URD p67*

2.4.5 People: protecting employees and creating value for communities

2.4.5.1 Forsee Power employees

Founded in 2011, the Group is now present in seven countries and employs 602 people. In a context of strong growth driven by a buoyant market, Forsee Power continues to grow at a rapid pace. In an innovative and multicultural environment, the company welcomes employees from various backgrounds who work to accelerate zero-emission electromobility.

Geographic breakdown of employees

France	Poland	China	India	Rest of the world
330 employees i.e. 55%	42 employees i.e. 7%	199 employees i.e. 33%	27 employees i.e. 4%	4 employees i.e. 1%

Employee recruitment and development

To build long-term relationships with employees and attract and retain the talents needed for the Group's growth and competitiveness, Forsee Power has implemented a **human resources management policy**. This policy is applicable to all activities and covers the key stages of recruitment and integration as well as training and professional development through skills management.

Recruitment and integration

In 2021, 176 new recruits joined the teams, including 49% with a permanent contract, i.e. a 145% increase in recruitment compared to 2020. Most of them joined the workforce in Zhongshan (80 hires, i.e. 45% of 2021 Group hires) and in Chasseneuil-du-Poitou (36 hires, i.e. 20% of 2021 Group hires). The integration of the Ecully site in July 2021 also accounted for 20% of the Group's recruitment in 2021, with 36 employees hired. The turnover rate was 27%, due in particular to a high number of departures since the COVID-19 pandemic. The Zhongshan site in China had a turnover rate of 38%, with a total of 41 departures in 2021.

The number of fixed-term contracts is explained by the relatively limited visibility (six months) on production in a COVID-19 context that continued into 2021.

Over the past year, the human resources department enhanced the **induction process for new employees**. On their day of arrival, they follow an integration programme that includes information on quality, safety, health, the environment and IT, which makes it easier for them to understand how the company works and to take up their positions.

Recruitment by type of contract (excluding subcontracting and temporary workers)

	2019	2020	2021
Permanent contracts	72	49	87
Other contracts / fixed-term contracts	152	19	78
Work/study	7	3	11

2021 scope : Ivry-sur-Seine, Chasseneuil-du-Poitou, Ecully, Zhongshan, Wroclaw, Pune
2020 scope : Ivry-sur-Seine, Chasseneuil-du-Poitou, Zhongshan, Wroclaw
2019 scope : Ivry-sur-Seine, Chasseneuil-du-Poitou, Zhongshan, Wroclaw

Skills assessment and management

Employee development, a key driver of attraction and retention, is based on **skills assessment** at annual interviews. In 2021, a tool dedicated to the exercise was rolled out across the French scope to facilitate and standardise assessments. It will now be rolled out internationally. Through several modules, it allows managers to assess employee performance and potential. The tool also makes it possible to identify positions that are essential to the proper functioning of the company, to take into account the risk of departure and to consider internal mobility paths.

The system is designed to ensure that employees actively participate in their professional development and in the review of their skills and qualifications. It makes it possible to take actions appropriate to the different situations, for example setting up a replacement plan in the event of a risk of departure, or proposing changes thanks to internal mobility possibilities. In 2021, Forsee Power put in place a **mobility charter** that specifies the conditions applicable to employees while meeting the challenges of developing technical and cross-functional skills. A dedicated space on the intranet, accessible to all employees, lists job offers at the Group's various sites. Over the year, 458 employees received a performance review.

The annual employee appraisal is part of a broader strategic workforce planning approach. It is based on a map of the company's business lines, updated following employee appraisals. In the coming years, it should enable the Group to anticipate needs and adapt jobs, staff and skills to support development.

Development and training

In a context of growth and at a time when the electromobility sector is facing challenges of employee availability and skills, Forsee Power has implemented a tailor-made training plan based on the needs reported in the context of performance assessments. In 2021, the Group invested €226,261 in training, representing a total of 5,781.5 hours and granted to 57% of employees compared to 39% in 2020.

The Group's training plan is designed to keep pace with regulatory changes and emerging technologies and to meet stakeholders' latest expectations. In 2021, 51 training courses covered operational topics such as management, security, cybersecurity and quality.

	2019	2020	2021
% of employees trained	36%	39%	57%
Average number of training hours per employee	-	-	18

2021 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Ecully, Zhongshan, Wroclaw, Pune
2020 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Zhongshan, Wroclaw
2019 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Zhongshan, Wroclaw

Promoting diversity and inclusion

Forsee Power is committed to providing an inclusive work environment that fosters diversity and respect at all levels of the company. Balance between genders, ages, origins and levels of education helps build a strong corporate culture, to which end the Group promotes the employability and integration of women, seniors, young graduates and people with disabilities through international days as well as internship programmes, mentoring and partnerships with schools and universities. In 2021, the promotion of diversity was reflected in a multicultural environment, with a total of 22 nationalities, 43% women and 7% young employees[5] at the Group.

Distribution of employees	2021
< 25 years	7%
25 to 29 years	14%
30 to 50 years	66%
51 to 55 years	7%
> 55 years	6%

The code of business conduct formalises the Group's commitment to inclusion and diversity, in particular to:

- equal access to employment for all employees and applicants regardless of any characteristic not related to job performance (race, colour, country of origin, gender, religion, age, etc.);
- ensure that hiring, promotion and compensation decisions are based solely on job-related factors;
- create and maintain an environment of respect for others and for the dignity and diversity of all individuals, where differences are understood, appreciated and put to good use.

Representation of women

As part of its inclusion and diversity approach, Forsee Power has set gender parity targets at all levels of the company. By 2025, the Group aims to have 40% to 60% women on the Board of Directors and 40% women on its management committees.

	2020	2021	Target for 2025
Number of women on the Board of Directors	0	6	40% - 60%
% of women on the Board of Directors	0%	46%	40% - 60%

[5] Employees aged under 25

Gender parity is also monitored at the level of managers, executives and employees on permanent contracts.

	2021
Percentage of female managers	20%
Percentage of female cadre-grade staff	23%
Percentage of female permanent contract staff	38%

Equity ratios are detailed in section 3.2.5.6 of this document.

Focus on professional equality in France - Index

Forsee Power's commitment to better representation of women in the company is reflected in two of the ten objectives of the sustainable development roadmap. In France, the professional equality index makes it possible to measure the pay gap between women and men and to identify areas for improvement in order to act on any unjustified disparity.

On March 1, 2022, the Group obtained a score of 75/100 for this index, compared with 79 in 2020. This performance is mainly linked to the indicator for employees receiving a pay increase when returning from maternity leave. The index is broken down into **five indicators**:

- The gender pay gap,
- The gap in the distribution of individual raises,
- The promotion distribution gap,
- The number of female employees receiving a raise on their return from maternity leave,
- Gender parity among the ten highest paid individuals.

In 2021, all Forsee Power employees on maternity leave opted to take additional leave. Since they have not yet returned to their positions, they have not received a raise. This indicator therefore impinged on the Group's overall rating.

Integration and equal opportunities

As part of its overall diversity and inclusion approach, Forsee Power contributes to the professionalisation and employability of young talent through internship and work-study programmes. In 2021, the Group had 4 interns and 16 work-study students, representing an increase of 14% and 100% respectively compared to 2020.

Forsee Power maintains close relations with schools through visits organised in secondary schools, high schools and engineering schools in order to raise young people's awareness of manufacturing and encourage them to choose a career in this sector.

In France, it also participates in initiatives to promote the integration of young people and equal opportunities, such as "Viens voir mon taf", which since 2017 has enabled secondary school students in France's "priority education network" scheme to do internships within Group teams.

Forsee Power also works to promote the employment of disabled people, for example through operations such as "1 jour, 1 métier en action" (a day on the job), organised by AGEFIPH, the French disabled worker support agency6. This initiative allows people with disabilities to discover a profession for which they have a particular talent or interest over the course of a day, promoting the sharing of experience and raising Forsee Power employees' awareness of disabilities. The Group also works with ESAT employment support centres, which help people with disabilities integrate or reintegrate into society and the workplace. In 2021, people with disabilities accounted for 2% of the Forsee Power staff.

Promoting social dialogue

The management team pays particular attention to quality of life at work and aims to ensure workplace relationships function smoothly through responsiveness to employees and by maintaining regular social dialogue. In Poland, meetings with all employees are held two to three times a year. In China, quarterly meetings are held with trade union representatives. In France, following the holding of workplace elections and the election of the Social and Economic Committee (CSE) in 2019, social dialogue has become more structured and professional. A social dialogue calendar specifies the content, frequency and participants for all meetings. It is organised in particular around the annual negotiations (NAO) required by law, and has resulted in the signing of two collective agreements on the organisation of working hours and working from home. In addition to these events, there are weekly bilateral meetings, as well as monthly meetings with the CSE. These are organised and led by the HR function.

In order to maintain a calm social climate, every year Forsee Power measures employee commitment and satisfaction. The related survey was launched in 2017 and was answered by 68.3% of employees in 2021 (compared with 86.5% in 2020), with a satisfaction rate of 63.6% (compared with 62.8% in 2020). Part of the reason for the lower participation rate is that the online questionnaire is more complex than before. The survey was originally based on an internal reference framework of around 80 questions divided into 14 themes, and is now outsourced and based on the Great Place to Work reference framework. It continues to cover, inter alia, topics relating to working conditions, assimilation of company strategy, communication and management methods, and allows the definition of action plans aimed at improving overall employee satisfaction. The average satisfaction rate for companies with a comparable scope assessed by Great Place to Work is 69%.

In addition, an in-house magazine, Watt's Up, is distributed twice a year to all employees to keep them informed about Group news, innovations, health and safety campaigns, the markets and Forsee Power's progress under its annual roadmap. Dynamic display screens on the Group's sites broadcast local and cross-company news, and a programme of "coffee & learn" information sessions enables employees to take part in interactive meetings to learn more about the company, its markets, its products and topics relating to the environment, health and safety.

[6] French agency for managing financial support for the integration of disabled workers

In 2021, the Group implemented improvement plans, including the creation of a Quality of Life at Work Commission. This commission meets regularly to address internal issues and propose solutions via an action plan approved by the Executive Committee. Awareness training for managers on the signs of fatigue was also implemented.

Ensuring the health and safety of employees

Ensuring the health and safety of employees and stakeholders is Forsee Power's number one priority, and we are constantly striving to improve in this area. The Group has set two targets for 2025: an absenteeism rate of 3.8% and an accident severity rate of 0.

In 2021, the Group had 8 accidents with lost time, representing 48.5 days of lost time in total, and 54 accidents without lost time. On-site treatment was required in only one instance.

	2019	2020	2021
Absenteeism rate for the year	5.8%	4.5%	3.01%
Frequency rate	12.49	6.00	7.95
Severity rate	0.21	0.17	0.05

2021 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Zhongshan, Wroclaw, Pune (excluding the Ecully site)
2020 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Zhongshan, Wroclaw
2019 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Zhongshan, Wroclaw

To ensure the health and safety of employees, Forsee Power promotes a strong health, safety and environment (HSE) culture. The Group takes action on several strategic fronts to prevent and reduce occupational health and safety risks:

- It conducts regulatory watch to assess the impact of legislation on activities and identify potential divergence between practices and regulatory requirements. For example, it has revised the specifications for its machine suppliers to ensure that certain technical criteria guarantee better safety.
- In the event of an accident, Forsee Power systematically analyses the causes and then implements corrective and preventive actions. Each site implements an HSE programme supported by monthly actions and poster campaigns. All sites are also subject to regular audits. In 2021, the Group developed its internal prevention plan for the operation of handling equipment such as pallet trucks and stackers, which are often the cause of accidents.
- The Group's employees carry out technical and sometimes physical jobs. Their posture and work tools are key elements of their well-being. Forsee Power works to improve the ergonomics of their equipment to prevent musculoskeletal disorders (MSDs). It has improved the ergonomics of forklift trucks, lifting equipment and workstations, for example.
- At the Chasseneuil-du-Poitou site, Forsee Power is devoting resources specifically to fire prevention in partnership with SDIS 86 (the Vienne departmental fire and rescue service), a recognised vehicle emergency response expert , particularly for battery-powered vehicles.

2.4.5.2 Acting for communities

Forsee Academy and academic partnerships

As part of Forsee Power's sustainable development approach and commitment to contribute to the Sustainable Development Goals (SDGs), the Group is developing partnerships with academic institutions.

Since 2018, Forsee Power has joined the business club of the Franco-Chinese institute "DGUT-CNAM Institute", formed by the National Conservatory of Arts and Crafts and the Dongguan University of Technology to stimulate the development of engineering education and promote a Sino-French cultural exchange programme. This long-term strategic partnership contributes to the development of education by building an open platform for the development of students' skills, and contributes to the establishment of quality education.

The Group also engages through the Forsee Power Academy. Launched in 2020, it provides upskilling in the battery business lines. Forsee Power has already trained the maintenance technicians of its partner Iveco Bus. This approach allows the customer to be more independent, for example in maintenance operations.

2.4.6 Planet: developing environmentally optimised products that help decarbonise transport and mitigate climate change

While the volume of passenger and goods transport has been growing since the late 20th century, current trends indicate that total transport activity will more than double by 2050 compared to 2015. In a business-as-usual scenario, this would represent a 16% increase in CO_2 emissions by 2050, three times the transport carbon budget[7]. In this context, the decarbonisation of transport and the development of electromobility is a key issue, enshrined in international, European and national policies.

As such, Forsee Power intends to contribute to efforts to limit the impact on climate change through its range of products and services for sustainable electromobility. The Group continues to support manufacturers in speeding up their energy transition by offering them efficient, zero-emission technologies and financing solutions. Forsee Power also strives to optimise the environmental footprint of its solutions as part of its eco-design and life cycle extension approaches.

2.4.6.1 Activities eligible under the environmental taxonomy

In order to promote transparency and a long-term view in economic activities and to direct capital flows to sustainable investments, the European Union has created a common system for classifying business activities that identifies economic activities considered as sustainable. This system is defined in European Regulation (EU 2020/852) of June 18, 2020 known as the "Taxonomy Regulation".

To determine whether an activity can be considered as "sustainable", it must:

- Contribute substantially to one or more of the following environmental objectives:
  - Climate change mitigation;
  - Climate change adaptation;
  - Sustainable use and protection of water and marine resources;
  - Transition to a circular economy, waste prevention and recycling;

[7] ITF Transport Outlook 2021

    - Pollution prevention and control;
    - Protection and restoration of biodiversity and ecosystems.
- Comply with technical screening criteria that have been established by the Commission;
- Not significantly harm any of the environmental objectives;
- Be carried out primarily in compliance with the OECD Guidelines for Multinational Enterprises.

Context

In the context of the European environmental taxonomy regulation (EU Regulation 2020-852 and the Climate Delegated Act), which is intended to direct capital flows to sustainable investments, Forsee Power has conducted an analysis of its activities in all the sectoral areas defined in Annexes 1 and 2 of the Delegated Act relating to the climate component (mitigation and adaptation) of the taxonomy.

Scope

The revenues, capital expenditure and operating expenses in question cover all its activities and correspond to the scope of the companies under its control. The financial data are taken from the financial statements as of December 31, 2021 and revenues and capital expenditure can therefore be reconciled with the financial statements.

Assessment methods

Forsee Power has assessed all of its investments and current expenditure to identify the list and share of its activities eligible for climate change adaptation and mitigation objectives.
The denominators of the financial ratios have been defined in accordance with the definitions in the Delegated Act on Article 8 of the Taxonomy Regulation published on July 6, 2021.

With regard to revenues

- Forsee Power has identified the portion of its activities eligible for climate change adaptation and mitigation objectives (the "Climate Objectives"). As a result of this identification, the Group concluded that the following key activities were directly targeted by the Climate Objectives. The activity of sales of goods (battery systems) for the Group's various market segments corresponds to Taxonomy Regulation activity 3.4 - Manufacture of batteries, while the Group's service provision corresponds - to a lesser extent - to activity 3.6 - Manufacture of other low carbon technologies.
- The financial data are taken from the financial statements as of December 31, 2021 and revenues can therefore be reconciled with the financial statements.

With regard to capital expenditure:

- The denominator is derived directly from the Group's IFRS consolidated financial statements (after elimination of intra-Group transactions). The scope covered corresponds to the entire scope of the consolidated financial statements, excluding associates and joint ventures accounted for using the equity method. Capital expenditure includes additions to property, plant and equipment and intangible assets in financial year 2021, before depreciation, amortisation and revaluation, as well as additions to property, plant and equipment and intangible assets resulting from business combinations.
- The numerator includes the portion of this capital expenditure related to the identified eligible activities.

With regard to operating expenses:

- The denominator is derived directly from the Group's IFRS consolidated financial statements (after elimination of intra-Group transactions). The scope covered corresponds to the entire scope of the consolidated financial statements, excluding associates and joint ventures accounted for using the equity method. The denominator includes direct costs not capitalised that relate to research and development, building refurbishment, short-term leases (i.e. less than six months), maintenance and repair, and any other direct expenses related to the routine maintenance of property, plant and equipment required to keep those assets in good working order.
- The numerator includes the portion of these operating expenses related to the identified eligible activities.

Results

In 2021, Forsee Power retained the mitigation objectives and identified the following activities as eligible:

Area	Eligible activities	Taxonomy activity
Industry	Sales of specialised batteries in the field of portability and mobility (bicycles, scooters, rolling stock, medical facilities, home automation, professional tooling, etc.), electric transport (buses, trucks, trams, maritime and rail transport, marine and offshore) and for the storage of electric energy (residential, commercial and industrial markets).	3.4
Industry	Engineering and development services provided to the company's customers during the design phase	3.6

Data as of December 31, 2021 in millions of euros	Total amount	Amount eligible for the taxonomy
Revenues	72.4	72.25 99.8%
Capex	10.2	10.2 100%
Opex	4.4	4.4 100%

Taxonomic indicators:

- The Group's eligible revenues for 2021 amount to 99.8% out of total revenues of €72.4 million.
- Capital expenditure (capex) relates mainly to the acquisition of tangible assets and capitalised research and development expenses. The eligible portion for the 2021 financial year amounts to 100% out of a total of €10.2 million and covers activity 3.4 - Manufacture of batteries.
- Eligible operating expenses (opex) mainly concern non-capitalised research and development expenses. The eligible portion for 2021 amounts to 100% out of a total of €4.4 million.

Comment on the assessment of results

The results for the 2021 financial year relate to the eligibility of Forsee Power's activities, so the high rates obtained for the taxonomic indicators cannot predict the results that will be obtained following the alignment analysis planned for the financial year 2022.

2.4.6.2 Innovative, efficient and sustainable technologies that help customers and cities to reduce their carbon footprint

Drawing on its expertise in batteries, backed by its R&D team of more than 160 employees and its three research and development centres, Forsee Power continues to innovate and develop technologies capable of meeting any power and energy need. The innovation policy aims to limit the environmental footprint of products and is linked to the eco-design approach, with objectives in three areas:

- Extending life cycles;
- Improving performance;
- Strengthening safety standards;

The development of eco-designed products relies on the implementation of technical know-how at each stage of development: electrochemistry, cell testing, electronics, mechanical and thermal design, modelling and battery pack testing. It covers more broadly all stages of the product's life, from design to recycling.

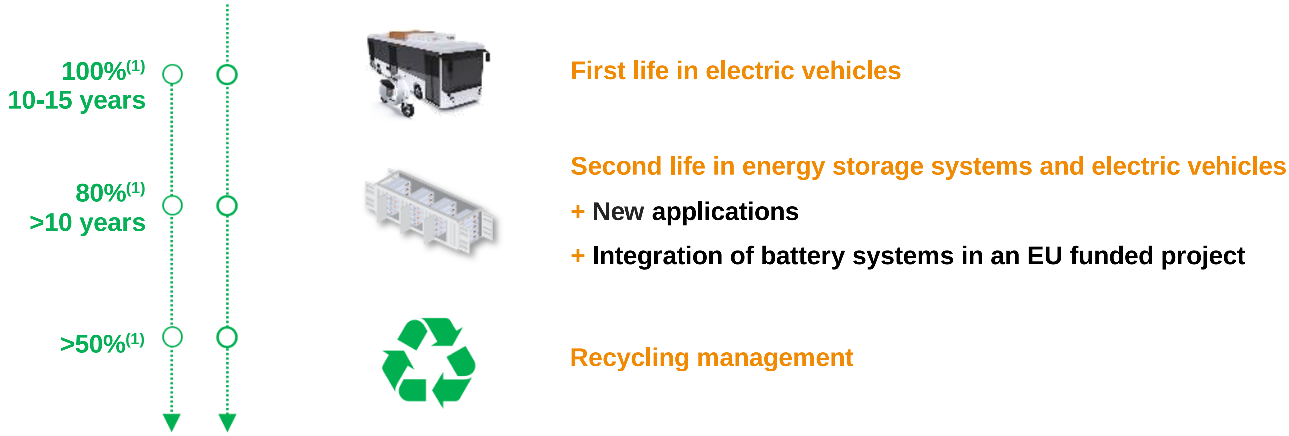
As part of its innovation and development policy, Forsee Power has defined four eco-design tools to reduce the carbon footprint of its products: the 6 ERs, a checklist specific to the battery industry, the carbon footprint and the recyclability rate. The Group intends to identify and measure revenues from eco-designed products from 2022.

2.4.6.3 Extending the battery life cycle through second life applications

After their first use in a vehicle, Forsee Power battery systems still have 80% of their electrical capacity, even after 10 to 15 years of operation. With this in mind, the Group ensures that the mechanical and electrical design of batteries facilitates a second life. They can therefore:

- be used in a vehicle with less demanding needs;
- be integrated into stationary storage applications designed to optimise a network;
- be integrated into a stand-alone storage system coupled with the production of renewable energies such as solar panels or wind turbines.

The life cycle of batteries



Notes: (1) As a % of initial battery performance

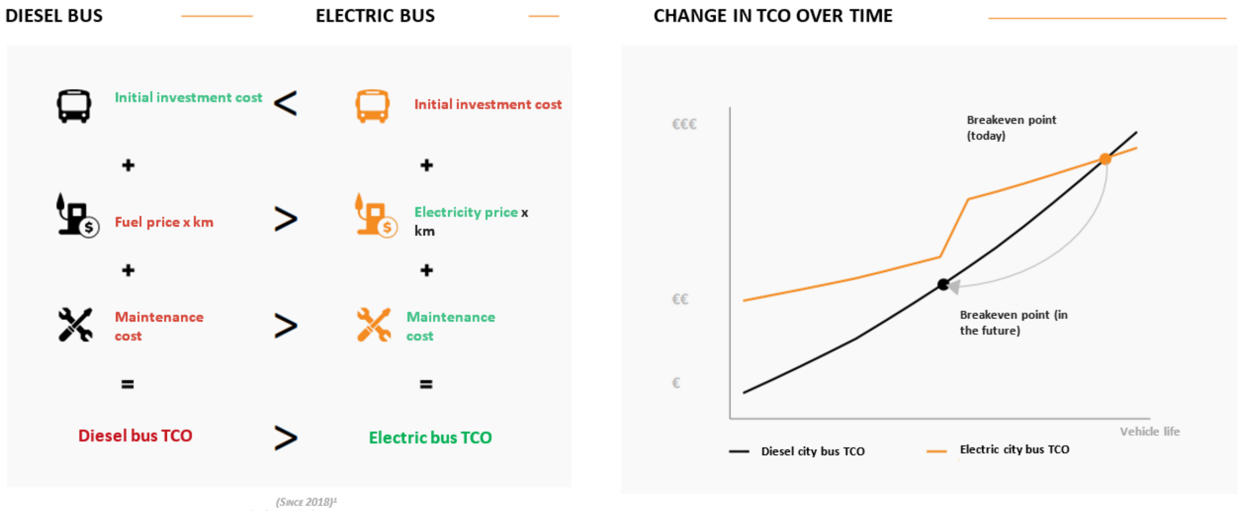
Extending the life cycle of batteries and managing their end of life also makes it possible to anticipate the strengthening of regulatory constraints on battery design and end of life. The Group is required to take back the batteries it sells, under the conditions defined by the European directive on batteries and accumulators and waste batteries and accumulators[8]. To this end, Forsee Power has carried out several second-life pilot projects and established partnerships with industrial companies and start-ups. By 2025, this will make it possible to offer customers second-life or recycling solutions. Forsee Power's approach thus increases the economic value of products while creating new market opportunities. The Group's Zen 35 product for heavy vehicles (mainly buses) has a 73% recyclability rate (proportion of materials that can be recycled or reused).

2.4.6.4 Financing solutions to accelerate the energy transition in transport

Although the total cost of ownership (TCO) of an electric vehicle is lower than that of an ICE vehicle, the initial investment is higher. This is an obstacle that Forsee Power decided to turn into an opportunity in 2017 by creating the first electromobility finance fund, NEoT Capital, with EDF and Mitsubishi Corporate. Christophe Gurtner, Chairman and CEO of Forsee Power, is Chairman of the Board of Directors of NEoT Capital.

[8] European Directive 2006/66/EC, amended by Directive 2013/56/EU of the European Parliament and of the Council of November 20, 2013 and Directive (EU) 2018/849.

Total cost of ownership (TCO) comparison: diesel bus vs electric bus

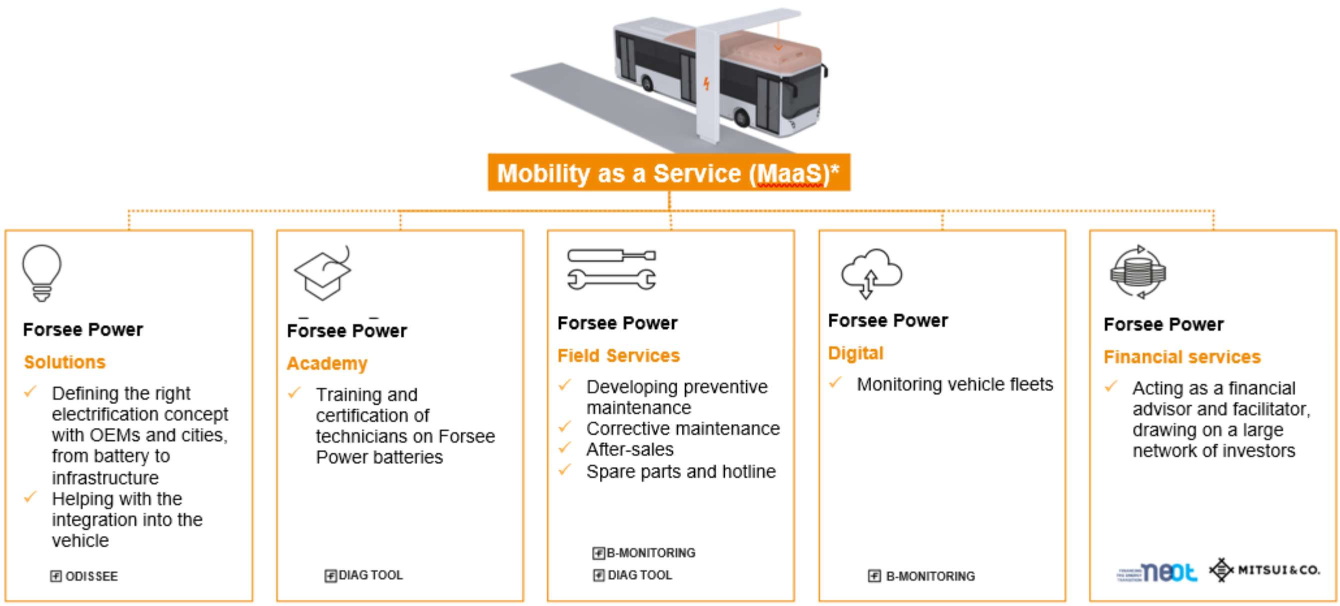


Source: (1) McKinsey Global Energy Outlook - 2019

In order to facilitate and accelerate the transition to electric fleets, Forsee Power has developed specific finance offerings to help manufacturers and local authorities electrify their fleets.
Forsee Power's offering ranges from the analysis of the customer's technical and technological needs (battery, vehicle and charging infrastructure) to the structuring of the financing with an appropriate lease offer.

This service of defining the need for electrification of the fleet responds to the lack of technical skills within certain local authorities which, without assistance, would not have the means to transition their vehicles to electric energy.

Forsee Power and its partners offer comprehensive, turnkey solutions to support operators throughout the battery and vehicle life cycle.



* mobility as a service

The Group works in concert with industrial and financial partners to provide turnkey, financed electric transport solutions. For example, between 2020 and 2021, Forsee Power delivered an initial solution of this kind to a UK-based bus operator. The solution involves financing the entire charging infrastructure through a 15-year lease and includes maintenance and warranty services after fully defining the electrification of the transport network.

2.4.6.5 Environmental management system (EMS)

As part of its environmental approach, Forsee Power measures and seeks to limit the environmental footprint of its own activities and those of its stakeholders. Its strategy is based on the following pillars:

- Continuous improvement of the environmental management system;
- Optimisation of its energy consumption and the transition to renewable energies in order to reduce its greenhouse gas (GHG) emissions;
- Preservation of natural resources;
- Waste management and recycling.

As part of its environmental strategy, Forsee Power undertakes to measure, control and limit its environmental impacts, whether they relate to the production site or to the products and components managed there. Forsee Power is gradually implementing its Group-wide environmental management system, which uses internal and external audits to identify and monitor the main environmental risks associated with its various production sites.

At the end of 2021, two of the manufacturing sites, Zhongshan in China and Wroclaw in Poland, were ISO14001 certified, representing 33% of all the sites. In France, the Group plans to have the Chasseneuil-du-Poitou production site certified by the end of 2022.

Coverage of sites with ISO 14001 certification

Sites and ISO 14001 certification	2020	2021
Total number of sites	5	6
Number of ISO 14001-certified sites	2	2
Percentage of ISO 14001-certified sites	40%	33%

An analysis of significant environmental impacts, carried out at all stages of production, has enabled us to identify the main risks, which are: energy consumption, mobility and waste sorting.

Forsee Power develops preventive measures and corrective actions to prevent and mitigate these risks. In 2021, for example, the Group included environmental obligations for its new buildings:

- Low-consumption lighting,
- Retention on site,
- Double-glazed windows,
- Raising employee awareness about energy savings,
    - A sign on switches encourages employees to turn the lights off.
    - Training on environmental basics
- Integration of environmental basics when welcoming new arrivals, which allows each person to be made aware of environmental issues and reaffirms the importance of the environment in the company's strategy,
- Inventory of unsorted waste to optimise waste recovery

- Sorting of cardboard cups, cans, paper, plastic bottles, other plastics, batteries, COVID waste and computer screens.
- Lastly, with regard to mobility
  - Setting up of short circuits when possible
  - Coverage of part of the expenses incurred by its employees travelling between their usual place of residence and Forsee Power using public transport or carpooling
- Establishment of an inventory of all products for the identification of chemical risks

2.4.6.6 Optimisation of energy consumption and transition to renewable energies

Energy sobriety is also one of Forsee Power's goals. The Group aims to optimise its energy consumption to make production less energy-intensive and reduce production costs but also to limit CO_2 emissions. Between 2020 and 2021, the average energy consumed per product increased from 10.12 to 11.10 kWh.

Energy intensity ratio

	2020	2021
Average energy consumed in kWh per kWh produced	**10.12**	**11.10**

2021 scope: Chasseneuil-du-Poitou, Zhongshan, Wroclaw, Pune (excluding the Ivry-sur-Seine and Ecully sites)
2020 scope: Chasseneuil-du-Poitou, Zhongshan, Wroclaw (excluding the Ivry-sur-Seine and Ecully sites)

As part of the 2025 sustainable development roadmap, Forsee Power has also set a target of 50% renewable energy consumption out of the total energy it consumes.

Share of renewable energy used

	2020	2021
Total electricity consumption in kWh at the production sites	1,533,362	2,145,395
Electricity consumption from renewable energy in kWh at the production sites	225,287	424,800
Percentage of electricity used from renewable energy at the production sites	14.69%	19.80%

2021 scope: Chasseneuil-du-Poitou, Zhongshan, Wroclaw, Pune (excluding the Ivry-sur-Seine and Ecully sites)
2020 scope: Chasseneuil-du-Poitou, Zhongshan, Wroclaw (excluding the Ivry-sur-Seine and Ecully sites)

2.4.6.7 Waste management and recycling

Waste management, recycling and recovery is part of the environmental approach. To this end, a waste management and recycling policy has been put in place. As part of this policy, the Group has undertaken to reduce the quantity of waste produced (reduction of packaging, reuse) and to achieve a 100% recycling and recovery rate for its waste by 2025.

Forsee Power produces the following types of waste at its production sites:

- Industrial waste such as cardboard and plastic
- Hazardous industrial waste such as electrochemical cells (almost all waste in this category). Solvents, aerosols, etc. These last two types of waste require special reprocessing before recycling and reuse so as not to pollute the environment with harmful substances.

Waste generated

	2020	2021
Total quantity of waste generated in tonnes	268.6	364.4
Quantities of waste generated in kg per kWh produced	1.77	1.89
Waste recovery or recycling rate	69%	74%
Total quantity of hazardous waste in tonnes	3.1	63.5*
Percentage of hazardous waste recycled and recovered	87.72%	97.24%

2021 scope: Chasseneuil-du-Poitou, Zhongshan, Wroclaw, Pune (excluding the Ivry-sur-Seine and Ecully sites)
2020 scope: Chasseneuil-du-Poitou, Zhongshan, Wroclaw (excluding the Ivry-sur-Seine and Ecully sites)

** The difference between the quantity of hazardous waste generated in 2020 and that generated in 2021 is explained by the treatment in 2021 of waste left over from previous years. The COVID-19 health crisis and pressure on supplies have impacted our service providers' recycling capacities.*

Waste is considered waste at the time of transfer from the production site to the service provider's site.

As waste sorting is one of the major factors in recycling efficiency, Forsee Power has set up a sorting system in the production area of all its sites, with the aim of streamlining and optimising processes.
The Group continually seeks to reduce waste in its production processes. This is why it has drawn up a roadmap that promotes purchases with reduced packaging and waste potential, facilitates the exploration of reuse opportunities and encourages collaboration with suppliers to optimise packaging materials. For example, it returns thermoformed cell containers to the supplier to be reused for subsequent deliveries.

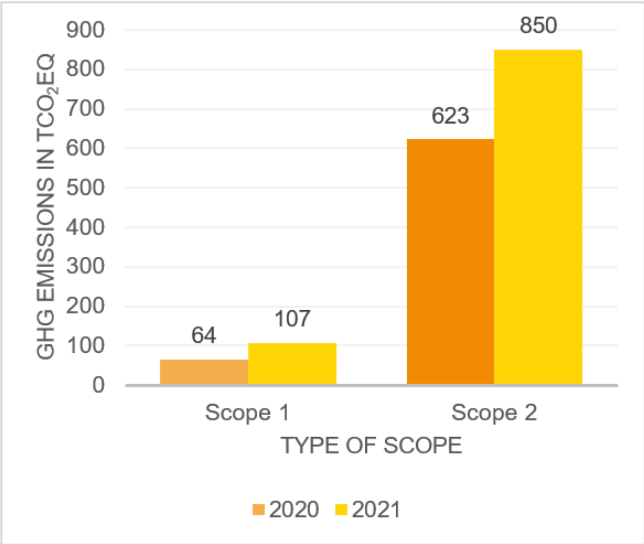
2.4.6.8 Carbon footprint: measuring and reducing GHG emissions

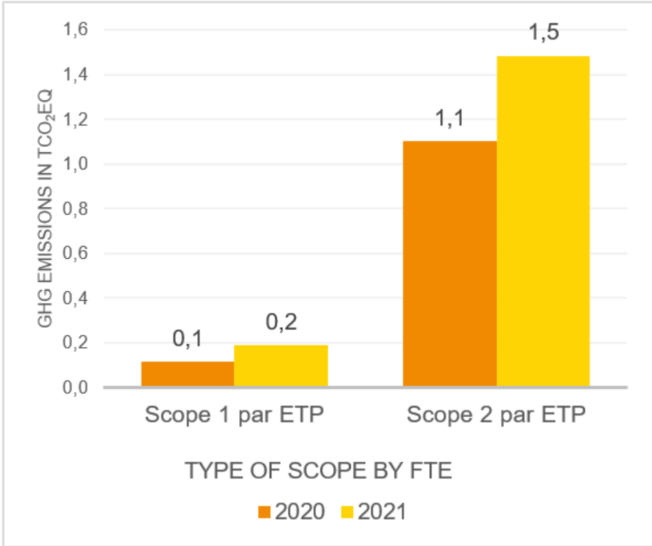
As part of its environmental strategy, the Group is committed to reducing its greenhouse gas emissions. In 2022, Forsee Power will work to define and formalise a climate policy that will include reduction targets for its direct (scope 1) and indirect (scope 2 and 3) emissions.
In 2021, the Group again measured the greenhouse gas (GHG) emissions directly related to its activities (scope 1) as well as indirect emissions associated with its electricity and heat consumption (scope 2).

The main source of emissions is electricity consumption.
Although the assembly of battery packs represents less than 25% of the battery's carbon footprint, Forsee Power is implementing actions to further reduce this footprint and that of its operations.
Aware of the importance of taking action, the Group has already decided to act on emissions related to its component purchases. These components account for the majority of purchase volumes and supplies in Europe come from Asia, which leads to significant transport and therefore represents a potential source of improvement for Forsee Power. The Group prefers to use road, rail and sea transport, which produce fewer emissions than air transport. In 2021, the share of air transport in the transport of these components was 24%, compared to 27.69% in 2020. The Group's objective for 2025 is to limit this share to 5%. To achieve this, Forsee Power endeavours to group its orders for shipping by sea where possible (longer) and is exploring partnerships with cell suppliers located as close as possible to its operations in order to favour road and rail transport and thereby reduce its products' carbon footprint.
The Group is also taking steps to optimise its energy consumption (see section 6.3).

Carbon footprint results (scope 1 and scope 2)

Comparison of scope 1 and 2 GHG emissions between 2020 and 2021.





In general, the difference between 2020 and 2021 for scopes 1 and 2 can be explained by an extended scope of emissions measurement. The 2021 scope includes all the Group's sites in all countries, including Ecully in France and Pune in India, which explains the increase in direct and indirect emissions from Forsee Power's activities.

More specifically, direct GHG emissions (scope 1) increased by 67% between 2020 and 2021, due to the increase in the vehicle fleet and the associated fuel consumption. Forsee Power had 17 vehicles in 2020 compared to 34 in 2021.

In 2022, the Group will review its vehicle fleet leasing contracts in order to give preference to hybrid and electric vehicles and to reduce GHG emissions linked to fuel consumption.

The increase in emissions associated with electricity and heat consumption (scope 2) is explained by an increase in overall energy consumption due to the inclusion in the measurement scope of the Ecully site in France and the Pune site in India.

Indirect greenhouse gas emissions (scope 3)

Forsee Power wants to constantly increase its engagement in the fight against climate change, which is why its objective is to include scope 3 in its carbon footprint by 2022. For this purpose, the Group will be assisted by an independent consulting firm. Thanks to this analysis, the Group will be able to target the most significant indirect emissions items and take measures to limit emissions across the entire value chain.

Although Forsee Power does not yet measure scope 3 emissions, it has already taken initiatives to limit these emissions. The cells used to manufacture the battery systems are primarily shipped to Forsee Power's manufacturing sites from Japan, South Korea and China. They account for most of the total weight of purchased components and contribute significantly to scope 3 emissions. As part of its 2025 roadmap, the Group is committed to optimising its shipments by giving priority to road, rail and sea transport, which consumes less energy than air transport. Forsee Power also encourages its employees to choose sustainable mobility solutions.

Emissions avoided

In 2021, Forsee Power measured the emissions avoided through its products, which correspond to 441,152 tCO_2eq if we consider heavy-duty vehicles (HDV) and light electric vehicles (LEV) equipped with Forsee Power batteries. This statistic highlights the Group's contribution to the decarbonisation of transport, which in turn improves air quality in cities.

Emissions avoided during the lifetime of vehicles equipped with Forsee Power batteries

	2019	2020	2021
Emissions avoided on heavy-duty vehicles (HDV) in tCO_2eq	163,770.00	258,787.50	360,757.50
Emissions avoided on light electric vehicles (LEV) in tCO_2eq	73,928.80	22,735.40	80,395.40

2.4.7 Performance indicators and methodological note

2.4.7.1 Monitoring the implementation of the roadmap

Main objective	Performance indicator	2019	2020	2021	2025 objective
People Reduction in absenteeism and workplace accidents	1.Absenteeism rate	6.38%	4.49%	3.01%	**3.8%**
	2.Accident severity rate	0.21	0.17	0.05	**0**
People Better representation of women in the company	3.Percentage of women on the Board of Directors	0%	0%	46%	**40-60%**
	4.Percentage of female managers*	-	-	20%	**40-60%**
Policies More responsible purchasing management	5.Establishment of a supplier code of conduct	No	Yes	Yes	**Yes**
	6.Percentage of production component suppliers that have signed the code of conduct	-	76.6%	85.5%	**100%**
Planet Better consumption and waste recycling	7.Weight of waste in kg per kWh produced	-	-	1.89kg**	**TBD *** **
	8.Waste recovery or recycling rate	76%	73%	74%	**100%**
Planet Reduction of CO_2 emissions	9.Share of air transport in the transport of purchases	-	27.69%	24%	**5%**
	10. Share of renewable energy in energy consumption	6.51%	14.69%	19.80%	**50%**

** Indicator modified to align with best practices, replacing the rate of female representation on management committees*

*** Reflecting the pandemic and the processing of all remaining items from previous years*

**** The objective will be defined in the first half of 2022 based on a representative activity not impacted by the pandemic*

2.4.7.2 Summary of non-financial performance indicators

	INDICATOR	2019	2020	2021
POLICIES	Number of women on the Board of Directors	0	0	6
	Percentage of women on the Board of Directors	0%	0%	46%
	Percentage of employees made aware of the code of conduct	100%	100%	100%
	Percentage of employees who have signed the employee code of conduct	-	-	100%
	Percentage of employees made aware of cybersecurity	-	-	100%
	Percentage of employees with a user account trained in cybersecurity	-	-	52%
	Percentage of suppliers of production components who have signed the supplier code of conduct	0%	77%	85.5%
	Supplier payment terms	-	45 days	30 days

	INDICATOR	2019	2020	2021
PEOPLE	Number of employees	468	519	602
	Number of new hires	231	72	176
	Staff turnover rate	-	-	27%
	Number of employees who received a performance and career development review	-	-	458
	Amount invested in training in euros	106,455	158,456	226,261
	Percentage of employees trained during the year	36%	39%	57%
	Number of hours of training	-	-	5,781.5
	Average number of hours of training taken in the year per employee	-	-	18
	Share of women in the Group	46%	43%	43%
	Percentage of female managers	-	-	20%
	Percentage of female cadre-grade staff	-	-	23%
	Percentage of female permanent contract staff	-	-	38%
	Gender equality index	-	79/100	75/100
	Number of nationalities	14	19	22
	Number of trainees	2	3	4
	Number of work-study employees	9	8	16
	Percentage of employees under 25	9%	6%	7%
	Percentage of employees with disabilities	-	-	2%
	Number of collective agreements signed during the year	-	-	3
	Satisfaction survey participation rate	74.2%	86.5%	68.3%
	Employee satisfaction rate	64%	62.9%	63.6%
	Absenteeism rate	5.80%	4.49%	3.01%
	Accident frequency rate - fr1	12.49	6	7.95
	Accident severity rate - sr	0.21	0.17	0.05

	INDICATOR	2019	2020	2021
PLANET	Capex eligible for the European taxonomy	-	-	100%
	Opex eligible for the European taxonomy	-	-	100%
	Revenues eligible for the European taxonomy	-	-	99.8%
	Zen 35 product recyclability rate			73%
	Number of ISO 14001-certified sites	2	2	2
	Percentage of ISO 14001-certified sites	50%	40%	33%
	kWh of energy consumed per kWh produced	10.98	10.12	11.10
	kWh of energy consumed per FTE	2,998.09	4,356.14	3,871.57
	Total energy consumption in MWh	1,403.10	1,533.36	2,145.39
	Share of renewable energy in energy consumption	6.51%	14.69%	19.80%
	Weight of waste generated in tonnes	275.60	268.66	364.44
	Weight of waste per kWh produced		1.77	1.89
	Percentage of waste recovered or recycled	72%	69%	74%
	Weight of hazardous waste generated in tonnes	0.865	3.118	63.474
	Percentage of hazardous waste recycled and recovered	71%	87.7%	97.24%
	Scope 1 in tCO_2eq	-	64	107
	Scope 2 in tCO_2eq	-	623	850
	Scope 1 in tCO_2eq per FTE	-	0.1	0.2
	Scope 2 in tCO_2eq per FTE	-	1.1	1.5
	Total emissions avoided in tCO_2eq	237,698.80	281,522.90	441,152.90
	Share of air transport in the transport of purchases	-	27.69%	24%

2.4.7.3 Methodological note

This document does not address certain topics such as

- Water consumption: this is not a material issue for Forsee Power as the manufacturing process does not require water.
- Biodiversity because Forsee Power has no direct impact on the environment and has not implemented any biodiversity-related programmes.

People data:

Data are expressed on the basis of a scope including all the Group sites, i.e. the sites of Ivry-sur-Seine (France), Chasseneuil-du-Poitou (France), Ecully (France), Zhongshan (China), Wroclaw (Poland) and Pune (India).

The scope varies for data relating to the area of health, safety and environment (HSE), particularly for frequency and severity rate indicators, as well as absenteeism data. It excludes the Ecully site (France) because of data consolidation difficulties, for example. Ecully will nevertheless be included in the scope for the 2022 financial year.

We apply the following formula to calculate the employee turnover rate: [(Number of departures in year N + Number of arrivals in the same period)/2] /Headcount at the beginning of the period.

Planet data:

The consolidated scope of environmental data includes the sites of Chasseneuil-du-Poitou (France), Zhongshan (China), Wroclaw (Poland) and Pune (India). It excludes the Ivry-sur-Seine (France) and Ecully (France) sites. The exclusion of the Ivry-sur-Seine site, the Group's registered office, is due to the unavailability of data on energy consumption and waste generation. Due to the nature of the site, energy consumption and the amount of waste generated are insignificant compared to that of the production sites. The Ecully site, which was integrated into the Group's operations in the second half of 2021, is excluded from the 2021 scope and will be included in 2022.

For the calculation of GHG emissions, Forsee Power has chosen a broader scope than for 2020, taking into account recent acquisitions and integrating actual and estimated data:

Data on direct GHG emissions (scope 1) are calculated for all Group sites, including Ivry-sur-Seine (France), Chasseneuil-du-Poitou (France), Ecully (France), Zhongshan (China), Wroclaw (Poland) and Pune (India).

The calculation scope includes only the emissions from the Group's vehicle fleet, excluding that relating to leakage processes and emissions from refrigeration and air conditioning. The emissions factors used are those from the latest version of ADEME's Base Carbone®.

Since the Ecully site (France) was included in the second half of 2021, the estimated number of kilometres travelled, required to estimate fuel consumption, was halved to reflect consistent emissions.

For the calculation of indirect emissions associated with the Group's energy consumption (scope 2), the calculation scope includes actual data from the Chasseneuil-du-Poitou (France), Zhongshan (China), Wroclaw (Poland) and Pune (India) sites. It also includes the Ivry-sur-Seine (France) and Ecully (France) sites with data estimated by proxy.

For the calculation of emissions avoided:

Emissions avoided are calculated over the lifetime of the vehicle equipped with Forsee Power batteries for heavy-duty vehicles (HDV) and light electric vehicles (LEV).

The methodology applied is the same for each type of vehicle.

Forsee Power determines the average distance travelled by the vehicle over its lifetime by multiplying the average distance travelled by the vehicle in one year by its estimated lifetime.

The Group then applies the CO_2 emissions per kilometre estimated by ADEME for a diesel version of the same type of vehicle by multiplying it by the average distance travelled by the vehicle over its previously calculated lifetime, and then multiplies the result by the number of Forsee Power systems or batteries delivered to customers by type of vehicle.

Forsee Power thus obtains emissions avoided related to battery equipment by vehicle type.

2.4.8 Appendices

Contribution of Forsee Power to the targets defined by the SDGs

Themes	Engagement and policies	Contribution monitoring indicator	5 GENDER EQUALITY: Forsee Power contributes to target **5.5** by promoting a diverse and inclusive workplace, as well as monitoring and increasing the share of women in managerial and leadership roles.	8 DECENT WORK AND ECONOMIC GROWTH: Forsee Power contributes to the achievement of target **8.8** by developing a strong HSE culture and by monitoring workplace accidents and their causes.	11 SUSTAINABLE CITIES AND COMMUNITIES: Forsee Power contributes to the achievement of target 1**1.6** by improving air quality through the equipment of vehicles with its batteries.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION: Forsee Power contributes to the achievement of target **12.5** by reducing waste production through a high recyclability rate of all its products.
PEOPLE	HR policy	Percentage of women on the Board of Directors	•			
		Percentage of female managers	•			
	Goal of zero accident	Absenteeism rate		•		
		Severity rate		•		
PLANET	R&D policy and innovation integrating an eco-design approach	*			•	
	Financing solutions to accelerate the energy transition in transport	*				•

** A potential contribution has been identified and an analysis will be carried out in 2022 to identify the actual contribution and define monitoring indicators. indicators.*

2.4.9 Report of the independent third-party body

Report of one of the Statutory Auditors, appointed as Independent Third Party, on the verification of the Consolidated Non-Financial Performance Statement

Year ended December 31, 2021

This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders' Meeting of Forsee Power SA,

In our capacity as Statutory Auditor of Forsee Power SA (hereinafter the "Company"), appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac), under number 3-1048 (scope available at www.cofrac.fr) and currently adapting our management system as required by the Cofrac for this accreditation (from ISO17020 to ISO 17029), we have conducted procedures to express a limited assurance conclusion on the historical information (observed or extrapolated) in the consolidated non-financial performance statement, prepared in accordance with the Company's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2021 (hereinafter the "Information" and the "Statement", respectively), presented in the FGroup management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*code de commerce*).

Conclusion

Based on our procedures as described in the section "Nature and scope of procedures" and the evidence we have obtained, no material misstatements have come to our attention that cause us to believe that the non-financial performance statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Comments

Without qualifying the conclusion expressed above and in accordance with Article A. 225-3 of the French Commercial Code, we make the following comments:

- Given the entity's sector of activity, regulatory requirements and identified risks, certain information is presented in a limited manner within the Statement, particularly with regard to respect for human rights, the fight against corruption and tax evasion.
- Certain data presented for comparison purposes for the historical years 2019 and 2020 have not been verified by us and have been established on scopes and with different methods from those used for 2021.
- The procedures for establishing and presenting social and environmental indicators require improvement, in particular regarding the monitoring of the scopes and entities covered, the methodological details for contributors and users and the internal controls to be carried out.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used reference framework or established practices on which to base the assessment and measurement of the Information enables the use of different but acceptable measurement techniques that may impact comparability between entities and over time.

Accordingly, the Information must be read and interpreted with reference to the Guidelines, summarised in the Statement.

Limits inherent in the preparation of the information relating to the Statement

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

Responsibility of the Company

The Board of Directors is responsible for:

- selecting or determining the appropriate criteria for the preparation of the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented with respect to these risks as well as the outcomes of these policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- implementing such internal control as it determines is necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the Company's Guidelines as referred to above.

Responsibility of the Statutory Auditor appointed as Independent Third Party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

As it is our responsibility to issue an independent conclusion on the information prepared by management, we are not authorised to participate in the preparation of the Information, as this could compromise our independence.

It is not our responsibility to provide a conclusion on:

- the Company's compliance with other applicable legal and regulatory provisions (particularly with the fight against corruption and tax evasion);

- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement and acting as the verification programme and with the international standard ISAE 3000 (revised).

Independence and quality control

Our independence is defined by Article L. 822-11-3 of the French Commercial Code and French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

Means and resources

Our work engaged the skills of five people between March and April 2022 and took a total of about five weeks.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around twenty interviews with people responsible for preparing the Statement.

Nature and scope of procedures

We planned and performed our work taking account of the risk of material misstatement of the Information.

We consider that the procedures conducted in exercising our professional judgement enable us to express a limited assurance conclusion:

- We familiarized ourselves with the activities of all companies in the consolidation scope and the description of the principal risks.
- We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- We verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 of the French Commercial Code governing social and environmental affairs, respect for human rights and the fight against corruption and tax evasion;
- We verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of the principal risks associated with the activities of all the consolidated entities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;

- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important[9];
- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16 of the French Commercial Code.
- We obtained an understanding of internal control and risk management procedures implemented by the Company and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes[10] that we considered to be the most important, we implemented:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
  - substantive tests, on a sample basis and using other selection methods, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities[11] and covered between 35% and 95% of the consolidated data selected for these tests.
- We assessed the overall consistency of the Statement in relation to our knowledge of the entire Company.

The procedures conducted in a limited assurance review are substantially less in scope than those required to issue a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, April 28, 2022

One of the Statutory Auditors,

Deloitte & Associés

Thierry Quéron **Partner, Audit**	**Julien Rivals** **Partner, Sustainability Services**

[9] Qualitative information: Existence of a code of conduct for suppliers, Existence of a code of conduct for employees, Creation of a carbon footprint.

[10] Quantitative environmental information: Energy intensity ratio, Total energy consumption and share of renewable energies, Weight and classification of waste (including per kWh produced), % of waste recycled by nature.

Quantitative social information: Accident frequency rate, Accident severity rate, Absenteeism rate, Workforce (entries / exits), Representation rate of female managers.

[11] Selected entities: Environment > Chasseneuil-du-Poitou, France & Zhongshan, China (waste only)

Social > France (including the sites of Chasseneuil-du-Poitou, Ivry and Ecully)

3. Corporate governance report

This section is presented in accordance with the provisions of Article L.225-37 paragraph 6 of the French Commercial Code.

To organise its governance, the Company's Board of Directors has decided to refer to the corporate governance code for small and mid-sized companies as published in its latest version in September 2021 by Middlenext (the "**Middlenext Code**") and approved as a reference code by the French Financial Markets Authority (AMF). This code is available on the Middlenext website (https://www.middlenext.com). It includes recommendations and points of attention that the Appointments and Remuneration Committee and the Board of Directors will review each year.

Since its listing on Euronext Paris, the Company has aimed to comply with all the recommendations of the Middlenext Code regarding corporate governance, as it considers it the most appropriate for its organisation, size, resources and shareholder structure.

In accordance with the "comply or explain" principle, the table below presents, pursuant to Article L.225-37-4 of the French Commercial Code, the Company's position with respect to all the recommendations set out in the Middlenext Code as of the date of this report.

Middlenext Code recommendation	Applied	Not yet applied
Supervisory power		
R1: Ethics of Board members	X	
R2: Conflicts of interest	X	
R3: Composition of the Board - Presence of independent members	X	
R4: Information provided to Board members	X	
R5: Training of Board members	X	
R6: Organisation of Board and committee meetings	X	
R7: Establishment of committees	X(1)	
R8: Establishment of a specialised committee on corporate social responsibility (CSR)	X	
R9: Establishment of internal rules for the Board	X	
R10: Selection of each Board member	X	
R11: Term of office of Board members	X	
R12: Compensation of Board members in respect of their offices	X	
R13: Establishment of an assessment of the Board's work	X	
R14: Relationship with the shareholders	X	

Executive power		
R15: Company diversity and equity policy	X	
R16: Definition and transparency of compensation of executive corporate officers	X	
R17: Preparation of management succession		X(2)
R18: Combination of employment contract and corporate office	X	
R19: Severance pay	X	
R20: Supplementary pension schemes	X(3)	
R21: Share subscription options and free share grants	X	
R22: Review of points of attention	X	

(1) *This recommendation is applied, with the exception of the chairmanship of the Strategy Committee, which is not entrusted to an independent director but to Christophe Gurtner, Chairman and founder of the Company, given the Company's stage of development. In addition, the position of Chair of the Strategy Committee requires in-depth knowledge and experience of the market in which the Group operates. Given that the Company's new governance structure has only recently been put in place, the Board of Directors considered that appointing Christophe Gurtner, founder of the Group, as Chair of this committee was the most appropriate solution at this time.*

(2) *It should be noted that, given the recent creation of the Board of Directors and the specialised committees, the Appointments and the Remuneration Committee will formulate and, where appropriate, update the succession plan for the Group's executives and key managers at one or more of its meetings to be held during the second half of 2022.*

(3) *None of the Group's executive corporate officers benefits from a supplementary pension plan.*

3.1 Board of Directors

3.1.1 Information on the composition and members of the Board of Directors

3.1.1.1 Composition of the Board of Directors and Board Committees

As of April 6th, 2022, the date on which the Board of Directors drew up its corporate governance report, the Board had thirteen members including six women and seven independent members. The composition of the Board of Directors is described in the tables below.

Recommendation no. 11 of the Middlenext Code is applied, the term of office of directors being set at three (3) years. This term is adapted to the specific characteristics of the Company, within the limits set by law.

Last name, First name, and Title or Office of Board Members	Independent "Board Member" Specify (yes/no)	Year of First Appointment	End of term of office	Committees				Experience and expertise provided
				Appointments and Remuneration Committee	Audit and Risk Committee	CSR Committee	Strategy Committee	
Christophe Gurtner Chairman and Chief Executive Officer Director	No	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023				X	Management, reorganisation, mergers and acquisitions, business and strategic development
Bpifrance Investissement, represented by Eric Lecomte Director	No	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023		X			Investment in semi-public companies, investment in local energy distribution companies, structuring of and investment in renewable energy production projects, structuring of and investment in innovation industrialisation projects
Ballard Power Systems Inc., represented by Nicolas Pocard Director	No	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023					25 years of experience in sales and business development, marketing, management and corporate strategy. Expertise in and in-depth knowledge of the electromobility markets of Europe, North America and Asia.
Eurazeo Investment Manager (formerly known as Idinvest Partners) represented by Matthieu Bonamy Director	No	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023	X				Venture capital, growth capital, energy transition, green technologies, electric mobility, new mobility, industry of the future
Kosuke Nakajima Director	No	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023				X	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).
Pierre Lahutte Director	No	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023			X	X	25 years of experience in agricultural machinery, mobility and transport with a strong focus on sustainable development and the introduction of disruptive decarbonisation solutions (electric, biomethane, hydrogen)
Joerg Ernst Director	Yes	2021	Shareholders' meeting to approve the financial statements for the year ending				X	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

			December 31, 2023					processes from strategy to manufacturing / Long-term relationships with customers and industrial companies worldwide.
Isabelle Tribotté Director	Yes	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023				X	Strategy, marketing, international sales Quality assurance and customer experience Industry, energy and infrastructure industries Skills in automation, robotics and energy management Independent directorship certification
Sylvie Bernard-Curie Director	Yes	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023	X	X			International audit / Human resources operational management / Skills and potential development / Talent acquisition / Diversity and inclusion / Team management and coordination / Individual and group coaching for managers / Occupational psychology
Corinne Jouanny Director	Yes	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023				X	Innovation management / Business strategy / Research & development
Sonia Trocmé-Le Page Director	Yes	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023		X	X		Over 28 years of experience in financial analysis, M&A, international private equity, venture capital and infrastructure (including renewable energy) fundraising advisory,, impact investing, CSR strategy and ESG measurement and positive impact. Experience in banking group and entrepreneur. Leadership, strategy, business development, risk analysis, governance.
Veronique Staat Director	Yes	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023	X	X			Human resources strategy and leadership development / Management and ESG transformation / Governance / Investment and integration strategy
Florence Didier-Noaro Director	Yes	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023		X	X		Corporate social responsibility, ESG and impact analysis, financial and non-financial reporting, financial and non-financial audit

3.1.1.2 Presence of independent members on the Board

In accordance with recommendation no. 3 of the Middlenext Code, the Board of Directors has examined the situation of each of its members on a case-by-case basis in light of the criteria set out in the code.

In light of the independence criteria defined by the Middlenext Code (as updated in September 2021), seven members of the Board of Directors, i.e. Joerg Ernst, Isabelle Tribotté, Sylvie Bernard-Curie, Corinne Jouanny, Sonia Trocmé-Le Page, Veronique Staat and Florence Didier-Noaro are independent members of the Board of Directors. Recommendation no. 3 of the Middlenext Code is therefore applied.

Below is the Company's analysis of the independence of each director in light of the criteria set out in the Middlenext Code.

Criteria (1)	Christophe Gurtner	Matthieu Bonamy (Eurazeo)	Eric Lecomte (Bpifrance Investissement)	Nicolas Pocard (Ballard Power Systems Inc.)	Kosuke Nakajima	Pierre Lahutte	Joerg Ernst	Isabelle Tribotté	Sylvie Bernard-Curie	Corinne Jouanny	Sonia Trocmé-Le Page	Veronique Staat	Florence Didier-Noaro
Criterion 1: Not having been and not being an employee or executive corporate officer of the Company or of a company in its group over the last five years	✘	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Criterion 2: Not having been and not being in a significant business relationship with the Company or its group (customer, supplier, competitor, service provider, creditor, banker, etc.) over the last two years	✔	✔	✔	✘	✘	✘	✔	✔	✔	✔	✔	✔	✔
Criterion 3: Not being a reference shareholder in the Company or holding a significant percentage of voting rights	✘	✘	✘	✘	✘	✔	✔	✔	✔	✔	✔	✔	✔
Criterion 4: Not having any close relationship or family ties with a corporate officer or reference shareholder	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Criterion 5: Not having been a statutory auditor of the Company over the last six years;	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Independent member (yes/no)	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes

(1) *In this table, ✔ represents an independence criterion that is met and ✘ represents an independence criterion that is not met.*

3.1.1.3 Offices and positions held in any company by each corporate officer during the financial year

The tables below list the offices and positions held in any company during the financial year for each of the corporate officers. This list includes both salaried and non-salaried positions held within the Company and Group companies and positions held in French or foreign third-party companies.

In accordance with recommendation no. 1 of the Middlenext Code, executive directors do not hold more than two (2) other offices in listed companies, including foreign companies, outside their group.

Christophe Gurtner, Chairman of the Board of Directors

Business address:

1, boulevard Hippolyte Marques, 94200 Ivry-sur-Seine

Age: 58

Nationality: French

Date of appointment: 2021

Expiry date of the term of office: Annual ordinary shareholders' meeting to approve the financial statements for the year ending December 31, 2023

Number of Company shares held:

1,860,257

Summary of key areas of expertise and experience:

- Management, reorganisation, mergers and acquisitions, business and strategic development.
- Chairman and Chief Executive Officer of Forsee Power

Biography:

A graduate of the ISC Paris Business School, he 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 operations. In 1995, he became CEO of the German subsidiary, handling portable and industrial batteries, energy conversion and emergency lighting. Then, in 1998, he took over the management of the consumer business unit. In 2001, under a reorganisation he was coordinating he used a new holding company created in France to buy Uniross Batteries Ltd. (United Kingdom), one of the companies he managed. By 2005, the company had become the leader in Europe and the third largest in the world in its sector through internal growth (China, Germany, Italy) and acquisitions (United States, Mexico, South Africa). In 2006, the company was listed on the Paris stock exchange, on the open market. In 2009, he 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 chaired and developed the Company since 2013, with the goal 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 chaired it since its creation.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD[12]

[13] Within and outside the Group / Including the status of general partner.

▪ Chairman of the Board of Directors and Chief Executive Officer of the Company; ▪ NeoT: Chairman;	▪ Member of the Company's Supervisory Committee[13] ▪ French foreign trade advisor (not renewed at end-2021).

Bpifrance Investissement, director, represented by Eric Lecomte

Business address:

6-8 boulevard Haussmann 75009 Paris

Age: 58

Nationality: French

Date of appointment: 2021

Expiry date of the term of office: Annual ordinary shareholders' meeting to approve the financial statements for the year ending December 31, 2023

Number of Company shares held by the SPI (Société de Projets Industriels) fund, which is managed by Bpifrance Investissement:

5,463,700

Number of Company shares held by Eric Lecomte: 0

Summary of key areas of expertise and experience:

In France: investment in semi-public companies, investment in local energy distribution companies, structuring and investing in renewable energy production projects, structuring and investing in innovation industrialisation projects.

Main activities outside the Company:

Senior investment manager at Bpifrance Investissement in charge of the SPI (Sociétés de Projets Industriels) fund (investments to encourage the industrialisation of innovations in France).

Biography:

A graduate of IAE Nancy School of Management and holder of a Master's degree in law, Eric Lecomte began his career by helping to create a ratings agency operating on the Nancy stock exchange. He was then an account manager at SDR Lordex (loans and investments in Lorraine-based companies) before becoming Regional Director of Paribas bank in Nancy. In 1999, he joined the Caisse des Dépôts group as Investment Director of CDC PME, in charge of creating and monitoring regional investment funds. In 2001, he joined the public institution as an investment manager and then headed the department dealing with semi-public companies and subsidiaries of which CDC is a shareholder, bringing together more than 500 investments. In 2008, he founded the energy and environment department in charge of investing in renewable energy production projects. In 2014, he joined Bpifrance Investissement to help create the SPI (Sociétés de Projets Industriels) fund, aimed at investing in the industrialisation of innovations in France, of which he is, as of the date of this document, Senior Investment Director.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors ▪ SUNCNIM SAS: Member of the Board of Directors as permanent representative of Bpifrance Investissement	▪ Member of the Company's Supervisory Board ▪ SAEML UEM - Usine Electrique de Metz: Member of the Board of Directors ▪ LUCIA HOLDING SAS: Member of the Board of Directors as permanent

[14] The Company's Supervisory Committee was abolished when the Company's shares were admitted to trading on the Euronext regulated market

	▪ APRIL PROTEIN SOLUTIONS SAS: Member of the Strategy Committee ▪ EVERTREE SAS: Member of the Board of Directors ▪ VALLOUREC UMBILICAS SAS: Member of the Board of Directors as permanent representative of Bpifrance Investissement ▪ AFYREN NEOXY: Member of the Board of Directors as permanent representative of Bpifrance Investissement ▪ PROLEIN SAS: Member of the Board of Directors as permanent representative of Bpifrance Investissement ▪ LACROIX ELECTRONICS BEAUPREAU SAS: Member of the Board of Directors as permanent representative of Bpifrance Investissement ▪ PRIMO1D: Member of the Board of Directors as permanent representative of Bpifrance Investissement ▪ DEMETER 4 Infra FCPI: Member of the Advisory Committee ▪ BPIFRANCE INVESTISSEMENT: Senior Investment Director in charge of the SPI (Sociétés de Projets Industriels) fund (investment to encourage the industrialisation of innovations in France).	representative of Bpifrance Investissement ▪ ECOSIS SAS: Member of the Board of Directors

Ballard Power Systems Inc., director, represented by Nicolas Pocard

Business address:

9000 Glenglyon Parkway

Burnaby, BC V5 5J8, Canada

Age: 55

Nationality: French

Date of appointment: 2021

Expiry date of the term of office: Annual ordinary shareholders' meeting to approve the financial statements for the year ending December 31, 2023

Number of Company shares held by Ballard Power Systems Inc.:

5,200,000

Number of Company shares held by Nicolas Pocard:

0

Summary of key areas of expertise and experience:

25 years of experience in sales, business development, marketing, management and corporate strategy.
Expertise in and in-depth knowledge of the electromobility markets of Europe, North America and Asia.

Main activities outside the Company:

Vice-President of marketing and strategic partnerships at Ballard Power Systems Inc.

Biography:

A graduate engineer of the ESCOM - School of Organic and Mineral Chemistry in Paris, Nicolas Pocard also holds a Master of Science degree in chemistry from Ohio State University (United States).
He has held various management positions in sales, business development and marketing at several high-tech companies in Europe and Asia. He joined the fuel cell industry in 2004 and Ballard Power Systems Inc. in 2012, where he is responsible for business strategy, marketing activities, government relations and strategic partnerships, etc.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors ▪ Vice-President of marketing and strategic partnerships at Ballard Power Systems Inc. ▪ Chairman of the Board of Directors of the Canadian Hydrogen and Fuel Cell Association ▪ Member of the Board of Directors of the Canadian Urban Transit Research & Innovation Consortium	▪ Member of the Board of Directors of the California Hydrogen Business Council

EURAZEO INVESTMENT MANAGER (formerly known as Idinvest Partners), represented by Matthieu Bonamy

Business address:

117, avenue des Champs-Elysées - 75008 Paris

Age: 48

Nationality: French

Date of appointment: 2021

Expiry date of the term of office: Annual ordinary shareholders' meeting to approve the financial statements for the year ending December 31, 2023

Number of Company shares held by the funds managed by Eurazeo Investment Manager:

15,222,118

Number of Company shares held by Matthieu Bonamy: 0

Summary of key areas of expertise and experience:

Venture capital, growth capital, energy transition, new mobility, industry of the future.

Main activities outside the Company:

Eurazeo Investment Manager partner

Biography:

Matthieu Bonamy, 48, joined the Eurazeo group more than ten years ago. He leads the Eurazeo Smart City investment practice: new energies, future of mobility, logistics, real estate and industry 4.0. His activity focuses on supporting exceptional entrepreneurs developing innovative business models made possible by digital technologies such as the IOT, data analysis, SaaS, artificial intelligence, new telecommunications technologies.

The radical transformations underway in these sectors are fuelling the growth of global champions while advancing environmental and social agendas such as the energy transition and the quality of life of city dwellers worldwide.

Matthieu has 20 years of experience in investment, energy transition and software product development, including 15 years in venture capital and structured finance. Before joining Eurazeo, he held various executive positions, including Chief Operating and Finance Officer in an international scale-up in the renewable energy sector. He has invested in and/or served on the boards of Leosphere (FR, M&A), Dance (GE), Enlighted (US, M&A), Wemaintain (FR), Sunrun (US, IPO), Allthings (CH), Sunfire (GE, SPAC), Volta Charging (US), Breezometer (IL), Actility (FR), FirstFuel (US, M&A), Zola Electric (US/ TZ/RW), Sunfire (GE), Immotor (Cn), Forsee Power (FR, IPO), Neurala (US), NEOT Capital (FR), Spacefill (FR), MeteoSwift (FR), COVE (SGP), etc.

He holds an MBA from INSEAD and a Master's degree from Ecole Polytechnique, and also studied private equity at Oxford Saïd Business School.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors ▪ Wemaintain: Member of the Board of Directors ▪ Dance (GE): Member of the Board of Directors ▪ SpaceFill (FR): Member of the Board of Directors ▪ Zola (US): Non-voting member	▪ Member of the Company's Supervisory Board ▪ Volta Charging (US): Non-voting member of the Board of Directors ▪ FirstFuel (US): Non-voting member of the Board of Directors ▪ Leosphere (FR): Member of the Board of Directors

▪ Sunfire (GE): Member of the Board of Directors ▪ Meteoswift (FR): Member of the Board of Directors ▪ NEoT Capital (FR): Non-voting member of the Board of Directors ▪ Breezometer (IL): Non-voting member of the Board of Directors ▪ Allthings (CH): Member of the Board of Directors ▪ Actility (FR): Member of the Board of Directors	

Kosuke Nakajima, Director

Business address:

2-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8631 (Japan)

Age: 47

Nationality: Japanese

Date of appointment: 2021

Expiry date of the term of office: Annual ordinary shareholders' meeting to approve the financial statements for the year ending December 31, 2023

Number of Company shares held by Mitsui & Co. Ltd. (a company in which Mr Kosuke Nakajima serves as General Manager):

14,285,900

Summary of key areas of expertise and experience:

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).

Main activities outside the Company:

General Manager of the battery solutions department at Mitsui & Co., Ltd.

Biography:

Civil engineering degree from Waseda University, Japan. He joined Mitsui & Co., Ltd. in 1997. He has more than 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). He held various positions at the company before becoming General Manager of the battery solutions department.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors ▪ General Manager of the battery solutions department at Mitsui & Co., Ltd. ▪ ToKai 2 GmbH: Member of the Board of Directors	▪ Member of the Company's Supervisory Board ▪ CAETANOBUS - FABRICACAO DE CARROCARIAS, S.A. : 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. : Member of the Board of Directors

Pierre Lahutte, director

Business address:

B13 CHALET JANUS

05100 MONTGENEVRE

Age: 50

Nationality: French

Date of appointment: 2021

Expiry date of the term of office: Annual ordinary shareholders' meeting to approve the financial statements for the year ending December 31, 2023

Number of Company shares held (by AMILU, headed by Pierre Lahutte):

6,000

Summary of key areas of expertise and experience:

25 years of experience in agricultural machinery, mobility and transport with a strong focus on sustainable development and the introduction of disruptive decarbonisation solutions (electric, biomethane, hydrogen)

Main activities outside the Company:

Member of the Management Board of NAVYA, director of FRIEM S.p.A. and member of the Supervisory Board of the Berto Group.

Biography:

A reserve officer of the armoured cavalry, a graduate of the NEOMA Business School in Rouen and holder of an MBA from the Isenberg School of Management at UMass Amherst. After starting an international career with New Holland Agriculture in 1997, he became the global manager of the agricultural tractor product line in 2007. In 2012, he joined IVECO to take charge of 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 Buses, and also joined the Board of Directors of the European Automobile Manufacturers' Association. After five years leading IVECO, 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 Supervisory Committee of Forsee Power. In June 2020, he joined NAVYA (autonomous driving) as Chief Development and Strategy Officer, and became interim Chairman of the Management Board in 2021 until 2022. Pierre Lahutte is also founder and Chairman of AMILU SAS, a consulting firm in sustainable transportation and regenerative agriculture.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors ▪ NAVYA (listed company): Member of the Management Board ▪ FRIEM S.p.A. : Director ▪ Berto Group: member of the Supervisory Board	▪ Member of the Company's Supervisory Board ▪ NAVYA (listed company): Interim Chairman of the Management Board from June 28, 2021 to January 5, 2022

▪ AMILU SAS: Chairman. ▪ SOFVIA SAS: Chairman of the Board of Directors.	▪ 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 S.p.A. : 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

Joerg Ernst, director

Business address: TMH International AG Rigistrasse 2 6300 Zug, Switzerland **Age:** 55 **Nationality:** German **Date of appointment:** 2021 **Expiry date of the term of office:** Annual ordinary shareholders' meeting to approve the financial statements for	**Summary of key 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 industrial companies worldwide. **Main activities outside the Company:** Industrial assignments for "*Verband Deutscher Verkehrsunternehmen*" (Association of German Transport Companies) and the International Association of Public Transport. Mentoring for continuous learning and sharing of business expertise. Sales coach for various industries. **Biography:** 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

the year ending December 31, 2023 **Number of Company shares held:** 0	Konstanz, Germany, where he held several positions, and subsequently held various management positions in the infrastructure division of Daimler Benz Industries, including in general management, before joining Siemens AG. He completed several assignments culminating in the role 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 Managing Director 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 cars, electric trucks, electric construction equipment, electric aircraft, wind energy, infrastructure and industrial applications. He 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, 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. Since March 1, he has been Chief Executive Officer of TMH International AG, a Swiss-based global supplier and producer of rolling stock and related services.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors ▪ CNA e.V Bahntechnik, Nuremberg (Germany): Member of the Supervisory Board ▪ TMH International AG: Chief Executive Officer.	▪ ZongXi Siemens Motor JV Beijing (CN): Member of the Board of Directors; ▪ ZDRE Siemens Gearbox JV Taijuan (CN) : Member of the Board of Directors;

Isabelle Tribotté, independent director

Business address: 1Q rue Champ Lagarde 78000 Versailles **Age:** 52 **Nationality:** French **Date of appointment:** 2021	**Summary of key 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 Independent directorship certification **Main activities outside the Company:** Independent director BPI consultant - SME accelerator programme

Expiry date of the term of office: Annual ordinary shareholders' meeting to approve the financial statements for the year ending December 31, 2023

Number of Company shares held:

0

Biography:

Isabelle Tribotte, 52, is a graduate engineer from the Ecole Centrale de Nantes in automation and robotics and from ESCP Paris Business School in strategy and 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 SCADA Group, a company acquired by Schneider Electric and based in Canada, Australia and the United Kingdom, where she developed commercial synergies and led the integration. In 2012, she became CEO of the French industrial automation sales subsidiary. 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 assignments for BPI.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors ▪ BPI consultant - SME accelerator programme ▪ OVH Cloud: Member of the Board of Directors	▪ None

Sylvie Bernard-Curie, independent director

Business address:

40 rue de Tocqueville

75017 Paris

Age: 57

Nationality: French

Date of appointment: 2021

Expiry date of the term of office: Annual ordinary shareholders' meeting to approve the financial statements for

Summary of key areas of expertise and experience:

International financial audit / Human resources operational management / Skills and potential development / Talent acquisition / Diversity and inclusion / Team management and coordination / Individual and group coaching for managers / Occupational psychology

Main activities outside the Company:

Founding partner of A.life (executive coach / trainer / consultant)

Psychologist (private practice)

Biography:

An accounting graduate of EDHEC Business School and holder of an IFA - Sciences Po Company Director Certificate, an occupational psychologist and executive coach with over 30 years of experience in financial audit, human resources and talent development. After 10 years as an auditor in the industrial and services sectors and 20 years as HR Talents Director and Partner at KPMG, she is currently a Founding Partner of A.Life, a firm

the year ending December 31, 2023 **Number of Company shares held:** 0	specialising in the development of soft skills, talent management and coaching of executives and management committees. She is a director of EllaSanté, a medical centre that is a pioneer in prevention and support for new health behaviours. To work for gender parity in management bodies, she was co-president of the French chapter of the international association Women Corporate Directors from 2009 to 2013 and president of the Wise Committee of the EVE programme from 2011 to 2019. In 2020, she established and coordinated an extensive mentoring programme involving 60 women leader-members of International Women's Forum (IWF) France, of which she is an active member, and 10 large companies. She has co-authored several books and conducted a scientific research programme validating the use of soft skills tools for executives.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ EllaSanté Association: Director ▪ Liberal psychologist	▪ None

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Corinne Jouanny, independent director

Business address: Capgemini Engineering 43 rue Boissière 75116 Paris **Age:** 56 **Nationality:** French **Date of appointment:** 2021 **Expiry date of the term of office:** Annual ordinary shareholders' meeting to approve the financial statements for the year ending December 31, 2023	**Summary of key areas of expertise and experience:** Innovation management / Business strategy / Research & development **Main activities outside the Company:** Executive Vice-President at Capgemini Engineering **Biography:** A graduate of the Ecole des Mines de Paris, with a PhD in Materials Science and Engineering and over 28 years of experience with Altran, a global leader in outsourced research and development. She has led numerous R&D and performance and innovation management projects for many of Altran's 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 catalysing major innovations. In 2014, her accomplishments earned her L'Usine Nouvelle's Innovation Woman of the Year award. As Director of Innovation at Altran France and then the Altran Group, she rolled out six research and innovation programmes in response to 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 Presales & Innovation Scaling Officer, cross-industries, for the Capgemini Engineering Global Business Line. She is also an independent director of Balyo.

Number of Company shares held:	POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
0	▪ Member of the Company's Board of Directors ▪ Balyo: Independent director; ▪ Altran Lab: Chief Executive Officer ▪ Capgemini Engineering : Vice-President Executive	▪ None

Sonia Trocmé-Le Page, independent director

Business address:

Nantucket Capital, 128 rue La Boétie, 75008 Paris

Age: 54

Nationality: French / American

Date of appointment: 2021

Expiry date of the term of office: Annual ordinary shareholders' meeting to approve the financial statements for the year ending December 31, 2023

Number of Company shares held:

0

Summary of key areas of expertise and experience:

Over 28 years of experience in financial analysis, M&A, international private equity, venture capital and infrastructure (including renewable energy) fundraising advisory, 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 investing and CSR strategy advisor.

Biography:

Holder of an MBA from the City University of New York (Baruch College) and a Master's degree in Finance from Paris-Dauphine. She also has qualifications in *impact investing* from Institut des Hautes Etudes du Développement Durable (IHEDD), ESG strategy (ESSEC) and governance (board by Aliath). After 10 years in corporate banking and M&A in the US and France, she co-founded and co-managed the international fundraising advisory firm Global *Private Equity* for 15 years. In this capacity, she raised €7 billion in *private equity* from institutions and *family offices* around the world for private equity and infrastructure (particularly renewable) funds in Europe, the US, Asia and Africa. In 2016, she founded Nantucket Capital, a social and environmental impact investment advisory firm, supporting impact funds and entrepreneurs as well as foundations in their impact strategies and fundraisings. In particular she advised the Fondation de France and Raise on the investment strategy and structuring of their impact fund, France2i. Nantucket Capital also structured an impact contract on a circular economy theme for the French Agency for the Environment and Energy Management. 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 female entrepreneurship and disadvantaged neighbourhoods. Appointed French foreign trade advisor from 2012 to 2015, she received a "La Tribune Women Awards" Finance prize in 2010 for the success of her company and her work on behalf of society.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors; ▪ Nantucket Capital (SASU, France, unlisted): Founding President; ▪ SofiOuest (France, unlisted): independent director, member of the Investment Committee, member of the Valuation Committee and Chair of the ESG Committee; ▪ Esfin Gestion (France, unlisted): member of the Supervisory Board ▪ Excel Industries (France, listed): member of the Board of Directors since 8/02/2022 Without corporate office: ▪ Generali Impact Investment (GII Fund): advisor to the Investment Committee ▪ 50in Tech: non-voting member of the Strategy Committee; ▪ Eonef: member of the Strategy Committee; ▪ RogerVoice: non-voting member of the Strategy Committee	▪ Foreign trade advisor; ▪ European Network for Women in Leadership: member of the Board of Directors; ▪ TimeTo Start: Chairwoman and member of the Board of Directors.

Véronique Staat, independent director

Business address:

9 avenue du parc Saint James 92200 Neuilly sur Seine

Age: 53

Nationality: French

Date of appointment: 2021

Expiry date of the term of office: Annual ordinary shareholders' meeting to approve the financial statements for the year ending December 31, 2023

Number of Company shares held:

0

Summary of key areas of expertise and experience:

Human resources strategy and leadership development / Management and ESG transformation / Governance / Investment and integration strategy

Main activities outside the Company:

Company directorships / Member of the investment committee of an investment firm / Senior advisor on human resources strategy

Biography:

A graduate of the Grenoble School of Management, a chartered accountant and statutory auditor, she had a very extensive career at Deloitte from 1991 to 2020 in customer services (as an auditor for listed groups, then as an intrapreneur in digital learning and finally as a senior partner in human capital consulting), in human resources transformation (for employees and partners) and in governance (successively as Chief of Staff to the Chairman, member of the Executive Committee, then as a director and finally as Vice-Chair of the Board of Directors). She has moderated or contributed to many international committees involved in human resources development and had three years of experience in the UK. Since late 2020, she 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, member of the Investment Committee and Chairwoman of the Remuneration Committee of Creadev (an evergreen investment company operating globally and backed by the Mulliez Family Association). 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 French Institute of Directors. (IFA) and the Cercle des Administrateurs (CdA).

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors ▪ Septodont: Member of the Advisory Board; ▪ Creadev: Member of the Supervisory Board; ▪ Creadev: Member of the Investment Committee; ▪ Creadev: Chairwoman of the Remuneration Committee.	▪ Deloitte France: Vice-Chair of the Board of Directors, member of the Audit Committee and the Strategy Committee.

Florence Didier-Noaro, independent director

Business address:

1 boulevard Hippolyte Marques, 94200 Ivry-sur-Seine

Age: 56

Nationality: French

Date of appointment: 2021

Expiry date of the term of office: Annual ordinary shareholders' meeting to approve the financial statements for the year ending December 31, 2023

Number of Company shares held:

None

Summary of key areas of expertise and experience:

Corporate social responsibility, ESG and impact analysis, financial and non-financial reporting, financial and non-financial audit

Main activities outside the Company:

Founder and CEO of Innwise, a sustainable strategy consulting firm

Biography:

Began her career in 1989 at Deloitte as a financial auditor. Appointed partner at Deloitte France in 2001, she was in charge of the Quality and Professional Risks 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 sustainable development audit and consulting business, and subsequently headed this 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. She is a graduate of NEOMA Business School and the Executive Master Trajectoires Dirigeants programme at Sciences Po Paris.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors ▪ Founder and CEO of Innwise, a sustainable strategy consulting firm ▪ Member of the Investment Committee of Blue like an Orange Capital US LLC ▪ Member of the Strategic Committee of the Bouchard Group	▪ None

There are no family ties between members of the Board of Directors.

3.1.1.4 Ethics of Board members

The provisions in this respect are set out in the internal rules of the Board of Directors adopted on October 15, 2021, which came into force on November 4, 2021, following the official admission of the Company's shares to trading on the regulated market of Euronext Paris. These rules are available on the Company's website.

They set out the ethical obligations of the members and the operating procedures of the Board of Directors and its committees.

In accordance with recommendation no. 1 of the Middlenext Code, each director is made aware of his or her responsibilities at the time of appointment and is encouraged to comply with the ethics rules relating to his or her mandate, and in particular to:

- adopt a coherent behaviour between words and actions, to ensure credibility and trust;
- comply with the obligations resulting from the status of member of the Board and, in particular, the legal rules on holding multiple offices;
- sign the Board's internal rules;
- formally undertake, by signing the Board's internal rules, to comply with an obligation of confidentiality with respect to third parties that goes beyond the simple obligation of discretion provided for by law;
- inform the Board in the event of a conflict of interest arising after his/her appointment and take the necessary measures if such a situation arises (abstention or resignation);
- comply with the legal and regulatory requirements in force regarding the reporting of transactions and the period of refraining from trading in the Company's securities;
- attend Board meetings and shareholders' meetings;
- ensure that he/she has all necessary information on the agenda of Board meetings before making any decision.

3.1.1.5 No convictions

To the Company's knowledge, over the course of the last five years: (i) no director or executive corporate officer of the Company has been convicted of fraud, (ii) no director or executive corporate officer of the Company has been involved in any bankruptcies, receiverships, liquidations or companies put into administration, (iii) no official public censure and/or sanction has been issued against any director or corporate officer of the Company by judicial or administrative authorities (including any designated professional bodies) and (iv) no director or executive corporate officer of the Company has been disqualified by a court from serving as a member of a management or supervisory body of an issuer or from being involved in the management or conduct of an issuer's business.

3.1.2 Organisation and functioning of the Board of Directors

3.1.2.1 Conditions for preparing and organising the Board's work

The functioning of the Board of Directors (convening meetings, quorum, informing directors) complies with the Company's legal obligations and articles of the company.

The Board meets as often as required by the Company's interest and, in any event, at least four (4) times a year, in compliance with recommendation no. 6 of the Middlenext Code. The Chief Executive Officer may also ask the Chairman to call a meeting of the Board of Directors to discuss a specific agenda. In addition, if the Board has not met for more than two months, at least one-third of the directors may ask the Chairman to call a Board meeting to discuss a specific agenda. The Chairman may not refuse to comply with this request. In any event, the frequency and duration of meetings must be such that they allow for an in-depth review and discussion of matters falling within the Board's competence.

In particular, the Board:

- sets the Company's business policies and, in particular, its strategy, and ensures that they are implemented. Subject to the powers expressly attributed to the shareholders' meetings and within the limit of the corporate purpose, the Board may address any question concerning the Company's operations and shall settle the matters within its purview through its deliberations,

- appoints the Chairman of the Board, the Chief Executive Officer and the Deputy Chief Executive Officers, and sets their compensation,
- approves the agreements and commitments referred to in Article L.225-38 of the French Commercial Code,
- proposes the appointment of the statutory auditors to the shareholders' meeting,
- prepares the Board's report on corporate governance and internal control, and
- prepares the draft resolutions referred to in Article L.22-10-8 of the French Commercial Code as well as the related report.

It ensures the quality of the information provided to shareholders and the markets.

Board members may participate in Board meetings by videoconference or, failing that, by telecommunication. They are then deemed to be present for the calculation of the quorum and the majority. This form of participation is not applicable to the adoption of decisions concerning the approval of the Company's annual financial statements, consolidated financial statements and management report and the Group management report.

Wherever possible, the Board of Directors will endeavour to give preference to the physical presence of directors and, if this is not possible, to the use of videoconferencing rather than telephone exchanges, in accordance with recommendation no. 6 of the Middlenext Code.

In accordance with recommendation no. 17 of the Middlenext Code, the Company's Appointments and Remuneration Committee will regularly put the succession plan for the current executives and possibly for a number of key persons on its agenda. It should be noted that, given the recent creation of the Board of Directors and the specialised committees, the Appointments and Remuneration Committee will formulate and, where appropriate, update the succession plan for the Group's executives and key managers at one or more of its meetings to be held during the second half of 2022.

In the 2021 financial year, the Board of Directors met five times, with an attendance rate of 100%.

A large number of the meetings of the Board of Directors held during the 2021 financial year were used to prepare and/or decide on (i) the admission to trading of all the ordinary shares making up the share capital of Forsee Power on the regulated market of Euronext in Paris, (ii) the placement of 13,793,103 new shares issued as part of an open price offering to the public in France and the global placement to institutional investors in France and outside France, and (iii) the establishment of a liquidity contract with the investment services provider Kepler Cheuvreux.

3.1.2.2 Training of Board members

The Company is supported by members of the Board of Directors who have extensive experience and/or have already held several directorships. The Company takes into account all needs for training on technical issues expressed by the members of the Board of Directors in the performance of their duties and will therefore organise, at the request of the Directors, training tailored to their needs in the performance of their duties on the Board, if they deem it necessary. In addition, at the first Board of Directors meeting attended by the new independent members, the members of the Company's Executive Committee gave a general presentation followed by a tour of the Company's factory in Chasseneuil-du-Poitou, so that the directors could become familiar with the Group's products and activities. The Company intends to continue the training of the members on an ongoing basis, after they take office, based on a training plan to be established in 2022 according to the needs identified.
As such, the Company applies recommendation no. 5 of the Middlenext Code, which provides for a three-year training plan tailored to the Company's specific requirements, intended for "Board members", whether or not they are employees, and taking into account the qualifications acquired through experience. Nevertheless, note that given the recent formation of the Board of Directors following its conversion into a *société anonyme* (limited company) on October 15, 2021, none of the directors has yet asked the Company for specific training apart from the presentation prepared by the Company's Executive Committee.

Every year, the Board of Directors will review the progress of the training plan and report on it in the corporate governance report.

3.1.2.3 Information provided to Board members

All information documents or draft documents on the agenda and on any matters to be submitted to the Board are sent, delivered or made available to the Board members within a reasonable period prior to the meeting. Furthermore, the Chairman responds to any requests from the members of the Board of Directors for additional information.

In addition, the directors are kept regularly updated between meetings when warranted by current events at the Company.

In accordance with recommendation no. 4 of the Middlenext Code, the internal rules provide for the practical procedures for providing this information while setting reasonable deadlines. This period may not be less than three (3) working days, unless there is an emergency or a need to ensure complete confidentiality, in order to enable the members of the Board to carry out their control and due diligence work properly. The Board members have deemed that they have received sufficient information to carry out their duties.

3.1.2.4 Establishment of internal rules for the Board

In accordance with recommendation no. 9 of the Middlenext Code, the Company's Board of Directors has established internal rules which it adopted on October 15, 2021 and became effective on November 4, 2021 following the official admission of the Company's shares to trading on the regulated market of Euronext in Paris, and which specify:

- the duties of the Board of Directors;
- the rules applicable to directors (general obligations, non-disclosure and confidentiality obligations, professional secrecy, right and duty to inform, duty of expression, management of conflicts of interest, obligation of non-competition, duty of loyalty, obligation to register shares held by the director, ethics of stock market transactions, reporting of transactions involving the Company's securities);
- the composition of the Board / independence criteria for members;
- the functioning of the Board (frequency, convening, informing members, use of videoconferencing and telecommunication resources, minutes, non-voting Board members, etc.);
- the compensation of members of the Board of Directors;
- the assessment of the work of the Board;
- the preparation of management succession;
- the definition of the role of any specialised committees set up (Audit and Risk Committee, Appointments and Remuneration Committee, CSR Committee and Strategy Committee);
- the terms of protection for company executives: civil liability insurance for corporate officers (RCMS).

Note that the internal rules of the Board of Directors were amended on April 6, 2022, to provide for the possibility of appointing a Secretary General of the Board, who would be responsible, inter alia, for coordinating the meetings and work of the Board of Directors and the specialised committees presented below.

In accordance with recommendation no. 9 of the Middlenext Code, the internal rules are available on the Company's website https://www.forseepower-finance.com/index.php/en/shareholders/general-meeting/egm-of-october-15-2021

3.1.2.5 Establishment of committees

In accordance with recommendation no. 7 of the Middlenext Code, the Company's choice of specialised committees is presented below.

Audit and Risk Committee

Composition

The Audit and Risk Committee has five (5) members, including four (4) appointed from among the independent members of the Board of Directors. The composition of the Audit and Risk Committee may be modified by the Board of Directors, and in any event, must be modified in the event of a change in the general composition of the Board of Directors.

Members of the Audit and Risk Committee must have specific financial and/or accounting expertise.

The term of office of the members of the Audit and Risk Committee corresponds to their term of office as members of the Board of Directors. It may be renewed at the same time as the latter.

The Chair of the Audit and Risk Committee is appointed from among the independent directors, after a specific evaluation by the Board of Directors further to a proposal from the Appointments and Remuneration Committee. The Audit and Risk Committee may not include any executive corporate officers.

The Audit and Risk Committee is composed of Sonia Trocmé-Le Page (as Chair of the Audit and Risk Committee), Eric Lecomte, Sylvie Bernard-Curie, Veronique Staat and Florence Didier-Noaro. Recommendation no. 7 of the Middlenext Code is therefore applied in that Audit and Risk Committee is chaired by an independent Board member.

Duties

The Audit and Risk Committee is responsible, inter alia, for:

- monitoring the financial reporting process, including the review, prior to their presentation to the Board of Directors, of the annual or half-yearly and, where applicable, quarterly corporate and consolidated financial statements and the appropriateness and consistency of the accounting methods used to prepare these financial statements and/or presentations, the appropriateness of any possible changes to the accounting methods, with particular attention to unusual or material transactions, and the formulation of recommendations, in particular to ensure the integrity of the financial reporting process. The Audit and Risk Committee will review significant transactions in which a conflict of interest may have arisen and will review any conflict of interest situation that may affect a member of the Board of Directors and propose measures to remedy it; in general, the Audit and Risk Committee ensures the quality of the financial information provided to shareholders;
- monitoring the effectiveness of the internal control, internal audit and risk management systems, in particular as regards procedures relating to the preparation and processing of accounting, financial and non-financial information, and monitoring financial and accounting information without compromising its independence in this regard: in this respect, the Audit and Risk Committee proposes to the Board of Directors the implementation of an alert procedure open to employees, shareholders or third parties in relation to accounting, internal control and auditing matters, and ensures that the procedure is followed, and must be informed by the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officers and/or the statutory auditors:
    - of any event that exposes the Group to a significant risk;
    - of the Group's main environmental, employment and societal risks;
    - of any significant internal control deficiencies or weaknesses and any material fraud;

- ensuring that the statutory audit of the annual financial statements and, where applicable, the consolidated financial statements, is carried out by the statutory auditors;
- issuing a recommendation on the statutory auditors proposed for appointment or reappointment by the shareholders' meeting and reviewing the terms of their compensation;
- monitoring the statutory auditors' independence and the performance of their duties;
- periodically reviewing the status of major disputes;
- regularly reporting to the Board of Directors on the performance of its duties and reporting on the results of the financial statements audit assignment, the manner in which this assignment contributed to the integrity of the financial information and the role it played in this process, and promptly informing it of any difficulties encountered; and
- in general, providing any advice and making any appropriate recommendations in the above-mentioned areas.

The Audit and Risk Committee reports regularly to the Board of Directors on the performance of its duties and informs it immediately of any difficulties encountered.

The Audit and Risk Committee meets as often as necessary and, in any event, at least twice a year at the preparation of the annual and half-yearly financial statements.

Appointments and Remuneration Committee

Composition

The Appointments and Remuneration Committee has three (3) members, two (2) of whom are independent members of the Board of Directors. They are appointed by the Board from among its members, notably in consideration of their independence and their expertise in the area of compensation of executive corporate officers of listed companies.

The term of office of the members of the Appointments and Remuneration Committee corresponds to their term of office as members of the Board. It may be renewed at the same time as the latter. The Appointments and Remuneration Committee is chaired by an independent member of the Board of Directors.

The Appointments and Remuneration Committee is made up of Sylvie Bernard-Curie (as Chair of the Appointments and Remuneration Committee), Matthieu Bonamy and Veronique Staat. Recommendation no. 7 of the Middlenext Code is therefore applied in that the Appointments and Remuneration Committee is chaired by an independent Board member. Moreover, in accordance with this recommendation, the Appointments and Remuneration Committee does not include any executive corporate officers.

Duties

The Appointments and Remuneration Committee is responsible, inter alia, for:

<u>*In terms of appointments*</u>:

- presenting reasoned recommendations to the Board of Directors on the composition of the Board of Directors and its committees, guided by the interests of the shareholders and the Company. The Appointments and Remuneration Committee must strive to reflect a diversity of experience and viewpoints, while ensuring a high level of competence, internal and external credibility and stability in the Company's corporate bodies;
- annually proposing to the Board of Directors the list of its members that may be qualified as "independent members" in light of the criteria defined by the Middlenext corporate governance code as updated in September 2021, to which the Company refers;
- drawing up a succession plan for the Company's executives and assisting the Board of Directors in the selection and assessment of Board members;

- preparing a list of persons who may be recommended for appointment as members of the Board of Directors, taking into account the following criteria:
    - the desirable balance of the composition of the Board of Directors in light of the composition of and changes in the Company's shareholder structure,
    - the desired number of independent members,
    - the proportion of men and women required by applicable regulations,
    - the appropriateness of renewing terms of office, and
    - the integrity, competence, experience and independence of each candidate;
- organising a procedure for selecting future independent members and carrying out its own studies of potential candidates before approaching them;
- ensuring that structures and procedures are in place to ensure that good governance practices are applied in the Company;
- preparing a list of Board members who may be recommended for appointment to a Board committee; and
- implementing the Board of Directors' assessment procedure,

In terms of compensation:

- reviewing the main objectives proposed by management for the compensation of the Company's main non-executive directors, including free share plans and share subscription or purchase option plans;
- reviewing the main objectives proposed by management for any free share plan to be implemented for the benefit of the Company's employees;
- making recommendations and proposals to the Board of Directors concerning:
    - the corporate officers' compensation, including for specific assignments, pension and provident scheme, benefits in kind, and other financial rights, including in the event of termination of office. The committee proposes compensation amounts and structures and, in particular, rules for setting the variable portion that take into account the Company's strategy, objectives and results as well as market practices, and
    - free share plans, share subscription or purchase options and any other similar incentive mechanism and, in particular, individual grants to corporate officers eligible for this type of mechanism,
- reviewing the total amount of compensation granted to the directors and the system for distributing it among the directors, taking into account, inter alia, the attendance of directors and the time they devote to their duties, including, where applicable, on committees set up by the Board of Directors, as well as the conditions for reimbursement of any expenses incurred by the members of the Board of Directors;
- preparing and presenting any reports required by the Board of Directors' internal rules; and
- preparing any other recommendations that the Board of Directors may request regarding compensation.

In general, the Appointments and Remuneration Committee will provide any advice and make any appropriate recommendations in the above areas.

The Appointments and Remuneration Committee meets as often as necessary.

CSR Committee

Composition

In accordance with recommendation no. 8 of the Middlenext Code, the Company's Board of Directors has established a specialised CSR committee.

The CSR Committee has three (3) members, two (2) of whom are independent members of the Board of Directors. The composition of the CSR Committee may be modified by the Board of Directors and, in any event, must be modified in the event of a change in the general composition of the Board of Directors.

The term of office of the members of the CSR Committee corresponds to their term of office as members of the Board of Directors. It may be renewed at the same time as the latter.

The CSR Committee is composed of Florence Didier-Noaro (as President of the CSR Committee), Sonia Trocmé-Le Page and Pierre Lahutte. Recommendation no. 8 of the Middlenext Code is therefore applied in that the CSR Committee is chaired by an independent Board member.

Duties

As part of its duties, the CSR Committee, in conjunction with the other specialised committees, per forms the following tasks:

- reviewing the guidelines related to the Company's corporate social responsibility policy, determining the objectives and issues in terms of corporate social responsibility, ensuring that the defined objectives are achieved while also ensuring the gradual and increasing implementation of this policy, and assessing the Company's contribution to sustainable development;
- ensuring that CSR issues are taken into account in the Group's strategy and in its implementation;
- monitoring and managing the Group's main environmental, employment and societal risks;
- reviewing reports prepared in accordance with legal and regulatory CSR obligations; and
- reviewing the Group's sustainable development commitments in light of the issues specific to its business and its objectives. The CSR Committee reports regularly to the Board of Directors on the performance of its duties and informs it immediately of any difficulties encountered.

In general, the CSR Committee will provide any advice and make any appropriate recommendations in the above areas.

The CSR Committee meets as often as necessary and, in any event, at least four (4) times a year.

Strategy Committee

Composition

The Strategy Committee has six (6) members, three (3) of whom are independent members of the Board of Directors. The composition of the Strategy Committee may be modified by the Board of Directors, and must in any event be modified in the event of a change in the general composition of the Board of Directors.

The term of office of members of the Strategy Committee corresponds to the term of their appointments as members of the Board of Directors. It may be renewed at the same time as the latter.

The Strategy Committee is composed of Christophe Gurtner (as Chairman of the Strategy Committee), Kosuke Nakajima, Joerg Ernst, Isabelle Tribotté, Pierre Lahutte and Corinne Jouanny. Thus, contrary to recommendation no. 7 of the Middlenext Code, the Strategy Committee is not chaired by an independent member, given the stage of the Company's development. This is also because the position of Chair of the Strategy Committee requires in-depth knowledge and experience of the market in which the Group operates. Given that the Company's new governance structure has only recently been put in place, the

Board of Directors considered that appointing Christophe Gurtner, founder of the Group, as Chair of this committee was the most appropriate solution at this time.

Duties

As part of its duties, the Strategy Committee is responsible in particular for examining and preparing key investment decisions and presenting and discussing the strategy prepared by general management.

The Strategy Committee reports regularly to the Board of Directors on the performance of its duties and informs it immediately of any difficulties encountered.

The Strategy Committee meets as often as necessary and, in any event, at least four (4) times a year.

3.1.2.6 Assessment of the Board's work

In accordance with recommendation no. 13 of the Middlenext Code, the Board of Directors decided at its meeting of October 15, 2021 to introduce a regular assessment of its work.

Once a year, the Board reviews its operating procedures and at least every three years carries out a formal assessment, if necessary with the help of an external consultant. The purpose of this assessment is also to verify that important issues are properly prepared and discussed and to measure the contribution of each member to the work of the Board, particularly in terms of his/her abilities and involvement.

At present, this procedure has not yet been implemented. In light of the recent formation of the Board at the end of the second half of 2021, it was felt that it would be more effective and appropriate for the Board to carry out this assessment later, in the last quarter of the 2022 financial year.

3.1.2.7 Board review of negative votes at shareholders' meetings

In accordance with recommendation no. 14 of the Middlenext Code, the Board pays particular attention to negative votes by analysing the reasons and direction of the votes of minority shareholders. In this context, the Board will consider, with a view to a future meeting, whether it is appropriate to change what may have led to negative votes and whether there should be an announcement on this subject.

Note that since the Company changed its corporate form into that of a *société anonyme* (limited company) on October 15, 2021, it has not yet held any shareholders' meetings. As a result, the Board has not had to examine any negative votes by shareholders that might have been cast at a shareholders' meeting.

3.2 Information on corporate officers

3.2.1 General management

Choice of methods of exercising general management

At its meeting of October 15, 2021, the Company's Board of Directors decided to combine the roles of Chairman of the Board of Directors and Chief Executive Officer.

Name and business address	Office	Other position in the Company	Date of appointment	Date of end of term of office
Christophe Gurtner 1 boulevard Hippolyte Marques, 94200 Ivry-sur-Seine	Chairman and Chief Executive Officer	Director	15 October 2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023

The Board of Directors believed that combining the functions of Chairman and Chief Executive Officer was appropriate for the Company's stage of development, which requires a high degree of responsiveness in decision-making.

Limitations placed by the Board of Directors on the powers of the Chief Executive Officer

Under the terms of its internal rules, the Board of Directors sets limits on the powers of the Chief Executive Officer by specifying transactions for which the prior approval of the Board of Directors is required.

In addition to the powers granted by law to the Board of Directors, decisions concerning the following are also subject to the prior authorisation of the Board, ruling by a qualified majority of 85% of its members present or represented:

- i. the transfer of the Company's registered office outside France;
- ii. the conversion 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 in the event that the resulting entity has its registered office outside France;
- iv. the relocation of the Company's main research and development centre outside of France (in any manner whatsoever); and
- v. amendments to the internal rules of the Company's Board of Directors concerning items i., ii., iii. and iv. above.

3.2.2 Combination of employment contract and corporate office

As of the date of this report, Christophe Gurtner does not have an employment contract with any Group company.

3.2.3 Conflicts of interest

To the best of the Company's knowledge and notwithstanding the relations described in section 3.5 below and to what is described below, as of the date of this report there is no actual or potential conflict of interest between the duties of each member of the Board of Directors and general management with respect to the Company in their capacity as corporate officer and the private interests and/or duties of the persons making up the Board of Directors and the management bodies.

However, it is specified that:

- Pierre Lahutte, a director of the Company, is also a member of the Board of Directors of NAVYA. The latter is currently a client of NeoT Capital (a subsidiary of Forsee Power). In this respect, Pierre Lahutte has undertaken, in accordance with his obligations under the internal rules of the Board of Directors, to abstain from all discussions and votes in a situation that gives rise to or could give rise to a conflict of interest between the Company's interests and his personal interests, whether direct or indirect.
- An agreement concerning the allocation of seats on the Company's Board of Directors was entered into on September 27, 2021 between (i) the Company, (ii) Mitsui & Co. Ltd., (iii) the SPI (Sociétés de Projets Industriels) fund, (iv) FCPI Objectif Innovation Patrimoine no. 9, FCPI Idinvest Patrimoine no. 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, and (v) Christophe Gurtner.
- Ballard Power Inc. has undertaken to the Company to subscribe for at least 35% of the capital increase in cash, with cancellation of shareholders' preferential subscription rights, by means of a public offering carried out on the occasion of the admission to trading on the regulated market of Euronext in Paris of the shares making up the share capital of Forsee Power was conditional on the granting of a seat on the Board of Directors for the benefit of Ballard Power Inc.

As of the date of this report, there is no service agreement binding the members of the Board of Directors and general management to the Company, with the exception of the agreements listed in section 3.5 of this document.

Each director has a duty and an obligation to spontaneously inform the Board of Directors of any conflict of interest, whether actual, potential or future, with the Company or any of its subsidiaries in which he/she is involved or is likely to be involved. He/she must abstain from participating in discussions and voting on the corresponding resolution(s).

The Chairman of the Board of Directors or half of the directors present may also decide that the director shall abstain from discussions and voting on the corresponding resolution(s). In this case, the director also undertakes to leave the meeting of the Board of Directors for the duration of the discussions and the vote on the resolution(s) in question.

In general, the Board of Directors takes preventive action to raise awareness of conflicts of interest among directors, notably by asking them to regularly update their declarations.

In addition, the lead director is responsible for raising awareness among directors of conflicts of interest. He/she reviews with the Chairman of the Board and the Appointments and Remuneration Committee any potential conflicts of interest that he/she may have identified or that may have been brought to his/her attention and informs the Board of their consideration. To this end, on the proposal of the Appointments and Remuneration Committee, the Board of Directors appointed Véronique Staat as lead director on April 6, 2022.

With respect to the statutory auditors, except for certifications and services rendered pursuant to legal and regulatory texts, the Company entrusts services other than the statutory audit of the financial statements to a different firm to its statutory auditor.

Lastly, the Board of Directors reviews known conflicts of interest at least once a year.

As of the date of this report, 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 stake in the Company's share capital, with the exception of (i) the rules relating to the prevention of insider trading and (ii) the undertakings to retain shares given by Christophe Gurtner, by some of the funds managed by Eurazeo Investment Manager, by the SPI (Sociétés de Projets Industriels) fund, by Groupe Industriel Marcel Dassault, by Mitsui & Co., Ltd. and by Ballard Power Systems Inc. as described in section 7.4.2 of the Securities Note made available to the public on the occasion of the of firm’s shares admission to trading on the regulated market of Euronext in Paris.

As regards regulated agreements, agreements referred to in Article L.225-38 of the French Commercial Code must be submitted to the Board of Directors for prior authorisation, and any person with a direct or indirect interest in the agreement may not take part in the deliberations or vote on the authorisation requested. The Board may use independent experts when it deems it appropriate.

Recommendation no. 2 of the Middlenext Code is therefore applied.

3.2.4 Company diversity and equity policy

In accordance with recommendation no. 15 of the Middlenext Code and the Article L.22-10-10 2° of the French Commercial Code the Company implements the principles of equity and gender balance at each level of the Company's hierarchy.

Diversity policy applied to Board of Directors members

The Board of Directors has implemented a diversity policy aimed at obtaining a composition that achieves a good balance and a fair distribution of experience, qualifications, cultures, ages, nationalities and seniority, in line with the Company's needs. Pursuit of this diversity results in a balanced composition within the Board of Directors, taking into account in particular the following elements: (i) the desirable balance of the composition of the Board of Directors in light of the composition of and changes in the Company's shareholder structure, (ii) the desired number of independent members, the proportion of men and women required by applicable regulations, and (iii) the integrity, competence, experience and independence of each candidate.

It should be noted that the number of independent directors is currently seven (7), i.e. above the number recommended by the Middlenext Code, and that the specialised committees are chaired by independent directors (with the exception of the Strategy Committee, which is not chaired by an independent member, as indicated in section 3.1.2.5 above).

This policy includes a requirement for diversity in the composition of the Board of Directors and its committees. The Board currently has more than 46% women (6 women and 7 men). The Audit and Risk Committee, the Appointments and Remuneration Committee and the CSR Committee have a majority of female members. The Strategy Committee has a majority of male members. The Group ensures that it maintains a balanced representation ratio of women and men at least equal to the legal requirements, as well as diversity in the composition of the specialised committees.

The Board of Directors discusses the balanced representation of women and men every year, and once a year the Appointments and Remuneration Committee includes an item on diversity policy on its meeting agenda.

The diversity policy also takes into account the directors' various and complementary skills. Indeed, some have strategic skills while others have financial or more specific skills (legal, managerial experience, engineering). The majority of directors have extensive professional experience in various business segments and in senior positions, and most already hold or have already held directorships or corporate offices in other French or foreign companies, some of which are public companies. These diversified profiles make the Board members' expertise and experience complementary, which allows them to quickly and thoroughly understand the Company's development challenges and to make informed, high-quality decisions.

This diversity of experience and points of view as well as the directors' independence create the necessary objectivity and independence in the Board of Directors with regard to general management and to any given individual shareholder or group of shareholders. The terms of office and the related sequencing also contribute to the proper functioning of the Company's corporate bodies. These elements give the directors a quality of judgement and an ability to anticipate, which allows them to act in the Company's corporate interest and meet the Group's challenges head on.

The Board of Directors is also international in nature, with the presence in particular of Kosuke Nakajima, of Japanese nationality, Joerg Ernst, of German nationality, and Sonia Trocmé-Le Page, of French and American nationality. Several directors therefore have international experience.

The directors are currently between 47 and 58 years old, with an average age of 53.77.

Given the Company's recent IPO, the Appointments and Remuneration Committee has not yet given its opinion on the diversity of skills within the Board of Directors. The Appointments and Remuneration Committee is expected to vote on this matter by the end of the second half of 2022.

Gender balance on the Executive Committee

The representation of women on the Executive Committee is 9%. As part of the implementation of the new governance system, the Group wishes to promote women's access to management bodies by focusing on the following actions:

- seeking gender diversity right from the recruitment phase,
- raising management awareness of the recruitment of women,
- representation of women in the talent development and promotion phases,

Given the relatively technical nature of the Company's core business, the proportion of women remains relatively low. Nevertheless, the Company's objective is to achieve a percentage of women in management roles of 40% to 60% by 2025.

Gender diversity results for the 10% of positions with the greatest responsibility

At December 31, 2021, women accounted for 43% of the Group's total workforce and 20% of management positions.

The Group continues to deploy its efforts and also ensures that there is a satisfactory distribution of men and women and a wide diversity of backgrounds and nationalities (22 nationalities).

The Company continues to implement its commitment to diversity and balanced representation of women and men, with the aim of maintaining this trend and improving its results in this area.

3.2.5 Compensation of corporate officers

The information in this paragraph is based on the Middlenext corporate governance code as published in September 2021 and approved as a reference code by the AMF. The tables included in AMF position-recommendation DOC-2021-02 are presented below.

3.2.5.1 Compensation policy for corporate officers

In general, and in particular with regard to compensation, the Company refers to the recommendations of the Middlenext Code and those of the AMF in its guide on preparing universal registration documents (position-recommendation 2021-02), as well as in its most recent report on corporate governance and the compensation of executives of listed companies.

In particular, the principles underlying the compensation policy for the Chairman and Chief Executive Officer, on which the Board of Directors and the Appointments and Remuneration Committee base their considerations, are as follows:

- **Exhaustiveness**: each company is free to determine the components of the compensation of its executive corporate officers. The disclosure of executive corporate officers' compensation to shareholders must be exhaustive: fixed component, variable component (bonus), stock options, free shares, compensation for membership of the Board, exceptional compensation, pension and special benefits, etc.

In the case of variable compensation, the assessment of the achievement of performance targets takes into account financial and non-financial quantitative criteria as well as qualitative criteria.

- **Balance between the components of compensation**: each component of the compensation must be justified and in line with the Company's interests.

- **Benchmark**: this compensation must be assessed, insofar as possible, within the context of a business sector and the benchmark market and in proportion to the Company's situation, while paying attention to its inflationary effect.

- **Consistency**: the executive corporate officer's compensation must be determined in a manner consistent with that of the Company's other executives and employees.

- **Clarity**: the rules must be simple and transparent. The performance criteria used to establish the variable component of the compensation or, where applicable, to grant options or free shares must be related to the Company's performance, correspond to its objectives, and be demanding, explainable and, as far as possible, sustainable. They must be detailed without, however, calling into question the confidentiality that may be justified for certain information.

- **Measurement**: the determination of compensation and grants of options or free shares must achieve a fair balance and take into account the Company's general interest, market practices and executive performance.

- **Transparency**: In accordance with the law, companies whose shares are admitted to trading on a regulated market disclose all the components of corporate officers' compensation in the corporate governance report. In the case of variable compensation, the weighting of the various criteria is disclosed to the shareholders.

In accordance with Articles L.22-10-8 and R.22-10-14 of the French Commercial Code, the compensation policy for corporate officers established by the Board of Directors, on the proposal of the Appointments and Remuneration Committee, is the subject of draft resolutions submitted for the approval of the shareholders' meeting.

In accordance with the above provisions, the compensation policy for corporate officers is subject to approval by the shareholders' meeting each year, and whenever there is a significant change.

The corporate governance report was reviewed by the Appointments and Remuneration Committee on March 18, 2022 and then during successive working meetings. The Appointments and Compensation Committee, during its meeting of April 1, 2022, notably reviewed the components of the variable compensation of the Chairman and Chief Executive Officer, so that the report on corporate governance is approved by the Board of Directors on April 06, 2022.

In accordance with applicable legal and regulatory requirements, the compensation policy for corporate officers must include: (i) information on all corporate officers and (ii) specific information for each category of corporate officers.

The following table presents information on the compensation policy applied to all corporate officers in accordance with Article R.22-10-14 I of the French Commercial Code:

Criteria defined in Article R.22-10-14 I of the French Commercial Code

Respect for the corporate interest, contribution to the Company's business strategy and sustainability	The Appointments and Remuneration Committee takes into account the Company's projected level of profitability in drawing up its compensation policy, with a significant variable component.
Decision-making process for its determination, review and implementation, including measures to avoid or manage conflicts of interest and, if applicable, the role of the Remuneration Committee or other relevant committees	The Appointments and Remuneration Committee prepares a compensation policy based on the Company's maturity and a benchmark study of comparable companies. The Board of Directors decides on the compensation policy based on the recommendations of the Appointments and Remuneration Committee and submits this policy to the shareholders' meeting for approval. To protect against any risk of conflicts of interest when preparing the compensation policy, the corporate officers involved do not take part in the vote on any resolutions concerning them.
Consideration of the compensation and employment conditions of the Company's employees in the process of determining and reviewing the compensation policy	The Appointments and Remuneration Committee ensures that the compensation policy implemented is not disproportionate, particularly with regard to equity criteria. The Appointments and Remuneration Committee intends to review the compensation policy at least once a year in order to take into account employees' compensation and employment conditions.
Methods of assessing the fulfilment of the performance criteria for variable compensation and share-based compensation for corporate officers	The variable compensation of corporate officers is determined based on objective criteria. The Appointments and Remuneration Committee endeavours to contact the Company's other specialised committees and/or competent bodies in order to obtain the evidence needed to determine whether or not the corporate officer in question has met these performance criteria. The Appointments and Remuneration Committee will report on this assessment to the Board of Directors so that it can approve the variable compensation of corporate officers.
Criteria for distributing the fixed annual amount allocated to directors by the shareholders' meeting	In accordance with the decisions of the shareholders' meeting of October 15, 2021, it was decided to allocate an annual allowance of €376,000 for the 2021 financial year, [to remain unchanged] until otherwise decided by the ordinary shareholders' meeting. The Appointments and Remuneration Committee strives to propose a distribution with a significant variable portion that takes into account the actual attendance of directors at Board and specialised committee meetings. The distribution of the amount allocated among the directors is set out in section 3.2.5.2.1 for the 2021 financial year, and the proposed allocation of the amount allocated among the

	directors for the 2022 financial year is set out in section 3.2.5.2.3.
Clarifications to be made in the event of a change to the compensation policy	The compensation policies for corporate officers applied during the 2021 financial year are renewed for the 2022 financial year, subject to the provisions described in paragraphs 3.2.5.2.3 and 3.2.5.4.
Procedures for applying the provisions of the compensation policy to newly appointed or reappointed corporate officers, pending, where applicable, approval by the shareholders' meeting of significant changes to the compensation policy	If a new corporate officer is appointed during the financial year, the current compensation policy for a corporate officer holding the same office will apply to the new corporate officer. Nevertheless, the Board of Directors may, at the proposal of the Appointments and Remuneration Committee, take into account the specific situation of the new officer in light of the specific tasks and objectives that may be assigned to him/her.
Procedural requirements for waivers of the Board's compensation policy and elements of the policy that may be waived	In accordance with legal provisions, the Board of Directors may, at the proposal of the Appointments and Remuneration Committee, waive the application of the compensation policy proposed below. This possibility, if implemented, would have to be carried out in a transparent manner and in a very exceptional way, while respecting the Company's corporate interest.

3.2.5.2 Compensation of non-executive corporate officers

3.2.5.2.1 Compensation policy for non-executive corporate officers for 2021

General principles and criteria for the distribution of the amount allocated by the shareholders' meeting to the members of the Board of Directors

In accordance with the resolution approved by the shareholders at the combined shareholders' meeting of October 15, 2021, the annual allowance for the compensation of the members of the Board of Directors was set at €376,000.

Only independent directors receive compensation, which includes a fixed component and a variable component, the amount of which depends on their actual participation in Board meetings. Independent directors who are members of the Board's committees also receive variable compensation in this respect based on their actual participation in the meetings of said committees. Independent directors who chair Board committees also receive a fixed compensation.

This compensation policy applies to all independent members of the Board of Directors. The Board of Directors may also remunerate non-voting directors by deduction from the amount of compensation allocated by the shareholders' meeting to the directors, it being specified that as of the date of this report no non-voting director had been appointed by the Company's Board of Directors and/or shareholders' meeting.

Compensation policy for the 2021 financial year

The Board of Directors decided that the compensation allowance allocated to the members of the Board of Directors, set at €376,000 gross per year, should be distributed among the members of the Board of Directors who qualify as independent, as follows:

- a gross annual amount of €20,000 is allocated to each member of the Board of Directors who qualifies as independent under the Board's internal rules, in respect of his/her duties as director,

- a gross lump sum of €2,500 is allocated to each member of the Board of Directors who qualifies as independent in accordance with the Board's internal rules, per meeting of the Board of Directors if the member in question actually participates, up to an overall annual limit of €20,000 gross per member,

- a gross annual amount of €4,000 is allocated to the Chair of the Appointments and Remuneration Committee, provided that he/she qualifies as independent under the Board's internal rules, in respect of his/her duties as Chair of the Audit and Risk Committee,

- a gross lump sum of €2,000 is allocated to each member of the Appointments and Remuneration Committee, provided that he/she qualifies as independent under the Board's internal rules, per meeting of the Appointments and Remuneration Committee if the member in question actually participates, up to an overall annual limit of €8,000 gross per member,

- a gross annual amount of €6,000 is allocated to the Chair of the Audit and Risk Committee, provided that he/she qualifies as independent under the Board's internal rules, in respect of his/her duties as Chair of the Audit and Risk Committee,

- a gross lump sum of €2,500 is allocated to each member of the Audit and Risk Committee, provided that he/she qualifies as independent under the Board's internal rules, per meeting of the Audit and Risk Committee if the member in question actually participates, up to an overall annual limit of €10,000 gross per member,

- a gross annual amount of €4,000 is allocated to the Chair of the CSR Committee, provided that he/she qualifies as independent under the Board's internal rules, in respect of his/her duties as Chair of the CSR Committee,

- a gross lump sum of €2,000 is allocated to each member of the CSR Committee, provided that he/she qualifies as independent under the Board's internal rules, per meeting of the CSR Committee if the member in question actually participates, up to an overall annual limit of €6,000 gross per member,

- a gross lump sum of €2,000 is allocated to each member of the Strategy Committee, provided that he/she qualifies as independent under the Board's internal rules, for each meeting of the Strategy Committee if the member in question actually participates, up to an overall annual limit of €10,000 gross per member,

within the limit of the overall allowance set by the combined shareholders' meeting of October 15, 2021.

In view of the fact that the directors will take up their duties during the financial year, the Board of Directors, in its deliberations of October 15, 2021, specified that the compensation due for the year ended December 31, 2021, will be payable pro rata temporis as from the settlement-delivery of the Company's shares granted in connection with their admission to trading on the regulated market of Euronext in Paris.

3.2.5.2.2 Components of compensation paid or granted for the 2021 financial year (Ex-post vote)

Table 2: Compensation received by non-executive corporate officers for their duties as "Board members" (and other compensation)

Non-executive corporate officers	Amounts granted for the 2020 financial year	Amounts paid during the 2020 financial year	Amounts granted for the 2021 financial year	Amounts paid during the 2021 financial year
Eurazeo Investment Manager (formerly known as IDInvest Partners), director, represented by Matthieu Bonamy				
Compensation for the activity	-	-	-	-
Other compensation	-	-	-	-
Total	-	-	-	-
Kosuke Nakajima, director				
Compensation for the activity	-	-	-	-
Other compensation	-	-	-	-
Total	-	-	-	-
Bpifrance Investissement, director, represented by Eric Lecomte				
Compensation for the activity	-	-	-	-
Other compensation	-	-	-	-
Total	-	-	-	-
Ballard Power Systems Inc., director, represented by Nicolas Pocard				
Compensation for the activity	N/A	N/A	-	-
Other compensation	N/A	N/A	-	-
Total	-	-	-	-
Pierre Lahutte, director				
Compensation for the activity	-	-	-	-
Other compensation	60,000(1)	60,000(1)	120,000(1)	120,000(1)
Total	**60,000**(1)	**60,000**(1)	**120,000**(1)	**120,000**(1)
Joerg Ernst, director				
Compensation for the activity	N/A	N/A	€7,500	-
Other compensation	N/A	N/A	-	-
Total	**N/A**	**N/A**	€7,500	-

Non-executive corporate officers	Amounts granted for the 2020 financial year	Amounts paid during the 2020 financial year	Amounts granted for the 2021 financial year	Amounts paid during the 2021 financial year
Isabelle Tribotté, director				
Compensation for the activity	N/A	N/A	€7,500	-
Other compensation	N/A	N/A	-	-
Total	N/A	-	€7,500	-
Sylvie Bernard-Curie				
Compensation for the activity	N/A	N/A	€7,500	-
Other compensation	N/A	N/A	-	-
Total	**N/A**	**N/A**	€7,500	-
Corinne Jouanny				
Compensation for the activity	N/A	N/A	€7,500	-
Other compensation	N/A	N/A	-	-
Total	**N/A**	**N/A**	€7,500	-
Sonia Trocmé-Le Page				
Compensation for the activity	N/A	N/A	€7,500	-
Other compensation	N/A	N/A	-	-
Total	**N/A**	**N/A**	€7,500	-
Veronique Staat				
Compensation for the activity	N/A	N/A	€7,500	-
Other compensation	N/A	N/A	-	-
Total	**N/A**	**N/A**	€7,500	-
Florence Didier-Noaro				
Compensation for the activity	N/A	N/A	€7,500	-
Other compensation	N/A	N/A	-	-
Total	**N/A**	**N/A**	€7,500	-
TOTAL	**€60,000**(2)	**€60,000**(2)	€172,500(2)	€120,000(2)

(1) Compensation awarded or paid to AMILU under the strategy and development consulting agreement entered into by AMILU with the Company (presented in section 3.5 of this report).). As this remuneration is independent of Mr. Pierre Lahutte's duties as a director of the Company, it is not part of the remuneration package decided by the shareholders and allocated to the directors, and is therefore not subject to the ex-post vote of the shareholders.

(2) Total amount, including the remuneration paid to AMILU, which is not part of the remuneration package decided by the general meeting of shareholders which is allocated to the directors for the performance of their duties. In accordance with the procedures applicable to regulated agreements, the agreement concluded with AMILU is nevertheless subject to prior authorization by the Board of Directors and is submitted to the vote of the General Meeting.

Non-executive corporate officers receive no other compensation from the Company or from Group companies.

The total amount of compensation paid to the directors during the 2021 financial year in their capacity as directors was therefore €0. The total amount of compensation granted to the directors for the performance of their duties as directors for the 2021 financial year therefore amounted to €52,500 and represents approximately 14% of the total allowance authorised by the shareholders.

The variable portion of the compensation awarded to the directors for the 2021 financial year represents: €17,500, or 33.33%

In accordance with Article L.22-10-34 I of the French Commercial Code, these compensation items must be the subject of a draft resolution submitted for approval to the shareholders' meeting of June 24, 2022 called to approve the financial statements for the year ended December 31, 2021 as part of the overall ex-post vote.

3.2.5.2.3 Compensation policy for non-executive corporate officers for 2022

After consulting with the Appointments and Remuneration Committee, the Board of Directors submits to the shareholders' meeting for approval an annual amount to be allocated to the directors in accordance with the rules described below. The Board of Directors decided to submit for shareholder approval the allocation of a maximum annual allowance of €450,000 gross, to be distributed among the independent members of the Board of Directors. This proposed increase is due to the fact that the allowance approved for the 2021 financial year was insufficient for the number of independent directors ultimately appointed, as the number of independent directors was increased in relation to the initial forecasts, and that the number of meetings planned for 2022 is higher than the number initially planned for 2021. Nevertheless, the rules governing the distribution of this allowance among the directors remain unchanged (subject to the increase of certain ceilings).

The Board of Directors intends, subject to approval by the shareholders' meeting, for said allowance to be split between a fixed component and a variable component (on the basis of directors' attendance at meetings).

- Approximately 31% of the allowance would be distributed among members who qualify as independent under the Board's internal rules, in respect of their position as members of the Board of Directors,
- Approximately 7% of the allowance would be distributed among the chairs of the specialised committees who qualify as independent and the lead director, in accordance with the Board's internal rules.
- Approximately 62% of the allowance would be distributed among directors who qualify as independent under the Board's internal rules, based on the number of times the members have actually attended meetings of the Board of Directors or the committee to which they belong.

Accordingly, the Board of Directors proposes that for the 2022 financial year the gross annual allowance of €450,000 be distributed as follows:

- a gross annual amount of €20,000 is allocated to each member of the Board of Directors who qualifies as independent under the Board's internal rules, in respect of his/her duties as director,

- a gross lump sum of €2,500 is allocated to each member of the Board of Directors who qualifies as independent in accordance with the Board's internal rules, per meeting of the Board of Directors if the member in question actually participates, up to an overall annual limit of €20,000 gross per member,

- a gross annual amount of €10,000 is allocated to the Chair of the Appointments and Remuneration Committee, provided that he/she qualifies as independent under the Board's internal rules, in respect of his/her duties as Chair of the Audit and Risk Committee,

- a gross lump sum of €2,000 is allocated to each member of the Appointments and Remuneration Committee, provided that he/she qualifies as independent under the Board's internal rules, per meeting of the Appointments and Remuneration Committee if the member in question actually participates, up to an overall annual limit of €12,000 gross per member,

- a gross annual amount of €12,000 is allocated to the Chair of the Audit and Risk Committee, provided that he/she qualifies as independent under the Board's internal rules, in respect of his/her duties as Chair of the Audit and Risk Committee,

- a gross lump sum of €2,500 is allocated to each member of the Audit and Risk Committee, provided that he/she qualifies as independent under the Board's internal rules, per meeting of the Audit and Risk Committee if the member in question actually participates, up to an overall annual limit of €15,000 gross per member,

- a gross annual amount of €10,000 is allocated to the Chair of the CSR Committee, provided that he/she qualifies as independent under the Board's internal rules, in respect of his/her duties as Chair of the CSR Committee,

- a gross lump sum of €2,000 is allocated to each member of the CSR Committee, provided that he/she qualifies as independent under the Board's internal rules, per meeting of the CSR Committee if the member in question actually participates, up to an overall annual limit of €8,000 gross per member,

- a gross lump sum of €2,000 is allocated to each member of the Strategy Committee, provided that he/she qualifies as independent under the Board's internal rules, for each meeting of the Strategy Committee if the member in question actually participates, up to an overall annual limit of €10,000 gross per member,

- an annual gross amount of €4,000 in specific compensation for the lead director,

- a gross lump sum of €2,000 is allocated to the lead director, per committee meeting (excluding committees of which the lead director is already a member) which he/she actually attends, up to an overall annual limit of €4,000 gross.

A large part of the allowance is variable and allocated on the basis of the number of meetings attended by directors who qualify as independent, partly to encourage members of the Board of Directors to attend meetings.

In accordance with Article L.22-10-8 II of the French Commercial Code, the 2022 compensation policy for members of the Board of Directors must be the subject of a draft resolution submitted for approval to the shareholders' meeting of June 24, 2022 called to approve the financial statements for the 2021 financial year under the ex-ante vote.

3.2.5.3 Compensation of the executive corporate officer

3.2.5.3.1 Compensation policy for the executive corporate officer in respect of the 2021 financial year

Christophe Gurtner was appointed director by a decision of the shareholders' meeting of October 15, 2021, the date on which the Company changed its corporate form into that of a limited company (*société anonyme*) with a Board of Directors, and was appointed Chairman and Chief Executive Officer of the Company for the duration of his directorship by a decision of the Board of Directors of the same date. Prior to the date of the Company's conversion, Christophe Gurtner had been Chairman of the *société par actions* *simplifiée* (simplified limited company) since his appointment on April 26, 2013 by the shareholders' meeting.

In respect of his role as Chief Executive Officer of the Company, Christophe Gurtner's fixed and variable compensation is determined in accordance with the principles summarised below.

On October 15, 2021, the Board of Directors approved the principle of compensation for the Company's Chairman and Chief Executive Officer as follows, for the year ended December 31, 2021:

- Fixed gross annual compensation of €241,500 per year (in respect of his duties as Chairman before the Company changed its corporate form into that of a *société anonyme* (limited company) and in respect of his duties as Chief Executive Officer after the Company changed its corporate form into that of a *société anonyme*);

- Variable compensation consisting of:

  - the payment of a bonus amounting to 25% of the amount of his fixed annual compensation, conditional on the existence as of December 31, 2021 of a cash position (i.e., the sum of cash on hand, marketable securities, available lines of credit and any other liquid financial instrument) in excess of €19.122 million; and

  - the grant of (i) 333,333 free shares and/or share subscription options provided that the Company posts consolidated revenues of at least €71.3 million (excluding taxes) for the financial year ended December 31, 2021, (ii) 333,333 free shares and/or share subscription options provided that the average stock market price for the Company's shares as of December 31, 2021, based on the last 30 trading sessions, is least equal to the Company's IPO price, and (iii) 333,333 free shares and/or share subscription options provided that the CSR Committee establishes a roadmap by December 31, 2021 and provided that an EcoVadis CSR assessment (at least 60%) and a CSR rating by Ethifinance (at least "Advance+") are obtained by the same date.

In connection with the admission of its shares to trading on the regulated market of Euronext Paris, the Company has considered stepping 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 purpose of this policy is to retain the Company's employees by adopting a free share plan and/or a share subscription option plan. To this end, at the shareholders' meeting held on October 15, 2021 (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), the Company authorised the Board of Directors to grant options to subscribe for or purchase Company shares and/or to grant free shares, up to a total limit of 1,970,845 shares.

The Registration Document approved by the AMF on October 1, 2021 under number I. 21-058 provided that the grant programme would include:

- a free grant of stock options that would ultimately benefit the corporate officers and executives 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 thus granted would be awarded (a) under the condition that the beneficiary is still employed by the Company (b) subject to performance criteria linked to (i) revenues, (ii) the stock market price and (iii) the Company's compliance with its CSR commitments (i.e. maintaining its EcoVadis and EthiFinance assessments and/or ratings for 2021). The stock options granted in this context will entitle the holder to one of the Company's ordinary shares per stock option granted and will be exercisable for a period of 15 years from the date of grant.

- a free grant of shares that would ultimately benefit the corporate officers and executives 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 thus granted would be awarded (a) under the condition that the beneficiary is still employed by the Company (b) subject to performance criteria linked to (i) revenues, (ii) the stock market price and (iii) the Company's compliance with its CSR commitments (i.e. maintaining its Ecovadis and EthiFinance assessments and/or ratings for 2021). The free shares granted in this context will be subject to a one-year vesting period and a one-year holding period.

– The sum of (i) the shares that may be acquired or issued pursuant to the exercise of the share subscription options and (ii) the free shares that may be granted under this plan may not exceed 1,600,000 ordinary shares of the Company.

In addition, the Chairman and Chief Executive Officer of the Company receives a company car as a benefit in kind.

3.2.5.3.2 Fixed, variable and exceptional components of total compensation and benefits of any kind paid during the 2021 financial year or granted for the same financial year to the Executive Corporate Officer

The application of the performance criteria concerning the compensation policy for the Chairman and Chief Executive Officer set out below led the Board of Directors of April 6, 2022 on the recommendation of the Appointments and Remuneration Committee, to rule on the fulfilment of the performance criteria and decided to award the following variable compensation to Christophe Gurtner:

		Variable compensation awarded to Christophe Gurtner
Financial criteria	Attainment of a cash position	€60,375 gross
	Achievement of revenues	141,308 free shares
Non-financial criteria	Achievement of rating/establishment of CSR roadmap	141,308 free shares

The Board of Directors, which met on April 6, 2022, decided that the free allocation of 282,616 shares will be definitive, after a vesting period ending on October 15, 2023, which may not be less than one year, provided that the following vesting conditions are met on the vesting date:

(i) the condition of presence is met, i.e. that Mr. Christophe Gurtner continues to perform any operational function within one of the companies of the Forsee Power group (whether it is performed under an employment contract or a corporate mandate); and

(ii) the Company meets at least one of the conditions set out in Article L22-10-60 of the French Commercial Code, for the current financial year.

A retention period will, where applicable, be applicable at the end of the vesting period, in accordance with the terms of the law.

It is also specified that, in accordance with the recommendations of the Nominations and Remuneration Committee, at least 20% of the free shares definitively acquired must be held in registered form by Mr. Christophe Gurtner until the termination of his operational functions within one of the companies of the Forsee Power Group.

The Board of Directors is expected to meet a second time in financial year 2022 to determine, before June 30, 2022, the terms and conditions of the allocation plan and to proceed with the formal allocation of these shares.

However, in accordance with Article L.22-10-34, II para. 2 of the French Commercial Code, this variable compensation may only be paid to the Chairman and Chief Executive Officer subject to approval by the annual shareholders' meeting to be held on June 24, 2022.

In accordance with the compensation policy, the Chairman and Chief Executive Officer does not receive any compensation related to his directorship.

In accordance with Article L.22-10-34 I and II of the French Commercial Code, the compensation items set out above must be the subject of a draft resolution submitted for approval to the shareholders' meeting of June 24, 2022 called to approve the financial statements for the 2021 financial year, under the overall and individual ex-post votes. The payment of the variable or exceptional portion, whatever its form or nature, will be subject to a positive individual ex-post vote of the shareholders.

3.2.5.3.3 Compensation of the Executive Corporate and other information

The following tables set out the compensation awarded and paid to Christophe Gurtner, Chairman and Chief Executive Officer of the Company, by the Company and by any other Group company, during the financial years ended on December 31, 2020 and December 31, 2021. It should be noted that Christophe Gurtner was Chairman of the company incorporated as a *société par actions simplifiée* (simplified limited company) before its corporate form was changed into that of a *société anonyme* (limited company), as approved at the combined shareholders' meeting of October 15, 2021. Consequently, the items relating to his compensation as a corporate officer presented below include the compensation in respect of his office as Chairman, prior to the Company's conversion into a *société anonyme*.

Table 1: Summary of compensation of each executive corporate officer (Middlenext nomenclature)

	2020 financial year		**2021 financial year**	
Mr. Christophe Gurtner, Chairman of the Company since April 26, 2013 and Chairman and Chief Executive Officer as of the completion of the transformation	**Amounts granted**	**Amounts paid**	**Amounts granted**	**Amounts paid**
Fixed remuneration	€210,000	€ 206,818	€ 241,500	€227,500
Annual variable remuneration	€42,000	€31,500	€60,375	€37,800
Remuneration for the mandate of "member of the board”				-
Stock options			€4,121,530 (1)	-
Allocation of free shares			€216,123 (2)	-
Benefits in kind (3)		€3,425	€3,425	€3,425
Total	**€252,000**	**€241,743**	**€4,642,953**	**€268,725**

(1) Prior to the Company's IPO, stock options were granted by decision of the Company's Chairman on August 12, 2021, with the authorization of the Company's General Meeting of Shareholders and Supervisory Board. Insofar as these grants took place before the Company's initial public offering and before its transformation into a limited company, they are not subject to an ex-post vote in accordance with article L.22-10-34, II paragraph 2 of the French Commercial Code.

(2) Corresponds to the amounts recognized in 2021 in respect of the 282,616 AGAs granted in accordance with IFRS 2.
The expense is spread over two years from October 15, 2021 on a pro rata basis. It is however specified that the total value of these AGAs amounts to € 2,048,958 (see note 7.9.3.3 to the consolidated financial statements for the year ended December 31, 2021).
It should be noted that the 282,616 shares have not yet been formally allocated to Mr. Christophe Gurtner at the date of this document. The Board of Directors is expected to meet a second time in financial year 2022 to determine the terms and conditions of the allocation plan and to formally allocate these shares.

(3) The benefit in kind corresponds to the provision of a company car.

The total variable compensation paid during the 2021 financial year, i.e. €37,800, thus represents 90% of the target variable compensation.

Table 1: Summary of compensation and options and shares granted to each executive corporate officer (AMF nomenclature)

	2020 financial year	2021 financial year
Christophe Gurtner, Chairman of the Company since April 26, 2013 and Chairman and Chief Executive Officer as of the completion of the conversion		
Remuneration granted for the financial year	€252,000	€305,300(1)
Valuation of multi-year variable remuneration awarded during the financial year		
Valuation of options granted during the financial year	- €	€4,121,530(2)
Valuation of free shares granted	- €	€216,123(3)
Total	**€252,000**	**€4,642,953**

(1) Includes benefits in kind granted in the amount of 3,425 euros.
(2) Prior to the Company's IPO, stock options were granted by decision of the Company's Chairman on August 12, 2021, with the authorization of the Company's General Meeting of Shareholders and Supervisory Board. Insofar as these grants took place before the Company's initial public offering and before its transformation into a limited company, they are not subject to an ex-post vote in accordance with article L.22-10-34, II paragraph 2 of the French Commercial Code.
(3) Corresponds to the amounts recognized in 2021 in respect of the 282,616 AGAs granted in accordance with IFRS 2. The expense is spread over two years from October 15, 2021 on a pro rata basis. It is however specified that the total value of these AGAs amounts to € 2,048,958 (see note 7.9.3.3 to the consolidated financial statements for the year ended December 31, 2021).It should be noted that the 282,616 shares have not yet been formally allocated to Mr. Christophe Gurtner at the date of this document. The Board of Directors is expected to meet a second time in financial year 2022 to determine the terms and conditions of the allocation plan and to proceed with the formal allocation of these shares.

Table 2: Summary of compensation of each executive corporate officer (AMF nomenclature)

	2021 financial year		2020 financial year	
	Amount granted	**Amount paid (2)**	**Amount granted (1)**	**Amount paid (2)**
Christophe Gurtner, Chairman of the Company since April 26, 2013 and Chairman and Chief Executive Officer as of the completion of the conversion				
Fixed remuneration	€241,500	€227,500	€210,000	€206,818
Annual variable remuneration(3)	€60,375	€37,800	€42,000	€31,500
Multi-year variable remuneration				
Exceptional remuneration				
Remuneration for the activity				
Benefits in kind	€3,425	€3,425	- €	€3,425
Total	**€305,300**	**€268,725**	**€252,000**	**€241,743**

(1) Compensation due to the corporate officer during the financial year, the amount of which is not subject to change regardless of the payment date.
(2) Compensation paid to the corporate officer during the financial year.
(3) Variable compensation, the amount and conditions of which are decided by the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, subject to the fulfilment of quantitative and qualitative criteria.

Table 11 (AMF nomenclature)

The following table provides details on the terms and conditions of compensation and other benefits granted to executive corporate officers.

Executive corporate officers	Employment contract		Supplementary pension plan		Allowances or benefits due or likely to be due as a result of termination or change of position		Compensation relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Christophe Gurtner, Chairman of the Company since April 26, 2013 and Chairman and Chief Executive Officer as of the completion of the conversion		X		X		X		X
Term of office start date:	April 26, 2013 (appointment as Chairman of the Company in its form as a *société par actions simplifiée*) and October 15, 2021 (appointment as Chief Executive Officer in its form as a *société anonyme*)							
Term of office end date:	At the end of the annual shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2023;							

3.2.5.4 Compensation policy for the Executive Corporate Officer in respect of the 2022 financial year

General principles

Christophe Gurtner, founder of the Company, has been Chairman since 2013. On October 15, 2021, he was appointed Chairman and Chief Executive Officer of the Company, following the conversion of the Company into a *société anonyme*.

Mr Gurtner is not bound by any employment contract with the Company and may be removed from office at any time by decision of the Board of Directors.

The compensation policy for the Chairman and Chief Executive Officer is designed to align the Company's objectives with those of the Chairman and Chief Executive Officer by prioritising a significant portion of variable compensation, based on objective, precise and easily qualified or quantifiable criteria.

The compensation policy for the Chairman and Chief Executive Officer applies to the current chairman and chief executive officer as well as to any new executive corporate officer who is appointed. It is dictated by the guiding principles set out below, and its objective is to support the Company's strategy and align the interests of the Chairman and Chief Executive Officer with those of the shareholders and the expectations of the stakeholders.

Compensation policy for the 2022 financial year

In accordance with Article L.22-10-8 II of the French Commercial Code, the compensation policy for the Chairman and Chief Executive Officer must be the subject of a draft resolution submitted for approval to the shareholders' meeting of June 24, 2022 called to approve the financial statements for the 2021 financial year under the ex-ante vote.

On the recommendation of the Appointments and Remuneration Committee, the Board of Directors decided to renew the principles of Mr Gurtner's compensation policy for the 2022 financial year, providing for the grant of a:

- Fixed gross annual compensation of €240,000 per year. This compensation is in line with the compensation in effect for the 2021 financial year and has not been subject to an annual review. It serves as a reference basis for the calculation of the annual variable cash compensation.
- Variable compensation (cash) in the form of payment of a bonus of up to 50% of the amount of his fixed annual compensation, subject to the achievement of the objectives set out below:

Criteria - Variable compensation				
	Nature of the performance indicator	**Weighting**	**Objective**	**Trigger threshold**
			Financial criteria	
1	Revenues	10%	Achievement of 2022 budgeted revenues Objective set on a like-for-like basis (excluding currency effects and external growth not provided for in the budget)	Triggered if 90% of the objective is achieved. Achievement of 90% of the objective gives the right to receive 50% of the value, then the linear value until 100% of the objective is achieved to receive 100% of the value.
2	"Firm orders" as of 31/12/2022	10%	Firm orders placed for an amount equal to 2/3 of the revenues in the 2023 budget approved by the Board of Directors	Triggered if 90% of the objective is achieved. Achievement of 90% of the objective gives the right to receive 50% of the value, then the linear value until 100% of the objective is achieved to receive 100% of the value.
3	Adjusted EBITDA	20%	Achievement of adjusted EBITDA in the 2022 budget Objective set on a like-for-like basis (excluding currency effects and external growth not provided for in the budget)	Triggered for 100% of the value if 100% of the objective is achieved
4	Cash position	20%	Achievement of the amount of cash in the 2022 budget Objective set on a like-for-like basis (excluding currency effects and external growth not provided for in the budget)	Triggered for 100% of the value if 100% of the objective is achieved
			Non-financial criteria	
5	ESG criteria including social criterion	30%	**Health and safety of human resources** (assessment of accident severity rate and frequency) **Gender equality** (80-85% achievement of the gender equality index) **ETI Finance rating** (attainment of an "exemplary" level) **Employee satisfaction survey to be set up** (assessment of response rate, satisfaction rate or on certain criteria related to the year's action plan)	Weighting according to criteria achieved
6	USA - Launch of the industrial site	10%	Setting up reverse planning and measurement of KPIs	Weighting according to criteria achieved
		100%		

In addition, the Chairman and Chief Executive Officer of the Company will continue to receive a company car as a benefit in kind.

3.2.5.5 Options to subscribe for purchase shares and grant of free shares

3.2.5.5.1 Principles applied

Pursuant to the provisions of Articles L.225-184 and L.225-197-4 of the French Commercial Code, you will find below the required information relating to transactions carried out during the 2021 financial year concerning share subscription or purchase options and free share grants.

The Company's incentive policy aims to retain the Company's executives and key managers by adopting a free share plan and/or a share subscription option plan, in order to ensure the Company's long-term success and growth.

3.2.5.5.2 Share subscription options

Table 4: share subscription options granted during the year to each executive corporate officer by the Company or any of its Group companies (AMF nomenclature)

Name of executive corporate officer	Plan number and date	Value of options according to the method used for the consolidated financial statements	Number of options granted during the financial year	Exercise price	Exercise period	Expiry date
Christophe Gurtner	Plan 2 Authorised by the shareholders' meeting of August 5, 2021 Decisions of the Chairman August 12, 2021	€4,121,530	1,500,000[1]	€6.50[1]	After two years following the date of grant, except in the case of specific events provided for in the Plan regulations allowing for early exercise[1]	August 5, 2036

(1) The number of share subscription options and the exercise price of these options have been adjusted to reflect the stock split decided by the Company's combined shareholders' meeting held on October 15, 2021.

Table 5: Share subscription or purchase options exercised during the financial year by each executive corporate officer (AMF nomenclature)

None

Table 8: History of grants of share subscription options (AMF nomenclature)

Date of meeting	➔ Plan 2	➔ Plan 2(1)
Date of the extraordinary shareholders' meeting	December 20 and 21, 2018	August 5, 2021
Date of Chairman's decisions (award)	April 2, 2019 January 28, 2020 November 13, 2020	August 12, 2021
Total number of shares that may be subscribed or purchased, including the number that may be subscribed or purchased by corporate officers and employees(2)	1,713,700	1,500,000
of which total number of stock options granted to the Company's Chairman and Chief Executive Officer	225,000	1,500,000
Starting point for the exercise of options	Exercisable since the admission of the Company's shares to the Euronext regulated market	After two years following the date of grant, except in the case of specific events provided for in the Plan regulations allowing for early exercise(3)
Expiry date	December 20, 2033	August 5, 2036
Subscription or purchase price(2)	€3.40 for options already granted	€6.50
Conditions of exercise (when the plan has more than one tranche)	-	- Tranche 1: 1,000,000 SO exercisable in the event of conversion of convertible bonds defined in Plan 2 - Tranche 2: 500,000 SO exercisable in the event of conversion of convertible bonds and completion of an acquisition defined in Plan 2
Number of shares subscribed as of the date of this document	0	0
Aggregate number of share subscription or purchase options cancelled or lapsed(2)	75,000	0
Share subscription or purchase options already granted as of the date of this document(2)	855,000	1,500,000
Remaining share subscription or purchase options to be granted as of the date of this document	0	0

(1) *Plan 2 replaced 858,700 stock options not granted under Plan 1. Note also that no option has been awarded under the share subscription option plan approved by the Company's shareholders' meeting of July 22, 2020, which has been replaced by Plan 2.*

(2) *The number of share subscription options and the exercise price of these options have been adjusted to reflect the stock split approved by the Company's combined shareholders' meeting held on October 15, 2021.*

(3) *The Plan n°2 share subscription options will be exercisable prior to the two-year lock-in period in the event of (i) a change of control of the Company or (ii) a sale of 100% of the Company.*

In accordance with the decisions of the Company's Shareholders' Meeting of December 20 and 21, 2018, the Chairman decided on April 2, 2019, that Mr. Christophe Gurtner must hold in registered form, until the date of termination of his duties, 10 shares resulting from the exercise of stock options under Plan No. 1 mentioned above. This number is to be adjusted to 1,000 shares as a result of the stock split decided by the Company's Combined General Meeting held on October 15, 2021.

In accordance with the decisions of the Company's General Meeting of August 5, 2021, the Chairman decided on August 12, 2021, that Mr. Christophe Gurtner must hold in registered form, until the date of termination of his duties, 10 shares resulting from the exercise of stock options under Plan No. 2 mentioned above. This number is to be adjusted to 1,000 shares as a result of the stock split decided by the Company's Combined General Meeting held on October 15, 2021.

Table 9: Share subscription or purchase options granted to the top ten employees who are not corporate officers, and options exercised by them (AMF nomenclature)

No share subscription or purchase options were granted to or exercised by the Company's employees who are not corporate officers during the 2021 financial year. share subscription options granted to employees in prior years are described in Table 8 above.

3.2.5.5.3 Grant of free shares

Table 6: Free shares granted during the financial year to each corporate officer (AMF nomenclature)

The Board of Directors decided on October 15, 2021 to set criteria for the variable compensation of Christophe Gurtner for the year ending December 31, 2021, as described in section 3.2.5.3.1 of this document.

In application of these principles, the Board of Directors decided on April 6, 2022 that 282,616 free shares would be allocated to Christophe Gurtner.

It is specified that these 282,616 shares have not yet been formally allocated to Mr. Christophe Gurtner at the date of this document. The Board of Directors is expected to meet a second time in financial year 2022 to determine the terms and conditions of the allocation plan and to proceed with the formal allocation of these shares.

Name of executive officer	Number and date of plan	Number of shares granted during the year	Valuation of shares according to the method used for the consolidated financial statements	Acquisition date	Availability date	Conditions (at December 31, 2021)[3]
Christophe Gurtner	Plan n°2 Authorized by the Shareholders' Meeting of October 15, 2021	282,616[(1)]	€216,123[(1) (2)]	Acquisition period ending on October 15, 2023, but not less than one year [(1)]	A retention period will, if applicable, apply at the end of the Vesting Period, in accordance with the terms of the law. It is specified that 20% of the free shares definitively acquired must be held in registered form by Mr. Christophe Gurtner until the termination of his duties.	• Attainment of a turnover at least equal to 71,3 M€ (Without VAT) • Achievement of an average share price based on the last 30 trading days that is at least equal to the initial public offering price of the Company • Establishment of a roadmap by the CSR Committee and obtaining, by the same date, an EcoVadis CSR evaluation (at least 60%) and a CSR rating by Ethifinance (at least "Advance+")

(1) The 282,616 shares have not yet been formally allocated to Mr. Christophe Gurtner as of the date of this document. The Board of Directors is expected to meet a second time in financial year 2022 to determine the terms and conditions of the allocation plan and to formally allocate these shares.

(2) Corresponds to the amounts recognized in 2021 in respect of the 282,616 AGAs granted in accordance with IFRS 2. The expense is spread over two years from October 15, 2021 on a pro rata basis. It is however specified that the total value of these free shares amounts to € 2,048,958 (see note 7.9.3.3 to the consolidated financial statements for the year ended December 31, 2021).

(3) The performance criteria set were a condition for the decision to grant free shares under Plan No. 2.

Table 7: Free shares that became available during the financial year for each executive corporate officer (AMF nomenclature)

No free shares have ever been granted to any of the Company's corporate officers that would have become available during the financial year ended December 31, 2021.

Table 10: History of free share grants (AMF nomenclature)

Information on free shares granted		
Free share allocation plan	Plan n°1	Plan n°2
Date of the Extraordinary General Meeting	August 5, 2021	October 15, 2021
Date of decision by the Chairman / Board of Directors (grant)	September 14, 2021	/(2)
Total number of free shares granted, including the number granted to	382,000(1)	282,616(2)
M. Christophe Gurtner	*0*	282,616(2)
Date of acquisition of the shares	1 year from the date of grant, i.e. September 14, 2022	Acquisition period ending on October 15, 2023, but not less than 1 year (2)
Date of end of retention period	1 year from the date of acquisition, i.e. September 14, 2023	A retention period will, if applicable, be applicable at the end of the Vesting Period, in accordance with the terms of the law.(2) (3)
Number of shares subscribed	0	0
Cumulative number of shares cancelled or lapsed	0	0
Remaining free shares at the date of this document	382,000	282,616(2)

(1) *The number of free shares under Plan 1 has been adjusted to reflect the stock split approved by the Company's combined shareholders' meeting held on October 15, 2021.*

(2) *The 282,616 shares have not yet been formally allocated to Mr. Christophe Gurtner as of the date of this document. The Board of Directors is expected to meet a second time in financial year 2022 to determine the terms and conditions of the allocation plan and to proceed with the formal allocation of these shares.*

(3) *In accordance with the recommendations of the Appointments and Compensation Committee, at least 20% of the definitively acquired free shares must be held in registered form by Mr. Christophe Gurtner until he ceases to perform his operational duties within one of the companies of the Forsee Power Group.*

3.2.5.6 Equity ratios

In accordance with paragraphs 6 and 7 of I of Article L.22-10-9 of the French Commercial Code, the Company must present the ratios between the level of compensation of the Chairman and Chief Executive Officer and, on the one hand, the average compensation on a full-time equivalent basis for employees other than corporate officers, and, on the other hand, the median compensation on a full-time equivalent basis for employees other than corporate officers; as well as the annual change over the last five financial years in the compensation of the Chairman and Chief Executive Officer, the Company's performance, the average compensation on a full-time equivalent basis for employees other than executives, and the aforementioned ratios.

The ratios were calculated on the basis of the median and average compensation (including any bonuses) paid to employees of the Company, the only French company in the Group that has employees in France. The ratios were therefore calculated on the basis of all the Group's employees in France.

The following methodological elements should be highlighted:

- The scope takes into account the entire French payroll;
- The compensation presented includes fixed and variable components and exceptional compensation on a gross basis;
- The compensation indicated for each financial year N is (i) the amount of compensation paid and, where applicable, (ii) with respect to free shares and/or stock options, the amount of compensation granted that has been valued in accordance with IFRS 2.
- The performance criteria are given each time for financial year N-1, the year in which they were assessed to determine the variable portions paid during financial year N.

Equity ratio per financial year	2017	2018	2019	2020	2021
Compensation paid to the corporate officer (in €)	€195,170.80	€315,170.80	€334,750.56	€376,246	€4,740,512.56
Change in the compensation of the corporate officer (in %)		38.1%	5.8%	11.0%	92.1%
Average employee compensation	€47,481.95	€47,954.12	€45,078.45	€41,849.10	€48,681.30
Change in average employee compensation (in %)	-	0.98%	-6.38%	-7.72%	14.03%
Ratio in relation to average employee compensation (in %)	4.11	6.57	7.43	8.99	97.38
Change in the ratio compared to the previous financial year (in %)		59.9%	13.0%	21.1%	983.1%
Median employee compensation	€28,303.20	€18,531.66	€24,914.97	€27,348.61	€32,242.86
Change in median employee compensation (in %)		-52.73%	25.62%	8.90%	15.18%
Ratio in relation to median employee compensation (in %)	6.90	17.01	13.44	13.76	147.03
Evolution of the minimum wage	€17,763.24	€17,981.64	€18,254.64	€18,473.04	€18,759.63
Change from previous year (in %)		1.21%	1.50%	1.18%	1.53%
Ratio in relation to the minimum wage of the reference year	10.99	17.53	18.34	20.37	252.70

(1) It is specified that the amount of compensation paid to the corporate officer is abnormally high for financial year 2021, because it takes into account the granting of stock options, the principle of which results from agreements between historical shareholders, taking into account in particular the issue of dilutive securities issued on favorable terms for the benefit of certain historical non-executive shareholders.

(In € thousands)	2021 financial year	2020 financial year[1]	2019 financial year	2018 financial year	2017 financial year
Revenues	**72,423**	62,060	50,342	23,157	17,774
EBITDA [2]	**(21,050)**	(12,694)	(25,350)	(21,798)	(15,672)
Adjusted EBITDA [2]	**(14,351)**	(12,037)	(25,618)	(21,798)	(15,672)

[1] The comparative consolidated financial statements at December 31, 2020 have been restated in relation to the published consolidated financial statements at December 31, 2020. These restatements are detailed in note 5.4 to the consolidated financial statements - Section presented in section 5 of this document.

[2] The concepts of EBITDA and Adjusted EBITDA are defined in paragraph 2.1.3 of this document.

3.3 Procedures for attending shareholders' meetings

It should be noted that in the changing context of the COVID-19 epidemic and the fight against its spread, the procedures for holding and participating in the Company's shareholders' meetings may change according to health, regulatory and legal requirements.

3.3.1 Convening and meeting of shareholder’s meeting

In accordance with Article 21 of the Company's articles of association, shareholders' meeting are convened and held under the conditions and in the forms provided for by the law and regulations in force.

When the Company wishes to call a meeting by electronic means instead of by post, it must first obtain the consent of the relevant shareholders, who shall provide their email addresses.

Meetings shall be held at the registered office or at any other place specified in the notice of meeting.

The right to attend shareholders' meetings is governed by the legal and regulatory provisions in force (i.e., as of the date of the articles of association, the right to attend meetings is subject to the shares being registered in an account in the name of the shareholder or of the intermediary registered on his/her/its behalf by midnight (Paris time) on the second business day preceding the meeting, either in the registered securities accounts kept by the Company or in the bearer securities accounts kept by the authorised intermediary).
If a shareholder does not personally attend the meeting, he/she/it may choose one of the following three options for any meeting subject to the conditions provided for by law and regulations:

- appoint a proxy under the conditions authorised by law and regulations,
- vote by correspondence, or
- send a proxy to the Company without voting indication.

Under the conditions provided for by the law and regulations in force, the Board of Directors may organise shareholder participation and voting at shareholders' meetings by videoconference or by telecommunication means that allow them to be identified. If the Board of Directors decides to exercise this right for a given meeting, this decision shall be mentioned in the notice of meeting and/or meeting invitation. Shareholders participating in meetings by videoconference or by any of the other means of telecommunication referred to above, at the discretion of the Board of Directors, shall be deemed to be present for the calculation of quorum and majority.

3.3.2 Holding of Meetings- Committee- Minutes

In accordance with Article 22 of the articles of association, the meeting is chaired by the Chairman of the Board of Directors or, in his/her absence, by the Chief Executive Officer, by a Deputy Chief Executive Officer if he/she is a director, or by a director specially appointed for this purpose by the Board. If the meeting is convened by a statutory auditor or by a court-appointed representative, the shareholders' meeting shall be chaired by the person convening the meeting. Failing this, the shareholders' meeting appoints its own chairman.

The functions of scrutineers are performed by the two members of the meeting present who have the largest number of votes, and who accept these functions. The committee appoints the secretary, who need not be a shareholder.

An attendance sheet shall be kept at each meeting in accordance with the law.

Shareholders' meetings meet and have the powers defined by the law and the regulations in force.

Copies or excerpts of the minutes of the meeting shall be validly certified by the Chairman of the Board of Directors, by a director performing the duties of Chief Executive Officer or by the secretary of the meeting. Ordinary and extraordinary shareholders' meetings exercise their respective powers under the conditions provided for by law.

3.4 Information likely to have an impact in the event of a takeover bid

In accordance with Article L.22-10-11 of the French Commercial Code, the factors likely to have an impact in the event of a takeover bid or exchange offer are:

- The Company's capital structure: These factors are detailed in section 2.3.1 of this document.

- Restrictions in the articles of association on the exercise of voting rights and the transfer of shares or clauses in agreements brought to the attention of the Company pursuant to Article L.233-11: None, although it should be noted that:
  - the articles of association provide for double voting rights from the second anniversary of the admission of the Company's shares to trading on the regulated market of Euronext in Paris, and
  - in addition to the disclosure of threshold crossings expressly provided for by legal and regulatory provisions, the articles of association provide for an obligation to disclose any crossing of the thresholds of 3% of shareholding or voting rights.
    NOTE 1.
- Direct or indirect shareholdings in the Company of which it is aware pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code: These factors are detailed in section 2.3.1 of this document.

- List and description of holders of any security with special control rights: None.

- Control mechanisms provided for in any employee shareholding system with control rights that are not exercised by employees: None.

- Agreements between shareholders of which the Company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights:
  To the best of the Company's knowledge, none, with the exception of the undertakings to retain shares made by Christophe Gurtner, Groupe Industriel Marcel Dassault, certain of the Eurazeo funds, Mitsui & Co., Ltd., the SPI (Sociétés de Projets Industriels) fund and Ballard Power Systems

Inc., for a period of 365 calendar days following the settlement-delivery date of the Company's shares on the regulated market of Euronext Paris, in connection with its IPO.

- Rules applicable to the appointment and replacement of members of the Board of Directors and to amendments to the Company's articles of association:
  These rules comply with the law and regulations in force. Note however that an agreement concerning the allocation of seats on the Company's Board of Directors was entered into on September 27, 2021 between (i) the Company, (ii) Mitsui & Co., Ltd., (iii) the SPI (Sociétés de Projets Industriels) fund, (iv) FCPI Objectif Innovation Patrimoine no. 9, FCPI Idinvest Patrimoine no. 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 and (v) Christophe Gurtner.
- Powers of the Board of Directors, in particular to issue or repurchase shares: The current delegations of authority to the Board of Directors are set out in section 3.7 of this document.

- Agreements entered into by the Company that are amended or terminated in the event of a change of control of the Company, unless such disclosure, other than in the case of legal disclosure obligations, would be seriously prejudicial to its interests: None, except for most of the financing agreements (in particular the agreement with the European Investment Bank) to which the Company is a party and which contain early repayment clauses in the event of a change of control.

- Agreements providing for indemnities for members of the Board of Directors or employees who are corporate officers of the Company if they resign or are dismissed without real and serious cause or if their employment is terminated as a result of a takeover bid: None.

3.5 Agreements between a subsidiary of the company and a corporate officer or a shareholder holding more than 10% of the company's share capital

The agreements governed by Article L.225-38 of the French Commercial Code are listed below.

3.5.1 Agreements entered during the financial year

- ***Memorandum of understanding entered into with Ballard Power Systems Inc.***

  The Company entered into a Memorandum of understanding with Ballard Power Systems Inc. dated October 13, 2021. Ballard Power Systems Inc., represented by Nicolas Pocard, is a member of the Board of Directors of Forsee Power.

  The purpose of this agreement is to establish a framework for the proposed strategic partnership for the joint development of integrated battery and fuel cell systems and powertrain solutions, consisting of hybrid energy system solutions combining batteries and fuel cells, optimised for performance and cost (the "Integrated Solutions"). Revenues from the sale of the Integrated Solutions will be allocated between the two parties based on their proportionate contribution to the development of the Integrated Solutions brought to market, as detailed in the collaboration agreement that may be entered into subsequently.

- ***Collaboration Agreement entered into with Mitsui & Co., Ltd.***

  The Company entered into a "*Collaboration Agreement*" with Mitsui & Co., Ltd. dated September 27, 2021. Mitsui & Co., Ltd. is a shareholder of Forsee Power with more than 10% of voting rights and Kosuke Nakajima, a member of the Company's Board of Directors, is General Manager of the battery solutions department at Mitsui & Co., Ltd..

  The purpose of this agreement is to establish a framework for the business collaboration established between Forsee Power and Mitsui & Co., Ltd.. The financial terms and conditions in consideration of the services rendered by Mitsui & Co., Ltd. will be discussed on a case-by-case basis for each project, taking into account the financial impact on the Forsee Power Group.

- ***Business Contribution Agreement entered into with Mitsui & Co., Ltd.***

The Company entered into a *"Business Contribution Agreement"* with Mitsui & Co. Ltd. dated December 21, 2020 and amended on April 28, 2021. Mitsui & Co., Ltd. is a shareholder of Forsee Power with more than 10% of voting rights and Kosuke Nakajima, a member of the Company's Board of Directors, is General Manager of the battery solutions department at Mitsui & Co. Ltd.

Under this agreement, Mitsui & Co, Ltd. is responsible for assisting Forsee Power in business development, sales and marketing activities on behalf of Forsee Power, as its exclusive agent in Japan. In consideration of the work performed, Mitsui & Co., Ltd. will receive a success fee based on the sales invoiced by the Company to any customer with its registered office in Japan.

Under this agreement, Mitsui & Co. Ltd invoiced the Company 25,170.55 euros during the financial year ended.

- ***Service Agreement entered into with Mitsui & Co. India PVT. Ltd.***

Forsee Power India Private Limited, a subsidiary of Forsee Power, entered into a "Service Agreement" with Mitsui & Co. India PVT. Ltd., dated April 16, 2021. Mitsui & Co. India PVT. Ltd. is a subsidiary of Mitsui & Co., Ltd. which is itself a shareholder of Forsee Power with more than 10% of voting rights and Kosuke Nakajima, a member of the Company's Board of Directors, is General Manager of the battery solutions department at Mitsui & Co. Ltd.

The purpose of this agreement is to enable Forsee Power India Private Limited to expand its business in India with the assistance of Mitsui & Co. India PVT. Ltd., in particular in sales, marketing and customer acquisition in India, in return for a fixed fee of INR 1,100,000 (Indian rupees), excluding taxes.

- ***Consultancy Agreement entered into with AMILU***

Forsee Power entered into a Consultancy Agreement with AMILU dated July 24, 2020 for a period of 3 months, then renewed by tacit agreement for successive periods of 12 months. This contract has been tacitly renewed twice, from October 24, 2020 to October 23, 2021, and from October 24, 2021 to October 23, 2022.
AMILU is managed by Mr. Pierre Lahutte, director of Forsee Power (and former member of the Supervisory Committee of Forsee Power).

Under this agreement, AMILU's duties include advising the Company on its strategy and development in the market for batteries for road and off-highway vehicles, analysing Forsee Power's target market, products and technological portfolio, and proposing new segments, customer markets or partnerships. In consideration of the work performed, AMILU receives a fixed monthly fee of €10,000 and a success fee, which varies between 0.5% and 0.1% of the revenues achieved by Forsee Power on certain contracts it enters into.

Under this agreement, AMILU invoiced the Company €122,180.30 exclusive of tax (including €2,180.30 in expenses) to the Company during the financial year ended, to be allocated as follows

- €102,180.30 excluding tax (including €2,180.30 in expenses), for the period from January 1, 2021 to October 23, 2021,

- €20,000 excluding tax, for the period from October 24, 2021 to December 31, 2021.

3.5.2 Agreements that remained in effect during the financial year

There were no other agreements during the financial year, apart from the above-mentioned Consultancy Agreement with AMILU, which ran from October 24, 2020 to October 23, 2021, before being tacitly renewed for a further 12-month period from October 24, 2021 to October 23, 2022, as described above.

3.6 Procedure for evaluating current agreements

In accordance with Article L.22-10-12 of the French Commercial Code, at its meeting of April 6, 2022 the Board of Directors adopted a procedure for regularly evaluating whether agreements relating to day-to-day transactions entered into at arm's length referred to in Article L.225-39 of the French Commercial Code actually meet these conditions (the "**Procedure**").

Its purpose is to set out the regulatory framework applicable in France to so-called free and regulated agreements, and to describe the internal process and methodology for the identification, qualification, monitoring and regular control of agreements entered into between the Company and any interested person within the meaning of the applicable regulations.

It should be noted that the procedure is based on the following key principles:

- procedure for identifying agreements covering the identification of agreements with interested persons requiring any person to inform the finance department and the legal department prior to the signing or performance of the draft agreement; in addition, any person directly or indirectly interested in a regulated agreement is required to inform the Board of Directors as soon as they become aware of it;

- procedure for analysing agreements and qualifying them as a "free" agreement, where applicable, which provides that once the finance department and the legal department have been informed of the existence of a potential agreement with an interested person, they shall verify on a case-by-case basis and document together whether the agreement is "prohibited" (in which case it cannot be entered into), and whether the agreement can be considered as "free" within the meaning of the procedure. The finance department and the legal department may draw on the expertise of other departments to assess and qualify the agreement.

A list of free agreements is drawn up before March 31 of each year and is reviewed in detail by the finance department and the legal department to determine whether the original classification of the agreement should be maintained or whether the agreement should be reclassified as a regulated agreement and therefore immediately notified to the Board of Directors.

The list of free agreements is sent annually to the statutory auditors. Every year this list is submitted and if necessary discussed at the Audit and Risk Committee meeting that prepares the approval of the Company's annual financial statements. The Audit and Risk Committee reports annually to the Board of Directors on the due application of the procedure and if necessary proposes an update thereto.

The implementation of the procedure will be reported on in the corporate governance report for the financial year ending December 31, 2022.

3.7 Summary table of delegations of authority and powers regarding capital increases

	➔ Date of meeting	➔ Duration of authorisation	➔ Maximum capital increase (in nominal value)	➔ Use
Capital increase by issuing ordinary shares and/or any other securities, maintaining shareholders' preferential subscription rights (12th resolution)	October 15, 2021	26 months	€1,970,845 €150 million for debt securities[1]	-
Capital increase by issuing ordinary shares and/or any other securities, with cancellation of shareholders' preferential subscription rights and a public offering (other than the offerings referred to in paragraph 1 of Article L.411-2 of the French Monetary and Financial Code) (13th resolution)	October 15, 2021	26 months	€1,970,845 €150 million for debt securities[1]	Capital increase of a nominal amount of €1,379,310.30
Capital increase by issuing ordinary shares and/or any other securities, with cancellation of shareholders' preferential subscription rights, in the context of a public offering to qualified investors or a restricted circle of investors as referred to in paragraph 1 of Article L.411-2 of the French Monetary and Financial Code, subject to the non-retroactive condition precedent of the IPO (14th resolution)	October 15, 2021	26 months	€788.338 €150 million for debt securities[1]	-
Increase in the number of securities to be issued in the event of a capital increase with or without preferential subscription rights decided under the aforementioned delegations of authority (15th resolution)	October 15, 2021	26 months	Extension up to 15% of the initial issue[1]	
Capital increase by issuing ordinary shares or securities giving access to ordinary shares to be issued immediately or in the future by the Company, with cancellation of shareholders' preferential subscription rights in favour of categories of beneficiaries (17th resolution)	October 15, 2021	18 months	€788,338 €150 million for debt securities[1]	-

Capital increase by issuing ordinary shares of the Company or securities giving immediate or future access by any means, to ordinary shares of the Company, as consideration for contributions in kind of equity securities or securities in the event of a takeover bid involving an exchange component initiated by the Company (18th resolution)	October 15, 2021	26 months	€788.338 €150 million for debt securities[1]	-
Capital increase by issuing ordinary shares of the Company or securities giving immediate or future access by any means to ordinary shares of the Company, up to a limit of 10% of the share capital, as consideration for contributions in kind of equity securities or securities giving access to the share capital of third-party companies outside a public exchange offer (19th resolution)	October 15, 2021	26 months	10% of the share capital €150 million for debt securities[1]	-
Capital increase by capitalising premiums, reserves, profits or other (21st resolution)	October 15, 2021	26 months	€788,338	-
Authorisation to be granted to the Board of Directors to grant Company share subscription or purchase options (22nd resolution)	October 15, 2021	38 months	5% of the share capital[2]	-
Authorisation to be granted to the Board of Directors to grant existing or new free shares (23rd resolution)	October 15, 2021	38 months	5% of the share capital[2]	-

(1) *These amounts are not cumulative and are to be deducted from an overall ceiling of (i) €1,970,845, for the overall nominal amount of capital increases, and (ii) €150,000,000, for the maximum overall nominal amount of debt securities (20th resolution – Overall limit on authorisations)*

(2) *These amounts are not cumulative and are to be deducted from an overall ceiling of 1,970,845 shares that may be issued or acquired on the exercise of options or that may be granted free of charge as decided by the combined shareholders' meeting of October 15, 2021 (24th resolution – Overall limit on authorisations)*

4. Annual financial statements

Balance sheet

	Statement expressed in euros	Gross	December 31, 2021 amortis. and deprec.	Net	December 31, 2020 Net
	Uncalled subscribed capital (I)				
FIXED ASSETS	**INTANGIBLE ASSETS**				
	Start-up costs				499,865
	Development costs	13,489,451	4,919,824	8,569,626	1,794,263
	Concessions, patents and similar rights	2,747,620	1,498,844	1,248,776	181,886
	Goodwill (1)	8,621,237		8,621,237	8,621,237
	Other intangible assets	5,334,420		5,334,420	10,013,653
	Advances and payments on account				
	PROPERTY, PLANT AND EQUIPMENT				
	Land				
	Buildings				
	Technical installations and industrial equipment and tools	7,148,208	4,834,154	2,314,054	1,748,726
	Other property, plant and equipment	2,665,842	1,419,633	1,246,208	756,126
	Assets under construction	4,222,872		4,222,872	3,785,372
	Advances and payments on account	1,108,503		1,108,503	
	FINANCIAL FIXED ASSETS (2)				
	Equity-accounted investments				
	Other investments	1,070,884	90,992	979,892	689,275
	Receivables from equity investments	290,780		290,780	290,780
	Other long-term investments				
	Loans				
	Other financial fixed assets	772,323		772,323	167,961
	Total (II)	**47,272,144**	**12,763,448**	**34,708,695**	**28,549,144**
CURRENT ASSETS	**INVENTORIES AND WORK IN PROGRESS**				
	Raw materials and supplies	13,947,331	1,677,645	12,269,686	14,360,291
	Work in progress - goods	1,053,489	367,535	685,954	695,297
	Work in progress - services				
	Semi-finished and finished products	9,569,680	1,860,938	7,708,742	10,677,707
	Goods for resale	2,437,285		2,437,285	2,061,877
	Advances and deposits paid on orders	**5,494,409**		**5,494,409**	**5,030,567**
	RECEIVABLES (3)				
	Trade receivables	19,719,413	44,628	19,674,785	14,595,071
	Other receivables	10,950,202	120,678	10,829,524	6,273,176
	Subscribed capital called but not paid				
	MARKETABLE SECURITIES				
	CASH AND CASH EQUIVALENTS	**69,663,572**		**69,663,572**	**10,673,026**
	Prepaid expenses	146,636		146,636	235,243
	TOTAL (III)	**132,982,020**	**4,071,426**	**128,910,594**	**64,602,257**
ACCRUALS	Borrowing costs to be deferred (IV)	95,611		95,611	354,683
	Bond redemption premiums (V)				
	Foreign currency translation - assets (VI)	45,641		45,641	441,902
	TOTAL ASSETS (I to VI)	**180,395,417**	**16,834,875**	**163,760,542**	**93,947,985**

(1) of which leasehold rights		
(2) of which financial assets due within one year	81,205	45,190
(3) of which receivables due in more than one year	1,563,230	434,959

Statement expressed in euros		December 31, 2021	December 31, 2020
SHAREHOLDERS' EQUITY	Share capital	5,321,000	2,998,760
	Issue, merger and contribution premiums	132,947,120	990,883
	Revaluation adjustments		
	RESERVES		
	Legal reserve	129,057	129,057
	Statutory or contractual reserves		
	Regulated reserves		
	Other reserves		
	Retained earnings	(25,044,967)	
	Profit (loss) for the year	**(25,627,034)**	**(24,640,988)**
	Investment grants	337,056	86,406
	Regulated provisions		
	Total shareholders' equity	**88,062,231**	**(20,435,880)**
Other equity	Proceeds from issues of equity securities		
	Conditional advances		
	Total other equity	**-**	**-**
Provisions	Provisions for risks	1,373,759	2,600,151
	Provisions for charges	4,168,823	6,382,464
	Total provisions	**5,542,582**	**8,982,615**
LIABILITIES	**FINANCIAL LIABILITIES**		
	Convertible bonds		32,121,123
	Other bonds		
	Bank loans and borrowings	46,717,590	46,708,561
	Miscellaneous loans and financial debts	306,570	6,718,635
	OPERATING LIABILITIES		
	Trade payables	11,019,790	9,422,006
	Advances and deposits received on orders in progress	1,803,307	1,377,601
	Tax and social security liabilities	8,222,003	8,182,187
	OTHER LIABILITIES		
	Other liabilities	172,217	356,395
	Deferred income	1,522,686	239,880
	Total liabilities	**69,764,165**	**105,126,386**
	Foreign currency translation - liabilities	391,563	274,864
	TOTAL LIABILITIES	**163,760,542**	**93,947,985**
Net income for the year expressed in cents		(25,627,034.00)	(24,640,987.89)

Income statement

Statement expressed in euros				December 31, 2021	December 31, 2020
		France	Export	12 months	12 months
OPERATING INCOME	Sales of goods	419,152	34,821	453,973	279,070
	Production sold (goods)	45,976,628	19,280,313	65,256,941	58,362,660
	Production sold (services and works)	839,225	327,653	1,166,878	2,442,216
	Net revenues	47,235,005	19,642,787	66,877,794	61,083,946
	Production transferred to inventory			(1,707,287)	7,421,271
	Capitalised production			4,106,458	4,018,487
	Operating grants			217,492	115,999
	Reversals of provisions, depreciation and amortisation, and expense transfers			10,683,182	3,650,167
	Other income			218,233	1,153,548
	Total operating income (1)			**80,395,873**	**77,443,420**
OPERATING EXPENSES	Purchase of goods			1,069,337	3,481,463
	Change in inventories			(375,408)	(889,327)
	Purchases of materials and other supplies			49,111,081	54,568,013
	Change in inventories			1,367,828	(4,885,230)
	Other purchases and external expenses			15,631,251	14,142,621
	Duties, taxes and similar payments			859,094	807,918
	Wages and salaries			14,422,589	11,923,104
	Personnel social security charges			7,197,604	5,122,556
	Operator's personal contributions				
	Operating provisions				
	on fixed assets				
	-depreciation and amortisation*			3,492,041	3,074,442
	-provisions*				130,144
	On current assets: provisions			6,658,594	1,568,343
	For risks and charges: provisions*			2,554,920	6,166,722
	Other expenses			563,966	1,944,229
	Total operating expenses (2)			**102,552,901**	**97,155,000**
	OPERATING PROFIT (LOSS)			**(22,157,027)**	**(19,711,580)**

Statement expressed in euros		December 31, 2021	December 31, 2020
	OPERATING PROFIT (LOSS)	**(22,157,027)**	**(19,711,580)**
Joint Oper.	Profit allocated or loss transferred		
	Loss incurred or profit transferred		
FINANCIAL INCOME	From equity interests (3)		
	From other securities and fixed asset receivables (3)		
	Other interest and similar income (3)	15,241	14,851
	Reversals of provisions, depreciation and amortisation, and expense transfers		
	Foreign exchange gains	639,128	
	Net income from sales of marketable securities		
	Total financial income	**654,370**	**14,851**
FINANCIAL EXPENSES	Depreciation, amortisation and provisions		
	Interest and similar expense (4)	4,875,897	4,704,815
	Foreign exchange losses	242,926	167,853
	Net expenses on disposals of marketable securities	13,714	
	Total financial expenses	**5,132,538**	**4,872,668**
	NET FINANCIAL INCOME (EXPENSE)	**(4,478,167)**	**(4,857,817)**
	CURRENT PROFIT (LOSS) BEFORE TAX	**(26,635,195)**	**(24,569,397)**
NON-CURRENT INCOME	On management transactions	711	177,815
	On capital transactions	86,406	86,406
	Reversals of provisions, depreciation and amortisation, and expense transfers	38,045	44,720
	Total non-current income	**125,163**	**308,942**
NON-CURRENT EXPENSES	On management transactions	1,353,613	380,531
	On capital transactions		
	Depreciation, amortisation and provisions		
	Total non-current expenses	**1,353,613**	**380,531**
	NON-CURRENT PROFIT (LOSS)	**(1,228,450)**	**(71,589)**
	Employee profit sharing		
	Corporate income tax	(2,236,611)	
	TOTAL INCOME	**81,175,407**	**77,767,214**
	TOTAL EXPENSES	**106,802,442**	**102,408,201**
	PROFIT (LOSS) FOR THE YEAR	**(25,627,034)**	**(24,640,986)**

(1) of which income relating to prior years		
(2) of which expenses relating to prior years		
(3) of which income from affiliated companies	15,242	14,852
(4) of which interest on affiliated companies	(460,237)	(659,788)

The following information is an integral part of these financial statements.

4.1 Company activity and highlights of the year

4.1.1 Identity and activity of the Company

Forsee Power SA, a French *Société Anonyme* (limited company), was initially incorporated and registered with the Créteil Trade and Companies Register on February 28, 2007 under number 49460548800068 in the form of a *Société par Actions Simplifiée* (simplified joint stock company) and transformed into a limited company on October 15, 2021. Its shares began trading on compartment B of the Euronext Paris regulated market on November 3, 2021 under number FR0014005SB3.

Forsee Power S.A. is a company specialising in the design and integration of specialised 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).

4.1.2 Highlights of the year 2021

4.1.2.1 Impact of COVID-19 on the business

The Company did not experience a production stop in 2021, unlike in 2020, when there were production interruptions in France (from mid- to end-March, followed by partial activity on the main production lines before full activity resumed in mid-May).

4.1.2.2 Deliveries of new buildings on the Chasseneuil-du-Poitou factory site

Delivery of the new buildings continued in 2021, and in addition to providing the Group with a fully modernised site, it will double its available production space from the second half of 2021. The company will have a total of 7 production lines on this site.

4.1.2.3 Purchase of assets from Holiwatt

Forsee Power took over the business, a set of assets and part of the workforce of Holiwatt (formerly Centum Adetel Transportation), a specialist in rail energy storage and fast-charging systems, pursuant to a ruling dated July 21, 2021, for an amount of €700 thousand. This business acquisition strengthens the Group's position in the rail transport market.

4.1.2.4 Financing from the European Investment Bank (EIB) and new bank financing lines

<u>EIB</u>

The first tranche (tranche A) of the EIB loan signed in December 2020 was drawn down in June 2021 for €21.5 million. This tranche is accompanied by the repayment of €20 million of the EIB loan (tranches 1, 2 and 3) granted in 2017 and 2018.

On September 28, 2021, the Company obtained a prior approval requested from the EIB to be able to carry out the various capital restructuring operations prior to the IPO as well as the IPO itself. In consideration for this approval, the capitalised interest rate applicable to tranche A of the EIB loan was increased by 0.5% from 4% to 4.5% per year (applicable retroactively to June 16, 2021). In addition, the EIB required the payment of a restructuring fee of €1,255 thousand, which was paid in December 2021.

Finally, in October 2021 the Group used tranche B of the EIB loan for €8.5 million, which was repaid in full in November 2021 after the IPO.

Other bank financing

In the first half of 2021, the Group negotiated bank financing lines with three banks for a total amount of €9 million with a pledge on inventories for a value of €11.7 million. These lines were respectively pledged with Banque Populaire Val de France on June 30, 2021, Caisse Régionale de Crédit Agricole de la Touraine et du Poitou on June 30, 2021 and Crédit Industriel et Commercial on July 2, 2021.

These credit lines were drawn down during the second half of the year and repaid on November 15, 2021.

4.1.2.5 IPO on the Euronext Paris market

On November 3, 2021, Forsee Power SA completed a capital increase by way of an Initial Public Offering (IPO) of €100 million through the issuance of 13,793,103 new ordinary shares at a price of €7.25 per share, followed by the start of trading in the shares in compartment B of the Euronext Paris regulated market.

Total expenses relating to the IPO amounted to €7,453 thousand, of which €6,841 thousand was charged to issue premium and €788 thousand was charged to expenses for the year. The proceeds net of expenses received from the cash capital increase were €92.5 million.

This capital increase will be used to finance innovation, the development of new products, the acceleration of international industrial development, opportunistic development transactions and the Group's and the company’s general needs.

This initial public offering was followed by a "greenshoe" over-allotment option between November 3 and December 2, 2021 on 1,116,731 existing ordinary shares acquired from the selling shareholders at the offering price of €7.25, representing a total amount of €8,096 thousand.

Following this IPO, in November 2021 Forsee Power SA signed a liquidity contract with an independent investment services firm to ensure the liquidity of transactions and regular trading of its shares from December 3, 2021.

4.1.2.6 Strategic partnership with Ballard Power Systems

A strategic partnership was signed on October 18, 2021 with the Canadian Group, Ballard Power Systems , the world leader in fuel cells for medium and heavy duty hydrogen vehicles. This new partnership aims to develop the first fully integrated fuel cell and battery system, optimised to meet the needs of the targeted medium and heavy duty mobility markets for buses, trucks, trains, boats and off-highway vehicles.

Ballard Power Systems Group also contributed €37.7 million to the capital increase on November 3, 2021 and now holds 9.77% of the share capital of Forsee Power.

4.1.2.7 French research tax credit (CIR)

In the second half of 2021, the Company appointed an expert firm to assess the research tax credit (CIR). The work carried out by this expert firm led to an additional filing of CIR claims for the 2018 financial year, and an assessment for the 2019 and 2020 financial years to be filed during the 2022 financial year. These claims total €2,237 thousand, respectively €726 K for 2018, €841 K for 2019 and €670 K for 2020.

4.1.2.8 Dispute with Unu GmbH

The referral procedure

On March 12, 2021, Unu GmbH filed an application for court-ordered expert assessment with the Paris Commercial Court against Forsee Power and its former insurer, Generali. Unu GmbH is suing the Company on the basis of product liability and common law contractual liability, alleging that the batteries are defective and do not meet the technical characteristics agreed between the parties under the terms of the supply agreement of July 23, 2016 and its amendment of June 29, 2018. The Company did not object to this request for a court-ordered expert assessment, but stated that it should also cover the scooters produced by Unu GmbH, the characteristics of which do not comply with the initial contractual specifications and are the cause of the battery malfunctions.

Pursuant to an order dated March 31, 2021, the judge in summary proceedings ordered the appointment of a legal expert whose mission was to study both the batteries and the scooters in order to determine the origin of the malfunctions, the associated disorders and therefore the responsibilities. As the initially appointed expert withdrew, the judge in summary proceedings ordered the appointment of a new expert by an order dated April 16, 2021.

The expert heard the various arguments put forward by the parties from May 5, 2021, but has not yet appointed a laboratory to carry out the necessary tests on the batteries and scooters. However, the expert has repeatedly pointed out the difficulties of cooperation with Unu GmbH, which refuses to provide certain key documents for the expert assessment, in particular the test reports for its scooters.

On December 31, 2021, Unu GmbH filed a summary action against Forsee Power before the Paris Commercial Court to replace the legal expert appointed in April 2021, on the grounds that the expert is categorically biased and does not have sufficient competence to carry out the court-ordered expert assessment. On January 26, 2022, the Company responded to these arguments by stating that the judge in summary proceedings did not have jurisdiction and that the case should be brought before the supervisory judge. The Company also rejected Unu GmbH's arguments regarding the alleged bias or incompetence of the expert.

In a ruling dated March 18, 2022, the judge in summary proceedings of the Paris Commercial Court ruled that it had no jurisdiction. The case was brought before the supervisory judge, who is due to decide in April on the replacement of the expert.

The trial proceedings

On November 2, 2021, in spite of the expert assessment in progress, Unu GmbH sued Forsee Power on the same grounds before the Paris Commercial Court ruling as a trial judge, and claimed €15,845 thousand for material losses suffered as well as €50 thousand for non-material losses. The court remanded the case to May 25, 2022 for a procedural hearing. The Company expects the Court to stay proceedings until the expert report is filed.

Provision retained

The provision recorded in the financial statements for the financial year ended December 31, 2021 in the amount of €651 thousand therefore includes the fees of the Company's legal counsel as well as those of the legal expert and external experts used by the Company.

The company considers that the claims of Unu GmbH are unfounded and intends to assert its rights and legal arguments legitimizing at this stage of the procedure the absence of provision for risks beyond the legal costs mentioned

4.2 Accounting rules and methods

4.2.1 Preparation of financial statements

The annual financial statements are prepared and presented in accordance with the accounting principles, standards and methods resulting from the 2014 General Chart of Accounts in accordance with regulation 2014-03, all subsequent regulations amending it, and the subsequent opinions and recommendations of the French National Accounting Board (CNC) and the Accounting Regulations Committee (CRC).

These financial statements were prepared using the same valuation principles and methods as of December 31, 2020, with the exception of the items mentioned in Note 2.2 and Note 2.3.

General accounting conventions have been applied in accordance with the principles of prudence, going concern, consistency of accounting methods from one year to the next, and independence of financial years, and with the general rules for preparing and presenting annual financial statements.

The basic method used for valuing accounting items is the historical cost method.

4.2.2 Change in the method of allocation of rights

In accordance with the latest amendment update to ANC recommendation 2013-02 of November 7, 2013, made on November 5, 2021, the Company has decided to adopt the new method for allocating entitlement to benefits under its defined benefit plans, under which compensation is only payable if the employee is employed by the Company on the date of retirement, and the amount of which depends on seniority and is capped at a certain number of years of consecutive service.

As a reminder, the Company previously spread its commitment on a straight-line basis over the entire period of employment of the employees. The adoption of the new allocation method will allow it to spread the commitment only from the date on which each year of seniority counts towards the entitlement to benefits, i.e., over the period preceding the retirement age at which the ceiling is reached.

Overall, this change led to a partial reversal of the existing provision in the amount of €96 thousand. This impact is recognised in equity.

4.2.3 Change of method on the costs of the capital increase

In connection with the capital increase following its IPO on November 3, 2021, the company has recognized the costs related to this operation as a deduction from the share premium for €6,841 thousand, representing the costs strictly related to the capital increase. The remainder of the expenses related to the IPO process have been expensed in the period.

The costs of the capital increase were previously recognised as assets and amortised over a period of five years. The residual costs were reclassified as a deduction from equity as of December 31, 2021 in the amount of €499 thousand.

4.2.4 Principal accounting methods

4.2.4.1 Intangible assets

Intangible assets consist mainly of software, concessions and patents and similar rights, development costs and goodwill.

Intangible fixed assets have been valued at their acquisition or contribution cost. They correspond to:

- software and patents amortised over 3-5 years
- goodwill

Depreciation is calculated on the basis of the acquisition cost less any residual value. The residual value is the amount, net of expected disposal costs, that the Company would obtain from the disposal of the asset on the market at the end of its useful life.

At the end of the reporting period, the Company assesses whether there is any indication that fixed assets are impaired. When there is an indication of impairment, an impairment test is carried out by comparing the net carrying amount of the fixed asset with its current value. An asset's carrying amount is impaired when its current value is lower than its net carrying amount. The current value of an asset is the higher of its market value and its value in use to the Company.

4.2.4.2 Technical loss and goodwill

Technical merger and dissolution losses were recognised in 2016, included in the goodwill which is valued at €8,621 thousand.

The useful life of the assets included in the goodwill is considered to be unlimited. As such, they are not amortised on a straight-line basis but, like other unamortised intangible assets, are tested for impairment on the basis of their current value each financial year. When the current value of this item is lower than its carrying amount, an impairment loss is recognised for the amount of the loss.

4.2.4.3 Development costs

The Company has opted to capitalise its development costs, which amount to a gross total of €18,824 thousand at end-2021, of which €8,787 thousand concerning assets put into service in 2021. They gave rise to an amortisation charge of €2,012 thousand for the financial year.

They consist mainly of personnel costs and expenses directly allocated to development and meet the following criteria:

- the technical feasibility of completing the intangible asset so that it can be put into service or sold;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the ability of the intangible asset to generate probable future economic benefits;
- the availability of appropriate resources (technical, financial and other) to complete the development and use or sell the intangible asset; and,
- the ability to reliably measure expenses attributable to the intangible asset during its development.

These development costs are amortised over the life of the product, currently estimated at five years, from the start date of mass production.

Other research and development expenses that do not meet the criteria set out above are recognised directly as expenses for the financial year.

4.2.4.4 Property, plant and equipment

Tangible fixed assets have been valued at their acquisition or contribution cost.

Depreciation is calculated according to the expected useful life. The most commonly used useful lives are:

Fixed assets	Depreciation
Industrial equipment	5-10 years
Transport equipment	5 years
General installations and fittings	8-10 years
Office and IT equipment	3 years

4.2.4.5 Financial fixed assets

Equity investments and associated receivables

The gross amount of equity investments is recognised at acquisition cost including directly related acquisition costs.

Equity investments, whether listed or not, are valued at their value in use, which is the amount that the entity would be willing to pay to obtain the investment if it had to acquire it. The value in use for a given investment is assessed according to an approach based on its net worth and its future economic prospects in the case of companies controlled by Forsee Power SA, or on the basis of business plans provided by the companies concerned in other cases.

Receivables from equity investments mainly correspond to shareholder contributions made by the Company in the form of loans, directly or indirectly through intermediate holding companies, to its subsidiaries. They are recognised at their nominal amount. An impairment loss is recognised when their current value is less than their carrying amount.

An impairment loss is recognised at year-end when the value in use of the securities is lower than their net carrying amount. This impairment is first recorded on investments in equity securities before impairment of the related receivables.

Other financial fixed assets

As of December 31, 2021, other financial fixed assets consisted of guarantee deposits for €286 thousand, treasury shares held under the liquidity contract for €153 thousand and €333 thousand in cash (out of an overall cash and securities ceiling of €500 thousand).

4.2.4.6 Inventories

Inventories consist of raw materials and other supplies, purchased parts (battery cells, components, etc.), semi-finished/semi-assembled products and finished products.

Inventories of raw materials, other supplies and purchased parts are measured at acquisition cost using the weighted average unit purchase cost method. This acquisition cost includes the purchase price and forwarding costs (transport and customs clearance).

Inventories of finished goods are valued at production cost using the weighted average unit purchase cost method and include forwarding costs, customs duties, transport costs on purchase and production labour costs. Financial expenses are not presented in the valuation of inventories.

Inventories are impaired to take into account the net realisable value of the associated products at the reporting date.

Inventory impairment is assessed 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 finished products and components that could not be used in the production of another range of batteries. It reduces the value to the net realisable 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 thus fully impaired.

4.2.4.7 Operating receivables

Trade receivables are initially recognised at their nominal value and consist mainly of the difference between the invoiced revenues and the amounts received from customers, particularly in the case of advances paid.

Other operating receivables are also recognised at their nominal value.

Where appropriate, a provision is recorded to take account of any difficulties in collecting them. Provisions and reversals of provisions are calculated on a case-by-case basis and are not subject to a statistical provision.

The Company also has the following factoring contracts enabling it to finance its working capital requirement:

- A with-recourse factoring programme: customer receivables assigned to and discounted with credit institutions without transfer of credit risk are maintained in the financial statements under "Trade receivables".
- A non-recourse factoring programme: a transfer of the risks of late payment, non-payment and foreign exchange, and a limitation of the factoring company's recourse in the event of non-payment of guaranteed receivables.
- A factoring contract included in the reverse factoring programme of a customer (Heuliez Bus-IVECO-Case NewHolland) with a bank (Banco Santander) was set up with variable discount

payment terms depending on the maturity of the receivable on the date of assignment to the factoring company.

4.2.4.8 Cash and cash equivalents

Cash and cash equivalents consist solely of closing bank balances.

4.2.4.9 Marketable securities

Investment securities represent temporary cash positions invested in UCITS and/or money market funds. They are recognised at their historical acquisition cost. When sold, gains or losses are calculated using the first-in first-out (FIFO) method.

A provision is recognised if the net asset value is lower than the carrying amount.

4.2.4.10 Foreign currency transactions

The 2021 financial statements are prepared in euros. Income and expenses denominated in foreign currencies are recognised at their equivalent value in euros at the date of the transaction. At the reporting date, receivables and payables denominated in foreign currencies are translated and recognised in the balance sheet at the latest exchange rate, and the differences compared to the transaction amounts are recognised in the balance sheet under "Translation adjustments - assets/liabilities".

Unrealised foreign exchange gains are not included in the accounting profit. Unrealised foreign exchange losses not offset by currency hedging are subject to a provision for risks of an equivalent amount.

4.2.4.11 Share capital and capital issuance costs

Costs directly attributable to a capital increase are recognised as a deduction from issue premium as from 2021. In connection with the IPO process, costs that cannot be directly attributed to the capital increase are expensed in the period.

4.2.4.12 Provisions

A provision for risks and charges is recognised as soon as there is a probable or certain obligation, clearly specified as to its purpose, resulting from events that have occurred or are in progress, and making it probable that an outflow of resources will be made to third parties without at least equivalent consideration being expected from them, but whose due date or amount is not precisely fixed.

The amount provisioned is the best estimate of the expenditure required to settle the obligation at the reporting date, excluding any expected income. Each risk or expense is assessed on a case-by-case basis at the reporting date and provisions are adjusted to reflect the best estimate at that date.

As a producer, the Group is subject to the following legal and regulatory obligations:

- The obligation to repair or replace any defective element of the battery systems sold.

  This obligation is covered in the accounts by a provision for after-sales service (SAV) assessed on the basis of a percentage of revenues (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 and evolutionary statistics.

- The obligation to collect and process end-of-life batteries (European regulations on waste electrical and electronic equipment – WEEE).

  This obligation is covered in the financial statements by a “recycling” provision valued on the basis of items sold (by weight) and to be recycled in the future applied to the number of batteries marketed.

In addition, the Group may also be exposed to litigation risks, for which provisions are made for assessment and estimation.

4.2.4.13 Retirement bonuses

In terms of retirement bonuses, an expense was recognised as of December 31, 2021 in respect of defined contribution plans.

In accordance with the latest amendment update to ANC recommendation 2013-02 of November 7, 2013, made on November 5, 2021, the Company has decided to adopt the new method for allocating entitlement to benefits under its defined benefit plans, under which compensation is only payable if the employee is employed by the Company on the date of retirement, and the amount of which depends on seniority and is capped at a certain number of years of consecutive service.

The basic assumptions (staff turnover rate, salary increase) for these calculations were determined according to the Company's forward-looking and historical policy.

4.2.4.14 Operating liabilities

Trade payables are measured at the initial recognition date at the fair value of the consideration to be given. This value corresponds to the nominal value.

4.2.5 Revenues

Revenues are derived from the sale of goods and services and are valued based on the transfer of control (duty paid or ex-works).

The Company has no commitment to return or take back goods, except for legal and regulatory commitments to provide after-sales service and recycling.

4.2.6 Research tax credit (CIR)

Research tax credits (CIR) are granted to companies by the French government to encourage them to carry out technical and scientific research. Companies that can prove that their expenses meet the required criteria are entitled to a tax credit that can be used to pay the corporate income tax due for the year in which the expenses were incurred and for the three following years, or, where applicable, can be reimbursed for the excess portion.

The income relating to the research tax credit is presented as a deduction from the corporate income tax expense at its gross value.

Tax receivables related to the tax credit are presented under "Other receivables".

4.3 Property, plant and equipment and intangible assets

4.3.1 Property, plant and equipment and intangible assets at gross value

Statement expressed in euros

		Gross amounts at start of year	Changes during the year – Increases – Revaluations	Changes during the year – Increases – Acquisitions	Changes during the year – Decreases – Reclassification	Changes during the year – Decreases – Disposals	Gross amounts as of December 31, 2021
INTANGIBLE ASSETS	Start-up and development costs	1,529,629				(1,529,629)	(0)
	Concessions, patents and similar rights	1,460,946		1,286,674			2,747,620
	Goodwill (1)	8,621,237					8,621,237
	Development costs	4,702,241			8,787,210		13,489,451
	Development costs work in progress	10,013,652		4,108,141	(8,787,210)	(162)	5,334,421
	TOTAL INTANGIBLE ASSETS	**26,327,705**		**5,394,815**		**(1,529,791)**	**30,192,728**
PROPERTY, PLANT AND EQUIPMENT	Land						
	Buildings on own land						
	on third-party land						
	General installations, fixtures and fittings						
	Technical installations and industrial equipment and tools	5,929,204		1,219,004			7,148,208
	Other installations, fixtures and fittings	630,816		408,317			1,039,133
	Transport equipment	14,700					14,700
	Office equipment, furniture	1,250,816		361,191			1,612,007
	Recoverable and other packaging						
	Property, plant and equipment in progress	3,785,371		443,127		(5,626)	4,222,872
	Advances and payments on account			1,108,503			1,108,503
	TOTAL PROPERTY, PLANT AND EQUIPMENT	**11,610,909**		**3,540,144**		**(5,626)**	**15,145,423**

1) Goodwill is comprised of the following items

Goodwill	December 31, 2021 In K€
Industrial branch of UNIROSS BATTERIES	19
Goodwill ERSE	70
Confusion loss of FORSEE POWER SOLUTIONS	6,988
Merger loss of FORSEE POWER SOLUTIONS	1,544
TOTAL	**8,621**

This goodwill, valued at €8,621K, was recognized in 2016 and corresponds to residual technical merger and confusion goodwill.

The useful life of this merger and amalgamation goodwill is considered to be unlimited. As such, they are not amortized on a straight-line basis but are subject to a value test each year, like other unamortized intangible assets, based on their current value. When the present value of this item is less than the carrying amount, an impairment loss is recognized to the same extent.

The confusion loss of Forsee Power Solutions amounts to €6,988 K. It corresponds to Forsee Power's original business of batteries for light vehicles, for the medical sector and for other industrial applications. This business has developed strongly and offers significant additional commercial prospects.

The merger loss of Forsee Power Industry amounts to €1,544 K. It corresponds to the battery business for heavy vehicles such as buses and trains, which has also developed strongly in recent years and offers significant additional commercial prospects.

4.3.2 Statement of depreciation and amortisation - property, plant and equipment and intangible assets

Statement expressed in euros		Depreciation at the beginning of the year	Changes during the year		Depreciation as of December 31, 2021
			Additions	Decreases	
INTANGIBLE ASSETS	Start-up and development costs	1,029,765		(1,029,765)	
	Concessions, patents and similar rights	1,279,060	219,783		1,498,843
	Goodwill	-			-
	Development costs	2,907,978	2,011,846		4,919,824
	TOTAL INTANGIBLE ASSETS	**5,216,804**	**2,231,629**	**(1,029,765)**	**6,418,668**
PROPERTY, PLANT AND EQUIPMENT	Land				
	Buildings on own land				
	on third-party land				
	General installations, fixtures and fittings				
	Technical installations and industrial equipment and tools	4,180,478	653,675		4,834,153
	Other installations, fixtures and fittings	193,892	107,099		300,991
	Transport equipment	14,700			14,700
	Office equipment and furniture	931,614	172,327		1,103,941
	Recoverable and other packaging				
	TOTAL PROPERTY, PLANT AND EQUIPMENT	**5,320,684**	**933,101**	**-**	**6,253,787**
	TOTAL	**10,537,490**	**3,164,732**	**(1,029,765)**	**12,672,455**

The gross value of capitalized development costs amounted to €18,824 K at December 31, 2021, corresponding to 29 projects, of which 22 are still in the development phase. As of December 31, 2020, the gross value of capitalized development costs amounted to €14,715 K and corresponded to 11 projects. The increase in the number of capitalized projects is due to the launch of the development of 3 new projects at the Ivry site and 15 new projects at the Ecully site in 2021, for a total of 18.

In financial year 2021, the capitalization of development costs in the amount of €4,108 K related to 21 projects, while the commissioning of 4 projects, in the amount of €8,787 K, was completed.

For the financial year 2021, the amortization of capitalized development costs amounts to 2,012 K€.

Finally, other non-eligible development expenses of €3,932 K were recognized as expenses for the period, compared with €4,951 K in financial year 2020.

4.4 Financial fixed assets

Statement expressed in euros		Gross amounts at start of year - December 31,2021	Changes during the year: Increases - Revaluations	Acquisitions	Decreases - Item to item transfer	Disposals	Gross amounts as of December 31,2021	Depreciation	Net amounts as of December 31, 2021
FINANCIAL ASSETS	Equity-accounted investments								
	Other investments	1,071,047		290,616			1,361,663		90,992 1,270,671
	Other long-term investments								
	Loans and other financial fixed assets	167,961		650,391		(46,029)	772,323		772,323
	TOTAL FINANCIAL FIXED ASSETS	**1,239,008**	-	**941,007**	-	**(46,029)**	**2,133,986**		**90,992 2,042,994**

Equity investments are detailed as follows:

Statement expressed in euros	Country	Share capital	Shareholders' equity	Percentage of share capital held (%)	Carrying amount of securities held - Gross	Net
A. Detailed information						
1. Subsidiaries (more than 50%)						
FORSEE POWER SPZ	Poland	11,337	(294,741)	100.00	90,000	
FORSEE POWER SOLUTIONS LIMITED HONG KONG	China	0	(102,100)	100.00	992	
FORSEE POWER PTE.LTD	Singapore	6,352	(6,909)	100.00	6,417	6,417
FORSEE POWER INDIA PRIVATE LTD.	India	11,815	(355,446)	100.00	11,734	11,734
ZHONGSHAN FORSEE POWER DEVELOPMENT CO., LTD.	China	119,835	79,747	100.00	120,000	120,000
2. Equity interests (10% to 50%)						
NEOT CAPITAL SAS	France	3,766,680	182,519	15.00	841,740	841,740

By decision of the shareholders on June 30, 2021, NEOT Capital carried out a capital increase for €1,985 thousand, to which Forsee Power SA subscribed in cash for €284 thousand.

The amount of the provision for impairment of financial assets remains unchanged at the end of the financial year, and amounts to €91 thousand.

4.5 Inventories

Statement expressed in euros		December 31, 2021 Gross	Amortisation and impairment	Net	December 31, 2020 Gross	Amortisation and impairment	Net
INVENTORIES	Raw materials and supplies	13,947,331	1,677,645	12,269,686	15,315,160	954,869	14,360,291
	Work in progress - goods	1,053,489	367,535	685,954	1,335,293	639,996	695,297
	Work in progress - services						
	Semi-finished and finished products	9,569,680	1,860,938	7,708,742	10,895,165	217,458	10,677,707
	Goods	2,437,285		2,437,285	2,061,877		2,061,877
	TOTAL	**27,007,785**	**3,906,118**	**23,101,667**	**29,607,495**	**1,812,323**	**27,795,172**

A provision of €1.9 million was recorded in the first half of 2020 to cover the decline in the net realisable value of the Zen 4 and Flex 7 ranges of inventories. These two products, which are held in inventory in the form of components, cells and finished products, are the oldest product ranges on which management anticipates a risk of not being able to sell out in full, or of having to grant exceptional price reductions in order to sell them. These ranges are in fact partly competing with other products launched more recently by the Group. This provision, initially recognised as a provision for risks in the financial statements published at December 31, 2020, has been reclassified in the financial statements at December 31, 2021 as a provision for inventory impairment in relation to the inventories concerned (see note 11).

In addition, in June 2021, Forsee Power was granted credit lines of €9 million secured by a pledge on inventories of €11.7 million for the period from June 30, 2021, to June 30, 2022. These credit lines were undrawn at December 31, 2021 and there was therefore no pledged inventory at the balance sheet date, although the credit line financing is still in place.

4.6 Trade receivables

Statement expressed in euros	December 31, 2021	December 31, 2020
Trade receivables and related accounts (gross value)	19,719,413	14,778,615
Impairment of trade receivables	(44,628)	(183,544)
Trade receivables and related accounts (net value)	19,674,785	14,595,071

Statement expressed in euros	Start of year	Increases	Decreases	Of which use	December 31, 2021
Impairment of trade receivables	(183,544)		138,916		(44,628)

4.7 Schedule of receivables

	Statement expressed in euros	December 31, 2021	Due within 1 year	Due in more than 1 year
RECEIVABLES	Receivables from equity investments	290,780		290,780
	Loans (1) (2)			
	Other financial fixed assets	772,323	81,205	691,118
	Doubtful or disputed trade receivables			
	Other trade receivables	19,719,412	19,719,412	
	Receivables representing loaned securities			
	Personnel and related accounts	6,666	6,666	
	Social security and other social bodies	8,159	8,159	
	Corporate income tax	2,490,581	2,490,581	
	Value added tax	682,545	682,545	
	Other taxes, duties and similar payments			
	Other	91,833	91,833	
	Group and associates (2)	1,563,250		1,563,250
	Other receivables	6,107,165	6,107,165	
	Prepaid expenses	146,636	146,636	
	TOTAL RECEIVABLES	**31,879,355**	**29,334,206**	**2,545,148**

(1) Loans granted during the year
(2) Repayments received during the year
Loans and advances to associates (natural persons)

The item "Other receivables" is composed of the following items as of December 31, 2021:

Statement expressed in euros	December 31, 2021
Escrow cash flow loan (1)	3,973,159
Factoring (2)	1,560,929
Factoring guarantee account	357,422
Discounts, rebates and refunds to be obtained; credit note to be received	98,232
Accrued income	78,123
Other miscellaneous receivables	39,301
Total other receivables	**6,107,165**

1) The Company obtained a $7,000 thousand standby letter of credit (SBLC) maturing December 31, 2021 and secured by a $4,500 thousand (€3,973 thousand) cash pledge. This letter of credit has been extended beyond December 31, 2021 (see Note 22).
2) The amount of receivables assigned without recourse to HSBC and not yet received as of December 31, 2021 is €1,561 thousand.

	Statement expressed in euros	December 31, 2020	Due within 1 year	Due in more than 1 year
RECEIVABLES	Receivables from equity investments	290,780		290,780
	Loans (1) (2)			
	Other financial fixed assets	167,961	45,190	122,771
	Doubtful or disputed trade receivables			
	Other trade receivables	14,778,615	14,778,615	
	Receivables representing loaned securities			
	Personnel and related accounts	4,058	4,058	
	Social security and other social bodies	20,285	20,285	
	Corporate income tax	322,445	322,445	
	Value added tax	355,152	355,152	
	Other taxes, duties and similar payments			
	Other	75,167	75,167	
	Group and associates (2)	434,959		434,959
	Other receivables	5,181,789	5,181,789	
	Prepaid expenses	235,243	235,243	
	TOTAL RECEIVABLES	**21,866,454**	**21,017,945**	**848,510**

(1) Loans granted during the year
(2) Repayments received during the year
Loans and advances to associates (natural persons)

4.8 Accrued income

Statement expressed in euros	December 31, 202	December 31, 2020
Customers - Invoice to be issued	298,019	488,900
Total accrued income	**298,019**	**488,900**
Discounts, rebates and refunds to be obtained, credit note not received	98,232	92,251
State, grants to be received	18,666	2,000
State, income to be received	73,167	73,167
Grants to be received	78,123	78,123
Total other receivables	**268,188**	**245,541**
Total	**566,207**	**734,441**

4.9 Accruals - assets

Accruals on the asset side include: debt issuance costs spread over five years (€97 thousand), translation differences related to foreign currency transactions (€46 thousand) and prepaid expenses (€147 thousand).

4.10 Equity

4.10.1 Statement of change in Equity

Statement expressed in euros	Equity as of December 31, 2020	Appropriation of net income 2020	Capital increase	Changes during the financial year	Equity as of December 31, 2021
Share capital	2,998,760		2,322,240		5,321,000
Issue, merger and contribution premiums	990,883		131,956,237		132,947,120
Revaluation adjustments					
Legal reserve	129,057				129,057
Statutory or contractual reserves					
Regulated reserves					
Other reserves					
Retained earnings		(24,640,988)		(403,979)	(25,044,967)
Profit (loss) for the year	(24,640,988)	24,640,988		(25,627,034)	(25,627,034)
Investment grants	86,406			250,650	337,056
Regulated provisions					
TOTAL	**(20,435,883)**	**-**	**134,278,477**	**(25,780,363)**	**88,062,231**

4.10.2 Share capital

The share capital is divided into 53,210,003 ordinary shares with a par value of €0.10. A 100-for-1 stock split and a 100-for-1 increase in the number of Forsee Power SA shares were carried out pursuant to the second resolution of the extraordinary shareholders' meeting of October 15, 2021.

Transactions involving the Company's share capital during the financial year are detailed in the table below:

	Statement expressed in euros	Number	Nominal value	Amount
SHARES/ SOCIAL SHARES	Share capital at the beginning of the year	299,876.00	10.00	2,998,760.00
	Issued during the year EGM September 28,2021	80,219.00	10.00	802,190.00
	Issued during the year EGM September 29,2021	14,074.00	10.00	140,740.00
	Issued during the year EGM November 04,2021	13,793,103.00	0.10	1,379,310.30
	Repaid during the year			-
	Share capital at the end of the year	53,210,003.00	0.10	5,321,000.30

4.10.3 Treasury shares

Treasury shares consist of Forsee Power SA shares held by itself through an independent investment services company (Kepler Cheuvreux) in charge of the liquidity contract.

As of December 31, 2021, the Company directly or indirectly held 27,067 treasury shares for €153 thousand and €333 thousand in cash (out of a total cash and securities ceiling of €500 thousand) under the liquidity contract set up following its IPO on November 3, 2021.

4.10.4 Issue premiums

Statement expressed in euros	Issue	Of which capital	Of which premium
Transactions on September 28, 2021	32,142,298	802,190	31,340,108
Transactions on September 29, 2021	9,148,100	140,740	9,007,360
IPO on November 3, 2021	92,988,080	1,379,310	91,608,769
TOTAL	**134,278,477**	**2,322,240**	**131,956,237**

1) Including €30 million to Mitsui & Co. following the repurchase of the convertible bonds (OC5) held by the Eurazeo (ID Invest) and BPI funds and €2.1 million to BPI (see Note 12).

2) To the benefit of Eurazeo funds.

4.10.5 Free share grants

During the 2021 financial year, the Company introduced a Free Share Grant plan for certain employees and members of Management bodies, the main characteristics of which are detailed below:

- Total number of shares that may be issued: 400,000
- Value of shares used as base for the specific employer contribution: €6.50
- Share vesting conditions:
  - One-year vesting period;
  - Not transferable or assignable for a period of two years from the grant date
- Number of shares granted during the financial year and during the previous financial year: 382,000
- Liability to social security contributions recognised for €378 thousand.

During the 2021 financial year, the Company introduced a free share grant plan for the Chairman and Chief Executive Officer, the main characteristics of which are detailed below:

- Total number of shares that may be issued: 282,616
- Value of shares used as base for the specific employer contribution: €6.50
- Share vesting conditions:
  - Two-years vesting period;
  - Not transferable or assignable for a period of two years from the grant date
- Number of shares granted during the financial year and during the previous financial year: 282,616
- Liability to social security contributions recognised for €35 thousand.

4.10.6 Stock options

Grants under the 2018 Stock Option Plan (SO 2018) authorised by the General Meeting of 18 December 2018. These 2018 SOs include a vesting period of 4 years with a presence requirement ending between 2 April 2023 and 14 November 2024. The grants were made to the Chairman, members of the Management and employees considered key to Forsee Power SA.

1,500,000 stock options (SO 2021) giving access to 1,500,000 ordinary shares were granted on August 12, 2021 to the Chairman of the Board of Directors as compensation for services rendered. These 1,500,000 stock options include "off-market" performance conditions (conversion of the OC5 and completion of the acquisition of the Holiwatt assets) which were lifted on September 27 and 28, 2021. These 1,500,000 stock options also include an initial two-year lock-in period ending August 12, 2023, and may be exercised over a period extending from the second year to the fifteenth year following the grant date. At the grant date, management estimated the expected exercise schedule for these 1,500,000 options, which is between 2023 and 2025.

Liability to social security contributions recognised for €730 thousand.

4.10.7 Share subscription warrants

The Company has issued several share subscription warrants (BSA) to the European Investment Bank (EIB)

- 6,857 BSA BEI Warrant A issued on March 18, 2018 for the €20 million financing;
- 3,500 BSA BEI Warrant C issued on June 4, 2021 for the €21.5 million financing.

The conversion parities of these warrants into ordinary shares of the Company were updated following the conversion of the OC5 at the extraordinary shareholders' meeting of September 29, 2021.

4.11 Provisions for risks and charges

Provisions by type are as follows:

	Statement expressed in euros	Start of year	Increases	Decreases	Of which use	December 31, 2021
PROVISION FOR RISKS AND CHARGES	For disputes	1,354,781	113,540	(791,681)	(324,000)	676,640
	For dispute UNU	803,468		(151,990)		651,478
	For losses on futures markets					
	For fines and penalties					
	For exchange losses	441,902	45,641	(441,902)		45,641
	For pensions and similar obligations	226,702	50,136	(95,885)		180,953
	For taxes					
	For renewal of fixed assets					
	Provision for recycling	999,227	566,603	(856,594)		709,236
	Provision for after sales service	2,475,943	1,779,000	(976,299)	(976,000)	3,278,644
	Other (1)	2,680,601	-	(2,680,601)	(780,045)	-
	PROVISIONS FOR RISKS AND CHARGES	**8,982,625**	**2,554,920**	**(5,994,952)**	**(2,080,045)**	**5,542,593**
PROVISIONS FOR IMPAIRMENT	On fixed assets:					
	intangible					
	property, plant and equipment					
	equity-accounted securities					
	equity securities	90,992				90,992
	other fixed assets Financial					
	On inventories and work-in-progress	1,812,322	6,658,594	(4,564,797)		3,906,119
	On trade receivables	183,543		(138,915)		44,628
	Other	120,678				120,678
	PROVISIONS FOR IMPAIRMENT	**2,207,537**	**6,658,594**	**(4,703,712)**	**-**	**4,162,418**
	TOTAL	**11,190,162**	**9,213,514**	**(10,698,664)**	**(2,080,045)**	**9,705,012**

Of which allocations and reversals	Increases	Decreases
Operating	9,213,514	10,564,735
financial		
non-recurring		38,045

A provision for risk amounting to €1.9 million recognised in the published financial statements as of December 31, 2020 was reclassified in the financial statements as of December 31, 2021 as a provision for impairment of inventories in connection with the inventories concerned.

4.11.1 Dispute with Unu GmbH

THE FACTS

On July 23, 2016, Unu GmbH and Forsee Power SA (hereinafter the "Company") entered into a supply agreement based on the technical information about the scooters provided by Unu GmbH. In the event of battery failure and under the terms of Article 12.1 of this agreement, the Company undertook to replace the defective products delivered free of charge or to reimburse them. The Company was required to change the supplier and cell type for its batteries, which led the parties to enter into an amendment to the supply agreement on June 29, 2018. Since February 5, 2019, 72 fires have occurred and the origin of these fires has been attributed by Unu GmbH to primary battery defects, which the Company disputes.

Following the Company's May 2020 notification to the relevant authorities in Germany, a recall procedure was initiated by Unu GmbH. However, the Company does not know the exact batches of batteries that were recalled, as Unu GmbH refused to provide this information to either the court expert or the Company.

LEGAL PROCEEDINGS

The referral procedure

On March 12, 2021, Unu GmbH filed an application for court-ordered expert assessment with the Paris Commercial Court against Forsee Power and its former insurer, Generali. Unu GmbH is suing the Company on the basis of product liability and common law contractual liability, alleging that the batteries are defective and do not meet the technical characteristics agreed between the parties under the terms of the supply agreement of July 23, 2016 and its amendment of June 29, 2018. The Company did not object to this request for a court-ordered expert assessment, but stated that it should also cover the scooters produced by Unu GmbH, the characteristics of which do not comply with the initial contractual specifications and are the cause of the battery malfunctions.

Pursuant to an order dated March 31, 2021, the judge in summary proceedings ordered the appointment of a legal expert whose mission was to study both the batteries and the scooters in order to determine the origin of the malfunctions, the associated disorders and therefore the responsibilities. As the initially appointed expert withdrew, the judge in summary proceedings ordered the appointment of a new expert by an order dated April 16, 2021.

The expert heard the various arguments put forward by the parties from May 5, 2021, but has not yet appointed a laboratory to carry out the necessary tests on the batteries and scooters. However, the expert has repeatedly pointed out the difficulties of cooperation with Unu GmbH, which refuses to provide certain key documents for the expert assessment, in particular the test reports for its scooters.

On December 31, 2021, Unu GmbH filed a summary action against Forsee Power before the Paris Commercial Court to replace the legal expert appointed in April 2021, on the grounds that the expert is categorically biased and does not have sufficient competence to carry out the court-ordered expert assessment. On January 26, 2022, the Company responded to these arguments by stating that the judge in summary proceedings did not have jurisdiction and that the case should be brought before the supervisory judge. The Company also rejected Unu GmbH's arguments regarding the alleged bias or incompetence of the expert.

In a ruling dated March 18, 2022, the judge in summary proceedings of the Paris Commercial Court ruled that it had no jurisdiction. The case was brought before the supervisory judge, who is due to decide in April on the replacement of the expert.

The trial proceedings

On November 2, 2021, in spite of the expert assessment in progress, Unu GmbH sued Forsee Power on the same grounds before the Paris Commercial Court ruling as a trial judge, and claimed €15,845 thousand for material losses suffered as well as €50 thousand for non-material losses. The court remanded the case to May 25, 2022 for a procedural hearing. The Company expects the Court to stay proceedings until the expert report is filed.

Provision retained

The provision recorded in the financial statements for the financial year ended December 31, 2021 in the amount of €651 thousand therefore includes the fees of the Company's legal counsel as well as those of the legal expert and external experts used by the Company. The Company believes that Unu GmbH's claims are unfounded and that this level of provision is therefore sufficient to cover the risk incurred.

4.11.2 Provision for retirement commitments

The assumptions used for the valuations consist of:

	December 31, 2021	December 31, 2020
Financial assumptions		
Discount rate	0.82%	0.65%
Rate of salary increase	1.00%	1.00%
Rate of social charges for executives	48.00%	44.00%
Rate of social charges for non-executives	36.70%	17 à 35 %
Demographic assumptions		
employee turnover under 35 years old	7.50%	7.50%
employee turnover between 36 years old and 45 years old	5.00%	5.00%
employee turnover over 46 years old	2.50%	2.50%
Retirement age for executives	64 years	64 years
Retirement age for non-executives	64 years	64 years
Mortality table	INSEE 2021	INSEE 2019

The discount rates used are obtained by reference to the rate of return on bonds issued by first-rate companies with a maturity equivalent to the duration of the plans evaluated, i.e. approximately 10 years. The rate was determined by considering market indices for AA-rated bonds available at the end of December 2021.

Sensitivity analyses of the commitment have been performed as of December 31, 2021 on the following key assumptions:

	Gross impact on commitments as of December 31, 2021	% of total commitments as of December 31, 2021
Discount rate		
Change in the discount rate of -0.25%	5	2.98%
Change in the discount rate of +0.25%	(5)	-2.85%
Turnover rate		
Change of – 1.00% employee turnover	31	17.38%
Change +1.00% employee turnover	(26)	-14.35%
Rate of salary increases		
Change of 1.00%	23	12.62%
Change of 2.50%	65	36.03%
Retirement age		
Retirement at 65 years old	(4)	-2.41%
Retirement at 67 years old	(25)	-13.76%

4.11.3 Provision for After-Sales Service

The provision for after-sales service guarantees recognized at the close of business on December 31, 2021 amounts to €3,279 thousand (€2,476 thousand at December 31, 2020).

This provision is intended to cover the risk of future after-sales costs arising from Forsee Power's responsibility for the products sold (commitment to repair or replace any defective components of the battery systems sold). This warranty is a legal obligation, is not optional to the contract, and generally lasts 4 to 5 years. Given the random nature of the probability of a defect occurring, this provision is evaluated statistically on the basis of the products sold, and is adjusted according to the after-sales costs actually incurred by the Group during the year.

4.11.4 Provision for Recycling

A provision for recycling of €709 thousand at December 31, 2021 (€999 thousand at December 31, 2020) has been set up to cover the estimated future costs of recycling battery systems sold, for which the Group has a commitment to take back and recycle batteries if they are returned by customers.

This provision is calculated on the basis of the number of systems sold covered by the take-back commitment and valued according to the external cost of recycling the various types of batteries. The Group regularly updates these external recycling costs in order to take into account improvements in the cost of processing this relatively recent process.

The decrease in this provision between the two financial years is the direct consequence of the change of supplier made by the Group in 2021. As the new supplier, located in Poland, charges lower tonnage rates, the provision has also decreased.

4.12 Cash and debt

Statement expressed in euros		December 31, 2021	December 31, 2020
Cash and cash equivalents	Cash at bank (1)	69,663,573	10,673,027
	TOTAL CASH AND CASH EQUIVALENTS	**69,663,573**	**10,673,027**
Financial debt	Bond issues (2)	-	(29,999,898)
	EIB loans (3)	(21,500,000)	(20,000,000)
	Atout loan from BPI (4)	(4,375,000)	(5,000,000)
	State-guaranteed loan from BPI (5)	(5,000,000)	(5,000,000)
	State-guaranteed loan from BNPP (5)	(7,500,000)	(7,500,000)
	State-guaranteed loan from HSBC (5)	(7,500,000)	(7,500,000)
	Shareholders current accounts	(324,254)	(6,593,246)
	Accrued interest on financial liabilities	(824,906)	(3,955,175)
	TOTAL FINANCIAL DEBT	**(47,024,160)**	**(85,548,319)**
	NET CASH (DEBT)	**22,639,413**	**(74,875,292)**

1) In connection with its IPO on November 3, 2021, Forsee Power SA received €92,5 million in additional cash, after deducting a portion of the costs associated with this IPO.

2) Forsee Power issued €30 million in OC5 convertible bonds to the SPI fund (€15 million) and to Idinvest (€15 million) in February and May 2020. These bonds were converted on September 28, 2021 into 76,923 shares recognised in share capital and issue premium for €0.8 million and €29.2 million, respectively.

3) EIB financing

   EIB loan of €20 million in 2017 with provision of the first tranche of €7.5 million in March 2018, the second tranche of €7.5 million in October 2018 and the third and final tranche of €5 million in December 2019. This €20 million loan was repaid in full in June 2021.

   This €20 million EIB loan is accompanied by 6,857 EBI Warrant A BSA issued on March 15, 2018, leading in the event of exercise to the issuance of 854,000 ordinary shares.

   A new EIB loan was signed in December 2020 for which tranche A, of €21.5 million, was disbursed on June 16, 2021 for a period of 5 years. This tranche was accompanied by 3,500 EIB Warrant C BSA issued on June 4, 2021, leading in the event of exercise to the issuance of 386,400 ordinary shares. On September 28, 2021, the Company obtained a prior agreement requested by the EIB in order to be able to carry out the various capital restructuring operations prior to the IPO and the IPO itself. In return for obtaining this agreement, the capitalised interest rate applicable to tranche A of the EIB loan was increased by 0.5% from 4% to 4.5% per year (applicable retroactively). In addition, the EIB required the payment of a restructuring fee of €1,255 thousand, which was paid in December 2021.

   Tranche B was disbursed on October 21, 2021 for €8.5 million and then fully repaid early in November 2021. The issue of tranche B was not accompanied by an issue of 1,000 EBI Warrant D BSA following the waiver agreement of September 28, 2021.

4) The Atout loan granted by Bpifrance, in the amount of €5 million and at an annual percentage rate of 5%. This loan has a one-year grace period and will then be repaid quarterly from August 31, 2021 to May 31, 2025. It does not impose any banking covenant. The Company's representations and undertakings under this agreement, as well as the events of early repayment, are similar to those of the State-guaranteed loan referred to above.

5) The State-guaranteed loans (PGE) from BNPP and HSBC were granted at 0%, and renegotiated in March 2021 at 0.75% and 0.31%, respectively. Bpifrance granted a State-guaranteed innovation support loan at an annual percentage rate of 2.35%. In accordance with the legal regime applicable to State-guaranteed loans, these loans had an initial maturity of one year from the date they were made available. They do not impose any financial covenants. The Company has elected to repay all of its State-guaranteed loans over the longest available term. As a result, the three State-guaranteed loans are eligible for an additional one-year grace

period for repayment of the principal, which will be repaid on a straight-line basis until 2026. These loans are not subject to any banking covenant.

Statement expressed in euros	Nominal	Start	End	Interest rate	Duration	Guarantee
Atout loan from the EIB (1)	21,500,000	2021	2026	4.50%	5 years	Yes
Atout loan from BPI	5,000,000	2020	2025	5.00%	5 years	No
State-guaranteed loan from BPI	5,000,000	2020	2026	2.35%	6 years	No
State-guaranteed loan from BNPP	7,500,000	2020	2026	0.75%	6 years	No
State-guaranteed loan from HSBC	7,500,000	2020	2026	0.31%	6 years	No

1) Under the terms of the EIB 2020 Credit Agreement, the EIB has received security interests from the Company to secure its obligations. This involved the Company granting a pledge of business (relating to its business of equity investments, acquisitions, management of real estate assets and rights, and provision of consulting, design, manufacturing and marketing services for batteries and all related accessories, at its principal place of business and its secondary establishments).

4.13 Debt repayment schedule

	Statement expressed in euros	**December 31, 2021**	**Due within 1 year**	**Due in 1 to 5 years**	**Due in more than 5 years**
	Convertible bonds (1)				
	Other bonds (1)				
	Bank borrowings due within 1 year max. at origin (1)	17,683	17,683		
	Bank borrowings due in more than 1 year at origin (1)	46,699,906	4,604,923	42,094,982	
	Other borrowings and financial debt (1) (2)	20,059		20,059	
	Trade payables and related accounts	11,019,790	11,019,790		
	Personnel and related accounts	1,821,061	1,821,061		
LIABILITIES	Social security and other social bodies	5,751,337	5,751,337		
	Corporate income tax				
	Value added tax	254,890	254,890		
	Guaranteed bonds				
	Other duties, taxes and similar	394,713	394,713		
	Fixed asset liabilities				
	Group and associates (2)	334,264		334,264	
	Other liabilities	124,464	124,464		
	Debt representing securities borrowed				
	Deferred income	1,522,686		1,522,686	
	TOTAL LIABILITIES	**67,960,858**	**23,988,865**	**43,971,992**	**-**
	(1) Borrowings taken out during the year	30,000,000			
	(1) Borrowings repaid during the year	29,125,000			
	(2) Shareholder borrowings and debts (natural persons)				

	Statement expressed in euros	**December 31, 2020**	**Due within 1 year**	**Due in 1 to 5 years**	**Due in more than 5 years**
	Convertible bonds (1)	32,121,123		32,121,123	
	Other bonds (1)				
	Bank borrowings due within 1 year max. at origin (1)	2,805	2,805		
	Bank borrowings due in more than 1 year at origin (1)	46,705,757	625,000	42,955,757	3,125,000
	Other borrowings and financial debt (1) (2)	56,060			56,060
	Trade payables and related accounts	9,422,006	9,422,006		
	Personnel and related accounts	1,569,698	1,569,698		
LIABILITIES	Social security and other social bodies	5,706,246	5,706,246		
	Corporate income tax				
	Value added tax	516,396	516,396		
	Guaranteed bonds				
	Other duties, taxes and similar	389,846	389,846		
	Fixed asset liabilities				
	Group and associates (2)	6,829,747		6,829,747	
	Other liabilities	189,223	189,223		
	Debt representing securities borrowed				
	Deferred income	239,880	239,880		
	TOTAL LIABILITIES	**103,748,786**	**18,661,100**	**81,906,626**	**3,181,060**
	(1) Borrowings taken out during the year	54,999,898			
	(1) Borrowings repaid during the year	32,500			
	(2) Shareholder borrowings and debts (natural persons)				

4.14 Accrued expenses

Statement expressed in euros	December 31, 2021	December 31, 2020
Accrued interest on convertible bonds	-	2,121,226
Convertible bonds	-	**2,121,226**
Accrued interest on EIB loan	824,906	1,705,757
Accrued interest	17,684	2,805
Banking loans and debts	**842,590**	**1,708,562**
Accrued interest on shareholder advances	6,425	128,193
Miscellaneous loans and financial debts	**6,425**	**128,193**
Payables - Invoices not yet received	4,055,303	4,212,752
Trade payables and related accounts	**4,055,303**	**4,212,752**
Liabilities - Provision for paid leave	1,327,891	1,078,348
Other accrued expenses	461,071	459,349
Social security contributions - Leave to be paid	623,463	495,070
Social security bodies - Accrued expenses	296,940	298,098
State - Accrued expenses	309,143	325,915
Tax and social debts	**3,018,507**	**2,656,780**
TOTAL	**7,922,825**	**10,827,513**

4.15 Accruals - liabilities

Accruals on the liabilities side include: deferred income (€1,523 thousand relating in particular to warranty extensions that will be made over a period of between one and eight years) as well as translation adjustments relating to foreign currency transactions (€392 thousand).

4.16 Revenues

Statement expressed in euros	France	Export	December 31, 2021 12 months	December 31, 2020 12 months
Sales of goods	419,152	34,821	453,973	279,070
Production sold (goods)	45,976,628	19,280,313	65,256,941	58,362,660
Production sold (services and works)	839,225	327,653	1,166,878	2,442,216
Net revenues	47,235,005	19,642,787	66,877,794	61,083,946

4.17 Personnel costs and compensation of Management and Administrative bodies

4.17.1 Workforce

		December 31, 2021 Internal	December 31, 2020 Internal
Average workforce by category			
	Managers and senior professionals	140	110
	Intermediary professions	14	43
	Employees	64	22
	Workers	67	82
	TOTAL	**284**	**257**

4.17.2 Compensation of the management bodies

The management bodies include the members of the Board of Directors and the members of the Company's Executive Committee.

Directors' fees for the members of the Board of Directors in the amount of €52,500 were recognised as expenses for the financial year ended December 31, 2021.

As the Company was converted into a *société anonyme* on October,15, 2021, no expense was recognised in this respect for 2020, as this governance body did not exist.

The compensation of the members of the Executive Committee amounted to €2,668,311 and breaks down as follows :

Statement expressed in euros	**December 31, 2021**
Actual gross remuneration	1,634,888
Benefits in kind	23,610
Variable remuneration	211,616
Employer's contributions	798,197
Total	**2,668,311**

In addition, stock option (SO) and free share plans (AGA) have been set up for 2021 for the benefit of the CEO and the members of the Executive Committee (see Notes 10.5 and 10.6).

4.18 Net financial income (expense)

	Statement expressed in euros	December 31, 2021	December 31, 2020
FINANCIAL INCOME	Other interest and similar income	15,241	14,851
	Foreign exchange gains	639,128	
	Total financial income	**654,370**	**14,851**
FINANCIAL EXPENSES	Depreciation, amortisation and provisions		
	Interest and similar expenses	4,875,897	4,704,815
	Foreign exchange losses	242,926	167,853
	Net expenses on disposals of marketable securities	13,714	
	Total financial expenses	**5,132,538**	**4,872,668**
	NET FINANCIAL INCOME (EXPENSE)	**(4,478,167)**	**(4,857,817)**

Net financial income (expense) includes the following items:

- Financial income received from financial instruments such as income from securities, loans and receivables;
- Financial expenses disbursed such as financial expenses on bank overdrafts, borrowings, finance leases and factoring, but also fees relating to banking services;
- Impairment of financial assets.

4.19 Non-current profit (loss)

	Statement expressed in euros	December 31, 2021	December 31, 2020
NON-CURRENT INCOME	On management transactions	711	177,815
	On capital transactions	86,406	86,406
	Reversals of provisions, depreciation and amortisation, and expense transfers	38,045	44,720
	Total non-current income	**125,163**	**308,942**
NON-CURRENT EXPENSES	On management transactions (1)	1,353,613	380,531
	On capital transactions		
	Depreciation, amortisation and provisions		
	Total non-current expenses	**1,353,613**	**380,531**
	NON-CURRENT PROFIT (LOSS)	**(1,228,450)**	**(71,589)**

Statement expressed in euros	Expenses	Income	Net
EIB penalty - pre-IPO capital reorganization	(1,255,000)	-	(1,255,000)
Share of grant transferred to the income statement	-	86,406	86,406
Non-current income/expenses from previous years (1)	(85,713)	712	(85,002)
Non-current provisions / reversals of provisions	-	38,045	38,045
Other non-current income/expenses on management transactions	(12,900)	-	(12,900)
NON-CURRENT PROFIT (LOSS)	**(1,353,613)**	**125,163**	**(1,228,450)**

1) Non-recoverable debts and receivables of more than five years.

4.20 Taxes

4.20.1 Corporate income tax

The corporate income tax rate for the 2021 financial year is 26.5%, as the profit does not exceed the €500,000 threshold.

There is no tax consolidation in France.

Statement expressed in euros	CHANGES IN DEFERRED TAXES					
TYPE	START OF YEAR		CHANGES		END OF YEAR	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES
I. TAX AND ACCOUNTING TIMING DIFFERENCES						
1. Regulated provisions						
11. Provisions to be added back a at a later date						
- provision for price increases						
-						
12. Accelerated depreciation and amortisation						
-						
-						
2. Investment grants						
3. Temporarily non-deductible expenses						
31. To be deducted the following year						
- paid leave (old scheme)						
- employee profit-sharing						
- Organic	17,169		20,496	16,249	21,416	
- other						
32. To be deducted later						
- provisions for retirement	63,477		13,286	25,410	51,353	
- provision for risks						
- depreciation of inventories						
- other						
4. Temporarily non-taxable income						
- net short-term capital gains						
- capital gains on mergers						
- deferred long-term capital gains						
5. Expenses deducted (or income taxed) for tax purposes and not yet recognised						
TOTAL	**80,646**	**-**	**33,782**	**41,659**	**72,769**	**-**
II. TAX LOSS CARRYFORWARDS		**(110,350,862)**		**(34,195,816)**		**(144,546,678)**

4.20.2 Research tax credit

In the second half of 2021, the Company appointed an expert firm to assess the research tax credit (CIR). The work carried out by this expert firm led to the filing of additional CIR claims for the 2018, 2019 and 2020 financial years for a total amount of €2.2 million.

4.21 Table of subsidiaries and equity interests

Statement expressed in euros	Country	Share capital	Equity	Percentage of share capital held (%)	Carrying amount of securities held	
					Gross	Net
A. Detailed information						
1. Subsidiaries (more than 50%)						
FORSEE POWER SPZ	Poland	11,337	(294,741)	100.00	90,000	
FORSEE POWER SOLUTIONS LIMITED HONG KONG	China	0	(102,100)	100.00	992	
FORSEE POWER PTE. LTD.	Singapore	6,352	(6,909)	100.00	6,417	6,417
FORSEE POWER INDIA PRIVATE LTD.	India	11,815	(355,446)	100.00	11,734	11,734
ZHONGSHAN FORSEE POWER DEVELOPMENT CO., LTD.	China	119,835	79,747	100.00	120,000	120,000
2. Equity interests (10% to 50%)						
NEOT CAPITAL SAS	France	3,766,680	182,519	15.00	841,740	841,740

1. Subsidiaries (more than 50%)		Loans and advances granted	Amount of guarantees and endorsements given	Revenues	Profit for the last financial year	Dividends received
FORSEE POWER SPZ		90,722		768,195	(341,821)	
FORSEE POWER SOLUTIONS LIMITED HONG KONG		290,780		5,667	-	
FORSEE POWER PTE. LTD.		199,600		189,101	(7,187)	
FORSEE POWER INDIA PRIVATE LTD.		1,090,228		2,766,277	(351,523)	
ZHONGSHAN FORSEE POWER DEVELOPMENT CO., LTD.				1,919,656	80,778	
2. Equity interests (10% to 50%)						
NEOT CAPITAL SAS		182,700		844,226	(1,543,548)	

4.22 Other information

4.22.1 Information about related parties

Material non-arm's length transactions with related parties during the 2021 financial year are:

- Collaboration Agreement entered into with Mitsui & Co., Ltd.

The Company entered into a Collaboration Agreement with Mitsui & Co., Ltd. dated September 27, 2021. Mitsui & Co., Ltd. is a shareholder of Forsee Power with more than 10% of voting rights and Kosuke Nakajima, a member of the Company's Board of Directors, is General Manager of the battery solutions department at Mitsui & Co., Ltd.

The purpose of this agreement is to establish a framework for the business collaboration established between Forsee Power and Mitsui & Co., Ltd. The financial terms and conditions in consideration of the services rendered by Mitsui & Co., Ltd. will be discussed on a case-by-case basis for each project, taking into account the financial impact on the Forsee Power Group.

- Business Contribution Agreement entered into with Mitsui & Co., Ltd.

The Company entered into a Business Contribution Agreement with Mitsui & Co., Ltd. dated 21 December 21, 2020 and amended on April 28, 2021. Mitsui & Co., Ltd. is a shareholder of Forsee Power with more than 10% of voting rights and Kosuke Nakajima, a member of the Company's Board of Directors, is General Manager of the battery solutions department at Mitsui & Co., Ltd.

Under this agreement, Mitsui & Co, Ltd. is responsible for assisting Forsee Power in business development, sales and marketing activities on behalf of Forsee Power, as its exclusive agent in Japan. In consideration of the work performed, Mitsui & Co., Ltd. will receive a success fee based on the sales invoiced by the Company to any customer with its registered office in Japan.

Under this agreement, Mitsui & Co. Ltd invoiced the Company €25,170.55 during the financial year ended.

- Consultancy Agreement entered into with AMILU

Forsee Power entered into a Consultancy Agreement with AMILU dated July 24, 2020. AMILU is managed by Pierre Lahutte, a director of Forsee Power (and former member of the Supervisory Committee of Forsee Power).

Under this agreement, AMILU's duties include advising the Company on its strategy and development in the market for batteries for road and off-highway vehicles, analysing Forsee Power's target market, products and technological portfolio, and proposing new segments, customer markets or partnerships. In consideration of the work performed, AMILU receives a fixed monthly fee of €10,000 and a success fee, which varies between 0.5% and 0.1% of the revenues achieved by Forsee Power on certain contracts it enters into.

Under this agreement, AMILU invoiced the Company €120,000 during the financial year ended December 31, 2021.

4.22.2 Statutory auditor's fees

The fees of the statutory auditors are not mentioned in the notes to the corporate financial statements as they will be mentioned in the notes to the consolidated financial statements.

4.23 Off-balance sheet commitments

4.23.1 Commitments given

Under the terms of a contract called the "Investment Agreement" entered into on December 18, 2017, Forsee Power has granted guarantees to Mitsui & Co. If any statement in the guarantee proves to be inaccurate, the company has undertaken to compensate Mitsui & Co., Ltd. for the damage suffered by it, either by (i) a payment or (ii) an issue of shares reserved for Mitsui, upon exercise of the BSAGs held by Mitsui (up to a maximum of 52,748 new shares). Following the cancellation of the BSAGs by decision of the General Meeting of September 28, 2021, Mitsui & Co, Ltd. could only seek compensation for the loss through the payment by Forsee Power of an indemnity to its benefit. As of the date hereof, no request for compensation has been received by the company. The maximum amount of compensation that could be owed by the company is capped at €4.5M. This ceiling is however rather theoretical as the company's indemnity commitment expired in June 2019 for most of the matters covered by the guarantee. Only losses arising from breaches of tax, anti-bribery or environmental declarations remain covered until their limitation period plus 30 days (i.e. until January 31, 2021 for most tax matters and until the expiry of a 30-year period running from December 2017 for anti-bribery and environmental matters).

- In June 2021, Forsee Power SA was granted credit lines of €9 million, secured by a pledge on inventories of €11.7 million for the period from June 30, 2021 to June 30, 2022. As of December 31, 2021, these credit lines were not used. No inventory was therefore pledged.
- Standby letter of credit of $7,000 thousand due December 31, 2021 and secured given by a cash pledge of $4,500 thousand. This amount was placed in an escrow account during the guarantee period and is therefore not available to the Company. This letter of credit has been extended until December 31, 2022.
- A pledge of the goodwill to the benefit of the EIB was granted at the time of the drawdown of the €21.5 million tranche A in June 2021.

4.23.2 Commitments received

The Company has not received any commitment.

4.24 Post 2021 closing events

Significant events after the reporting date of December 31, 2021 are:

• NEoT Capital

On March 25, 2022, Forsee Power SA signed a memorandum of understanding concerning the proposed acquisition of all of the NEoT Capital shares held by its partner Mitsubishi Corporation, i.e. 42.5% of the shares issued, for a total of €2,292 thousand. This acquisition, which is expected to be completed by May 6, 2022, is subject to the condition precedent of obtaining the EIB's prior agreement. The EIB's approval had not been issued on the closing date of April 6, 2022.

Following this transaction, Forsee Power would hold 57.5% of the shares of NEoT Capital. This stake would nevertheless be reduced to between 45% and 50% following the recapitalisation operations planned for 2022 with the partner EDF; the two partners have undertaken to hold the same number of shares in NEoT Capital.

• Unu Gmbh dispute

The ruling of March 18, 2022 relating to the summons of December 31, 2021 by Unu GmbH requesting a replacement of the court-appointed expert had not been communicated by the closing date of April 6, 2022.

The summary hearing ruling relating to Unu GmbH's request to replace the court-appointed expert was issued on March 18, 2022. This summary ruling is in line with Forsee's expectations. The judge in summary proceedings referred the decision to the judge in charge of reviewing expert assessments, who will hear the request in the coming months.

• Situation in Ukraine and Russia

Forsee Power SA and its subsidiaries are not exposed to the restrictions imposed on Russia as it has no employees, customers or suppliers in that country.

However, logistical impacts and increases in materials and other supplies costs linked to the situation in Ukraine are likely, but it is not possible to quantify them at the date of closing of the 2021 accounts. .

• COVID-19 situation in China

The first quarter of 2022 has been affected by an increase in cases of COVID-19 infection in China, particularly in Shanghai. This situation exposes the Forsee Power Group to pandemic risk due to the presence in China of one of its production sites in Zhongshan and some of its suppliers.

5. Consolidated financial statements

Consolidated statement of financial position

in EUR thousands	Notes	December 31, 2021	December 31, 2020(1)
Non-current assets		41,738	35,780
Goodwill	7.1	1,523	1,523
Intangible assets	7.2	14,892	12,060
Property, plant and equipment	7.3	18,643	16,731
Non-current financial assets	7.4	5,588	4,398
Other non-current assets	7.7	720	600
Deferred tax assets	7.19	373	468
Current assets		124,859	56,749
Inventories	7.5	28,417	28,284
Receivables	7.6	10,571	8,605
Other current assets	7.7	15,101	8,587
Current financial assets	7.4	0	0
Cash and cash equivalents	7.8	70,770	11,273
Total assets		166,598	92,529
Equity		69,224	(32,934)
Equity attributable to the owners of the parent company		69,224	(32,934)
Issued share capital	7.9	5,321	2,999
Issue premiums	7.9	132,949	991
Translation reserves	7.9.5	(196)	(1)
Reserves	7.9	(30,754)	(6,861)
Net income	7.9	(38,097)	(30,062)
Non-controlling interests		0	0
Liabilities		97,374	125,463
Non-current liabilities		68,070	101,659
Non-current financial liabilities	7.12	51,913	87,456
Employee benefits	7.11	181	131
Provisions for risks and charges	7.10	5,316	6,413
Other non-current liabilities	7.17	3,683	3,197
Derivative financial instruments	7.13	6,972	4,457
Deferred tax liabilities	7.19	5	5
Current liabilities		29,304	23,804
Current financial liabilities	7.12	1,759	4,864
Provisions for risks and charges	7.10	0	0
Trade payables	7.16	13,599	8,684
Other current liabilities	7.17	13,946	10,255
Total liabilities		**166,598**	**92,529**

(1) The restatements applied to the financial statements as of December 31, 2020 are presented in Note 5.4.

Consolidated income statement

in EUR thousands	Notes	December 31, 2021	December 31, 2020[1]
Revenues	8.1	**72,423**	**62,060**
Other operating income and expenses	8.2	(1,042)	(555)
External services and purchases consumed	8.3	(66,008)	(53,815)
Payroll costs	8.4	(26,613)	(18,266)
Taxes and duties	8.5	(906)	(867)
Depreciation	8.6	(4,762)	(4,443)
Net depreciation	8.6	(172)	(2,903)
Net provisions	8.6	1,097	(1,252)
Current operating income		**(25,984)**	**(20,039)**
Non-current operating income	8.7	**(788)**	
Operating income		(26,722)	(20,039)
Financial income	8.8		
Cost of gross financial debt	8.8	(5,468)	(5,031)
Other net financial income and expenses	8.8	(5,723)	(1,280)
Net financial income	8.8	**(11,192)**	**(6,311)**
Income before tax		**(37,963)**	**(26,351)**
Income tax	8.9	(134)	(3,711)
Consolidated net income		(38,097)	(30,062)
Of which share attributable to owners of the parent company		*(38,097)*	*(30,062)*
Of which minority interests			
Earnings per share	7.9.6	€(1.10)	€(1.00)

(1) The restatements applied to the financial statements as of December 31, 2020 are presented in Note 5.4.

Statement of other comprehensive income

in EUR thousands	Notes	December 31, 2021	December 31, 2020[1]
Consolidated net income (A)		**(38,097)**	**(30,062)**
Other comprehensive income			
Translation adjustments for the period	7.9.5	(362)	
Translation adjustment on non-monetary assets at the date of change of functional currency	5.3	(26)	
Change in value of foreign currency cash flow hedges	7.11		
Tax effects			
Total gains and losses recognized in equity and transferable to the income statement		**(388)**	
Change in actuarial gains and losses on defined benefit plans	7.10.2	(4)	
Change in the fair value of financial instruments not held for trading			
Tax effects			
Total gains and losses recognized in equity that cannot be transferred to the income statement		**(4)**	
Total gains and losses recognized in equity, net of tax (B)		**(392)**	
Comprehensive income (A) + (B)		**(38,489)**	**(30,062)**
Of which share attributable to owners of the parent company		*(38,489)*	*(30,062)*
Of which minority interests			

(1) The restatements applied to the financial statements as of December 31, 2020 are presented in Note 5.4.

Consolidated statement of cash flows

in EUR thousands	Notes	December 31, 2021	December 31, 2020(1)
Operating income		(26,772)	(20,039)
Elimination of calculated and other cash flow items			
Depreciation, amortisation and provisions	8.6 and 8.4	3,737	5,761
(Gain)/Loss on disposal	8.2	396	27
Share-based payments	7.9.3.2	5,556	464
Badwill on acquisition of Holiwatt	8.2	(28)	
Non-capitalised expenses on capital increase and IPO	8.7	788	
CCA recognized on leased assets		(131)	(560)
CIR income charged to operating expenses	2	(2,237)	
Reversals of shares of grants presented in the income statement, and other calculated items		(50)	166
Cash flow from operations before cost of net financial debt and tax		**(18,741)**	**(14,181)**
Change in grants		**0**	**0**
Change in corporate tax receivables and payables (excl. research tax credit — CIR)	7.18	59	(21)
Tax payable (expense) or income	7.18	0	(8)
Tax expense paid		**59**	**(29)**
Inventories	7.18	408	(12,084)
Trade receivables	7.18	(1,995)	9,895
Other receivables	7.18	(4,837)	(309)
Trade payables	7.18	3,003	545
Other liabilities	7.18	3,778	(5,760)
Change in working capital requirement		**357**	**(7,714)**
Cash flow from operating activities (A)		**(18,324)**	**(21,924)**
Acquisition of fixed assets (net of liabilities and advances paid)	7.2, 7.3 and 7.7	(9,361)	(6,495)
Investment grant for an R&D project	7.2	337	
Pledge on cash	7.4		(3,663)
Assets managed under liquidity agreement	7.4	(500)	
Realised gains (losses) on liquidity agreement	7.4	(2)	
Disposal of fixed assets (net of receivables)	7.3	0	126
Proceeds from financial assets	7.4	45	(0)
Holiwatt acquisition	5.1	(700)	
Cash flow from investing activities (B)		**(10,182)**	**(10,032)**
Capital issue through IPO	7.9	100,000	
Payment of IPO issue expenses	7.9 and 8.7	(6,423)	
Subscription to BSA warrant C issue	7.9	4	0
Payment of capital issue expenses (excluding IPO)	7.9	(148)	(86)
Change in other financial liabilities	7.12	15	(8)
Debt issues	7.12	30,000	55,000
Short-term credit line for WCR financing	7.12	0	(4,500)
Loan repayments	7.12	(29,161)	(33)
Debt repayments on leased real estate	7.12	(880)	(634)
Factoring financing	7.12	(1,381)	(7,856)
Payment of EIB loan issuance costs	7.12	(108)	(40)
Change in financial liabilities with related parties	7.12	(0)	660
Penalty paid to the EIB and other bank charges	8.8	(1,562)	(86)
Financial expenses paid	8.8	(2,433)	(2,086)
Cash flow from financing activities (C)		**87,921**	**40,330**
Impact of currency translation rates		85	(16)
Change in cash (A) + (B) + (C)		**59,498**	**8,359**
Net cash at beginning of period	7.8	11,273	2,914
Net cash at end of period	7.8	70,770	11,273
Change in net cash		**59,498**	**8,359**

(1) The restatements applied to the financial statements as of December 31, 2020 are presented in Note 5.4.

Consolidated statement of changes in equity

in EUR thousands	Notes	Issued share capital	Share premium	Translation reserves	Reserve on share-based payments	Treasury shares	Other reserves and comprehensive income	Total attributable to owners of the parent company	Non-controlling interests	Equity
Equity as of December 31, 2019(1)		**2,999**	**82,585**	**(0)**	**268**		**(89,170)**	**(3,319)**		**(3,319)**
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							(30,062)	**(30,062)**		**(30,062)**
Other				(1)			(17)	**(18)**		**(18)**
Equity as of December 31, 2020(1)		**2,999**	**991**	**(1)**	**733**		**(37,655)**	**(32,934)**		**(32,934)**
Conversion of OC5 convertible bonds	7.12	769	29,231					**30,000**		**30,000**
Capital increase costs on conversion of OC5 convertible bonds			(148)					**(148)**		**(148)**
Capital increase by conversion of related-party liabilities	7.12	174	11,117				974	**12,264**		**12,264**
Capital increase in cash by IPO	7.9.1	1,379	98,621					**100,000**		**100,000**
Issuance costs on IPO charged to the issue premium	7.9.1		(6,865)					**(6,865)**		**(6,865)**
Subscription to the BSA EIB warrant C issue	7.13		4					**4**		**4**
Share-based payments	7.9.3.2				5,556			**5,556**		**5, 556**
Expired stock options	7.9.3.2				(56)		56			
Comprehensive income				(388)			(38,101)	**(38,489)**		**(38, 489)**
Change of functional currency	5.3			193			(193)			
Treasury shares held under liquidity contract	7.9.4					(153)		**(153)**		
Gains or losses on disposals of treasury shares and change in fair value of treasury shares held	7.4					(14)		**(14)**		
Other										
Equity at December 31, 2021		**5,321**	**132,949**	**(196)**	**6,232**	**(167)**	**(74,916)**	**69,224**		**69,224**

(1) The restatements applied to the financial statements as of December 31, 2020 are presented in Note 5.4.

5.1 Presentation of the Forsee Power Group

Forsee Power SA, referred to as "Forsee Power Group" or "Group", is a French *société anonyme* (public limited company) created in February 2007 and registered in the Créteil Trade and Companies Register under number 494 605 488.

Forsee Power S.A.'s registered office is located at 1 Boulevard Hippolyte Marquès in 94200 IVRY-SUR-SEINE.

Forsee Power S.A. is a company specializing in the design and integration of specialized batteries:

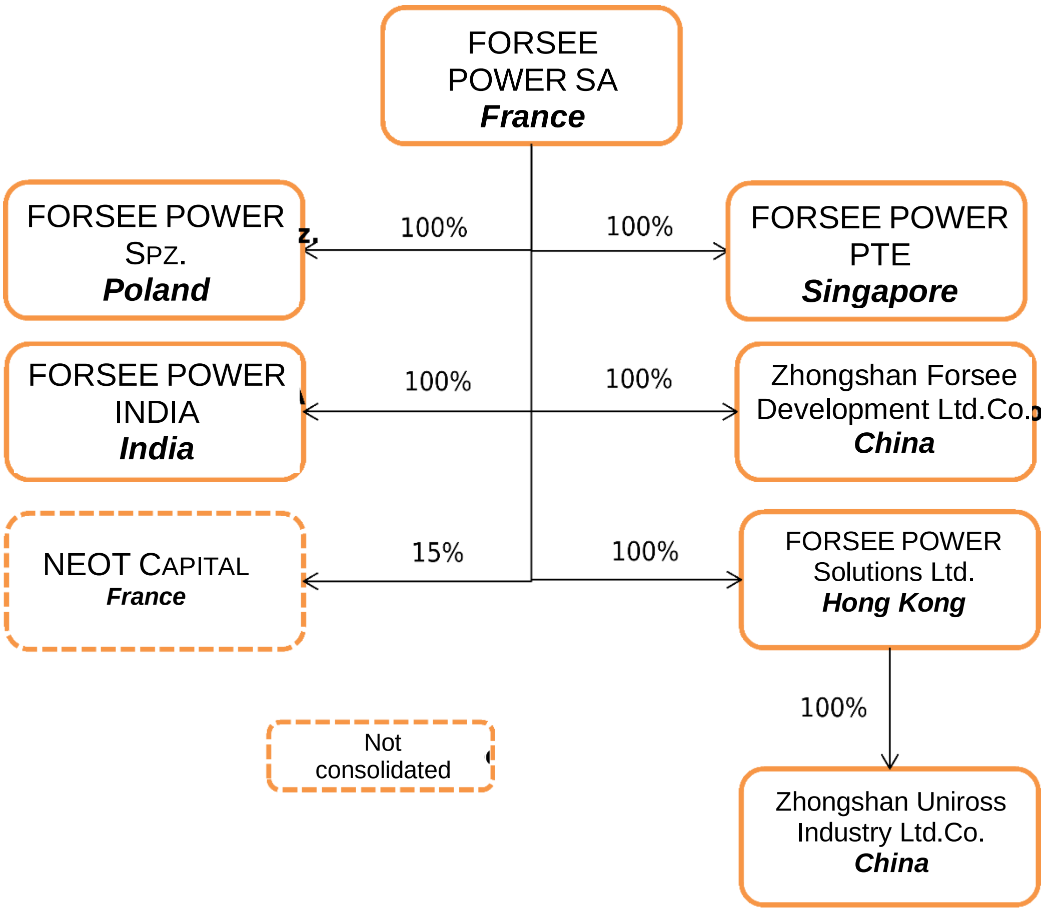
- In the field of autonomy and mobility (bicycles, scooters, rolling stock, medical facilities, home automation, professional tooling and more);
- In electric transport (buses, trucks, trams, shipping and rail transport, marine and offshore) and storage of electricity (residential, commercial and industrial markets).

The Group was formed through several acquisitions: Uniross Batteries (formerly Alcatel Saft) in 2011, Ersé in 2012 and Dow Kokam France (formerly Société de Véhicules Electriques - SVE) in 2013.

The consolidated financial statements have been prepared in accordance with IFRS and were approved by the Board of Directors of Forsee Power S.A. on April 6, 2022.

Forsee Power S.A. has been listed since November 3, 2021 on the regulated market Euronext Paris Compartment B under the number FR0014005SB3.

Group organization chart as of December 31, 2021



5.2 Main events

The key events for the financial year ended December 31, 2021 are as follows:

- **Impact of Covid-19 on the business**

  The Group did not experience any production interruptions in 2021, unlike in 2020 where production was interrupted in China (early 2020) and in France (from mid-March to end-March 2020, followed by partial activity on the main production lines before full activity resumed from mid-May 2020).

- **Deliveries of new buildings on the Chasseneuil-du-Poitou factory site**

  The delivery of the new buildings continued in 2021, and in addition to providing the Group with a fully modernized site, it will double its available production space in the second half of 2021.

- **Ramp-up of the production centre in India**

  Mass production of batteries for light electric vehicles will start at the end of May 2021 at the Pune industrial site in India.

- **Purchase of Holiwatt's assets**

  Forsee Power took over by judgment of the Commercial Court of Lyon on July 21, 2021, part of the business and assets, and part of the workforce of the company Holiwatt (formerly Centum Adetel Transportation), a specialist in rail energy storage and fast-charging systems, by a judgment dated July 21, 2021 for an amount of €700 thousand. This business acquisition strengthens the Group's position in the rail transport market.

- **Financing from the European Investment Bank (EIB) and new bank financing lines**

  1) EIB financing

  The first tranche (tranche A) of the EIB loan signed in December 2020 was drawn down in June 2021 for €21.5 million. This tranche is accompanied by the repayment of €20 million of the EIB loan (Tranches 1, 2 and 2) granted in 2017 and 2018.

  On September 28, 2021, the Company obtained a prior approval requested from the EIB to be able to carry out the various capital restructuring operations prior to the IPO as well as the IPO itself. In consideration for this approval, the capitalised interest rate applicable to Tranche A of the EIB loan was increased by 0.5% from 4% to 4.5% per year (applicable retroactively). In addition, the EIB required the payment of a restructuring fee of €1,255 thousand, which was paid in December 2021.

  Finally, in October 2021 the Group used Tranche B of the EIB loan for €8.5 million. This loan was repaid in full in November 2021 (post IPO).

  2) Financing of a banking pool

  In the first half of 2021, the Group negotiated bank financing lines with three banks for a total amount of €9 million with a pledge on inventories for a value of €11.7 million: Banque Populaire Val de France (agreement entered into on June 30, 2021), Caisse Régionale de Crédit Agricole de la Touraine et du Poitou (agreement entered into on June 30, 2021) and Crédit Industriel et Commercial (agreement entered into on July 2, 2021). These credit lines were drawn down during the second half of the year and repaid on November 15, 2021.

- **IPO on the Euronext Paris market**

  On November 3, 2021, Forsee Power completed an initial public offering (IPO) of €100 million through the issuance of 13,793,103 new ordinary shares at a price of €7.25 per share, followed by the start of trading in the shares in Compartment B of the Euronext Paris regulated market.

  Total costs relating to the IPO amounted to €7,453 thousand, of which €6,865 thousand was charged to the issue premium and €788 thousand recognized as non-current operating expenses. The proceeds net of expenses received from the cash capital increase was €92.5 million.

This capital increase will be used to finance innovation, the development of new products, the acceleration of international industrial development, opportunistic development transactions and the Group's general needs.

This initial public offering was followed by an over-allotment option (Greenshoe) between November 3 and December 2, 2021 on 1,116,731 existing ordinary shares acquired from the selling shareholders at the offering price of €7.25, representing a total amount of €8,096 thousand.

Following this IPO, in November 2021 Forsee Power signed a liquidity contract with an independent investment services firm in November 2021 to ensure the liquidity of transactions and regular trading of its shares from December 3, 2021.

- **Strategic partnership with Ballard Power Systems**

  A strategic partnership was signed on October 18, 2021 with Ballard Power Systems Group, the world leader in fuel cells for medium and heavy duty hydrogen vehicles. This new partnership aims to develop the first fully integrated fuel cell and battery system, optimised to meet the needs of the targeted medium and heavy mobility markets for buses, trucks, trains, boats and off-highway vehicles.

  In addition, the Ballard Power Systems Group participated in the November 3, 2021 capital increase for €37.7 million and now holds 9.77% of the share capital of Forsee Power SA.

- **Research tax credit**

  In the second half of 2021, Forsee Power appointed an expert firm to assess the Research Tax Credit (CIR). The work carried out by this expert firm led to an additional filing of CIR claims for the 2018 financial year, and an assessment for the 2019 and 2020 financial years to be filed during the 2022 financial year. These claims total €2,237 thousand, of which €1,567 thousand for 2018 and 2019 financial years.

- **Dispute with Unu GmbH**

The referral procedure:

On March 12, 2021, Unu GmbH filed an application for court-ordered expert assessment with the Paris Commercial Court against Forsee Power and its former insurer, Generali (see note 7.10). Unu GmbH is suing the Company on the basis of product liability and common law contractual liability, alleging that the batteries are defective and do not meet the technical characteristics agreed between the parties under the terms of the supply agreement of July 23, 2016 and its amendment of June 29, 2018. The Company did not object to this request for a court-ordered expert assessment, but stated that it should also cover the scooters produced by Unu GmbH, the characteristics of which do not comply with the initial contractual specifications and are the cause of the battery malfunctions.

Pursuant to an order dated March 31, 2021, the judge in summary proceedings ordered the appointment of a legal expert whose mission was to study both the batteries and the scooters in order to determine the origin of the malfunctions, the associated disorders and therefore the responsibilities. As the initially appointed expert withdrew, the judge in summary proceedings ordered the appointment of a new expert by an order dated April 16, 2021.

The expert heard the various arguments put forward by the parties from May 5, 2021, but has not yet appointed a laboratory to carry out the necessary tests on the batteries and scooters. However, the expert has repeatedly pointed out the difficulties of cooperation with Unu GmbH, which refuses to provide certain key documents for the expert assessment, in particular the test reports for its scooters.

On December 31, 2021, Unu GmbH filed a summary action against Forsee Power before the Paris Commercial Court to replace the legal expert appointed in April 2021, on the grounds that the expert is categorically biased and does not have sufficient competence to carry out the court-ordered expert assessment. On January 26, 2022, the Company responded to these arguments by stating that the judge in summary proceedings did not have jurisdiction and that the case should be brought before the supervisory judge. The Company also rejected Unu GmbH's arguments regarding the alleged bias or incompetence of the expert.

In a ruling dated March 18, 2022, the judge in summary proceedings of the Paris Commercial Court ruled that it had no jurisdiction. The case was brought before the supervisory judge, who is due to decide in April on the replacement of the expert.

The trial proceedings:

On November 2, 2021, in spite of the expert assessment in progress, Unu GmbH sued Forsee Power on the same grounds before the Paris Commercial Court ruling as a trial judge, and claimed €15,845 thousand for material losses suffered as well as €50 thousand for non-material losses. The court remanded the case to May 25, 2022 for a procedural hearing. The Company expects the Court to stay proceedings until the expert report is filed.

Provision retained in the financial statements:

The provision recorded in the consolidated financial statements for the financial year ended December 31, 2021 in the amount of €651 thousand therefore includes the fees of the Company's legal counsel as well as those of the legal expert and external experts used by the Company.

The company considers that the claims of Unu GmbH are unfounded and intends to assert its rights and legal arguments legitimizing at this stage of the procedure the absence of provision for risks beyond the legal costs mentioned.

5.3 Accounting standards, consolidation methods, valuation methods and rules

5.3.1 Basis of preparation of the consolidated financial statements

5.3.1.1 Accounting standards

The accounting policies used in the preparation of the consolidated financial statements comply with IFRS (International Financial Reporting Standards) as published by the IASB (International Accounting Standard Board) and adopted by the European Union as of December 31, 2021. This standard incorporates international accounting standards (IAS and IFRS) and Standard Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations.

These standards and interpretations are applied consistently over the periods presented.

The Group has not early adopted the standards and interpretations published by the IASB and adopted by the European Union but whose application is not mandatory as of December 31, 2021, such as the amendments to IAS 16, IAS 37 and IFRS 9. In a first analysis, the Group does not expect the application of these standards and interpretations to have a significant effect on its overall results and financial position.

The standards and interpretations published by the IASB but not yet adopted by the European Union will only enter into force as from this adoption and are therefore not applied by the Group as of December 31, 2021. The standards and interpretations likely to affect the Group are the amendments to IAS 1 relating to the presentation of current and non-current liabilities and disclosures of accounting policies, the amendment to IAS 8 relating to accounting estimates and the amendment to IAS 12 relating to assets and liabilities arising from the same transaction. In a first analysis, the Group does not expect the application of these standards and interpretations to have a significant effect on its overall result and financial situation.

The presentation currency for the consolidated financial statements and the notes to the financial statements is the euro.

5.3.1.2 Significant accounting estimates and judgments used by Management for the December 31, 2021 financial statements

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 financial statements were prepared. These estimates may be reviewed if circumstances on which they were based change or as a result of new information. Actual future results may differ from these estimates. Management is required to revise these estimates based on past experience and its view of the market. When an estimate is revised, it does not constitute a correction of an error.

Accounting estimates that require the use of assumptions 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 to assess the recoverable amount of goodwill on an annual basis are future cash flows and the discount rate.

The future cash flows used to determine the value in use are those resulting from discounted forecasts covering a six-year horizon according to the latest strategic plan. The strategic plan covers the period 2022-2027 and has been drawn up on the basis of economic assumptions that Management considers realistic, for both revenue levels and production costs. Given the absence of impairment to be recognized on goodwill, this 2022-2027 strategic plan has not been updated to take into account the positive effects expected from the acquisition of the Holiwatt rail business, the strategic partnership signed in October 2021 with the Ballard Power Systems Group, and the IPO carried out in November 2021. As these three events occurred in the second half of 2021, their effects will be modelled from 2022 onwards.

The discount rates used by GCUcorrespond to the weighted average cost of capital calculated on the basis of comparable parameters. A spread reflecting the specific risk level of the asset tested may be added. Data used to determine these rates comes mainly from an independent external source.

(b) *Research and development costs (see Notes 3.3.3 and 7.2)*

Management has identified development projects related to improvement or creation of a product and/or technology used by one or more customers. These projects and the expenses allocated to them are regularly analysed by Management based on information obtained during the period. Management assesses the amortization periods for development projects on the basis of internal feedback on the lifespan of the technologies developed in the current divisions (around 5 years).

(c) *French Research Tax Credit (CIR) (see Notes 3.3.23)*

Management assesses the income relating to the research tax credit on the basis of eligible expenses, past discussions with the tax authorities on certain types of expenses retained, and the conclusions obtained from the advisers and experts appointed to assess the CIR.

Since the second half of 2021, Management has appointed an expert firm to assist it in assessing the CIR. The work carried out by this expert firm led to an additional filing of CIR claims for the 2018 financial year, and an assessment for the 2019 and 2020 financial years to be filed during the 2022 financial year.

Management and the expert firm have not finalised the assessment of the CIR for the expenses incurred for the 2021 financial year. No income relating to the CIR for 2021 has been recognized in the consolidated financial statements.

(d) *Valuation of batteries inventories (see Notes 3.3.8 and 7.5)*

Management assesses the net realisable value based on the price at which the batteries could be sold, either as finished products or as components and cells. This assessment of net realisable value takes into account technical and technological developments in batteries, in particular for the oldest battery ranges, which may face competition from other products launched more recently by the company.

(e) *Fair value measurement of share-based payments (stock options and free shares) (see Notes 3.3.14.2 and 7.9.3.3)*

The cost of equity-settled employee stock option and free share transactions is measured by Management at the fair value of the equity instruments on the date on which they were granted.

Estimating the fair value of these share-based payments requires the use of the Black & Scholes option pricing 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 interest rate, the share risk premium and the share liquidity premium. These assumptions are determined based on an expected exercise schedule of the options.

Management assesses changes in the company's share price in the event of share-based payments with performance conditions in order to adjust the probable number of instruments expected to vest at the end of the vesting period.

(f) *Provisions (see Notes 3.3.16 and 7.10)*

With the aid of its legal advisors, Management analyses disputes and guarantee commitments (after-sales service and recycling) and assesses the provisions to be recognized if the Group is required to disburse cash.

(g) *Employee benefit commitments (see Notes 3.3.15 and 7.11)*

Management reviews the actuarial assumptions used in the valuation of post-employment commitments (defined benefit plans), including the discount rate, the turnover rate and the salary increase rate.

Management conducted new assessments for the periods presented of retirement benefit commitments in order to take into account the provisions of the IFRIC interpretation of IAS 19 published in April 2021 relating to the allocation of long-service awards.

(h) *Measurement of financial liabilities on leases (see Notes 3.3.5 and 7.3)*

Management has assessed all facts and circumstances to determine the likelihood that early termination or any of the renewal options included in the leases should be exercised in the future in order to measure the lease liability under IFRS 16.

Management has used available data such as the company's risk premium and spread over the risk-free interest rate to assess the incremental debt ratio used to measure liabilities under IFRS 16.

(i) *Fair value measurement of derivatives on financial instruments (see Notes 3.3.19 and 7.13)*

The fair value of financial instruments giving access to the share capital (BSAs) is measured 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 interest rate, the risk premium of the share, the liquidity premium of the share, etc.

(j) *Recognition of deferred tax assets on tax losses (see Notes 3.3.25 and 7.19)*

Deferred tax assets relating to tax loss carryforwards are recognized if Management has on the one hand sufficient visibility over a three-year horizon in the recovery of these losses in light of forecast future taxable profits, and on the other hand, of the tax rules for allocation and deferral.

In the absence of applicable standards or interpretations, 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 of December 31, 2021, no judgments were made, except for the estimates presented above, that required specific treatment in the process of applying the accounting policies.

5.3.1.3 Going concern

The consolidated financial statements as of December 31, 2021 have been prepared on a going concern basis taking into account the following items:

- The level of available cash as of December 31, 2021, which amounts to €70.8 million, mainly consisting of funds obtained from the cash capital increase resulting from the €100 million Initial Public Offering (IPO) on November 3, 2021;
- The outlook for cash flows related to the Group's activities over the 12 coming months and;
- The financing secured over the next 12 months (see Note 7.14.2).

The Forsee Power Group has an order book that gives it good visibility on its sales for the coming months. It also receives new orders every week from its main customers, which supplement its order book.

The funds provided in the initial public offering (IPO) with a €100 million cash capital increase completed on November 3, 2021 will be used to finance:

- Around €30 million in innovation and development of new products (digitalisation, artificial intelligence, new generation of technologies and products, cost optimisation, strengthening of the safety of battery systems);
- Around €30 million to accelerate industrial development internationally by the increase in the production capacity of existing facilities, creation of a presence in the United States, extension of the industrial base to new countries…;
- Around €10 million in opportunistic development transactions (geographic expansion, range expansion, development of second life and end-of-life battery systems, deployment of the service offering);
- Around €30 million for the Group's general needs (such as the financing of working capital, or the strengthening of the balance sheet structure).

Lastly, the Group has several instruments for financing its business activity, including:

- The €9 million bank financing lines 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 CIC. These lines are available as of December 31, 2021 and unused.
- The two financing lines of €10 million each (Tranche C and D) granted with the EIB (European Investment Bank) and made available under the agreement signed in December 2020.

  The €10 million Tranche C is subject to revenue covenants that the Group had met already at the end of the 2020 financial year. The €10 million Tranche C is also conditional on the completion of a €10 million capital increase by one or more shareholders. This condition was met in November 2021 with the company's IPO.

The €10 million Tranche D is conditional on a level of revenue and profitability that the Group expects to achieve in the medium termIn addition, the Group has several factoring programmes (see Note 3.3.10).

5.3.2 Consolidation methods

5.3.2.1 Reporting date and annual financial statements of the consolidated companies

These consolidated financial statements have been prepared on the basis of the individual financial statements of the subsidiaries of Forsee Power SA. All of these financial statements cover a 12-month period and are prepared as of December 31, 2021, with the exception of Forsee Power India Private Ltd, which closes on March 31, 2022 and for which an interim statement has been drawn up on December 31, 2021.

The financial statements used for comparative information are those for the year ended December 31, 2020 for the statement of financial position and for the income statement and the cash flow statement, which cover a period of 12 months.

The financial statements of the consolidated companies for the periods presented have been prepared in accordance with the accounting principles and valuation methods used by the Group. They have been restated to bring them into line with the accounting principles and the IFRS framework used to prepare the consolidated financial statements.

5.3.2.2 Consolidation methods

5.3.2.2.1 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;
- Dividing the equity and the profit or loss between the interests of the consolidating company, called "Share attributable to owners of the parent company" or "Group share", and the interests of other shareholders or partners, called "Non-controlling interests" or "Minority interests";
- Eliminating transactions in the financial statements between the fully consolidated company and the other consolidated companies.

5.3.2.2.2 Transactions eliminated in the consolidated financial statements

The following items have been eliminated in the consolidated financial statements:

- Reciprocal receivables and payables;
- Intra-Group transactions such as purchases, sales, dividends, internal margins…;
- Provisions for consolidated companies;
- Any other transaction involving Group companies.

5.3.2.2.3 Translation of financial statements prepared in foreign currencies

Operations conducted in subsidiaries abroad (Zhongshan Forsee Power Industry Ltd (hereinafter "ZFI") and Zhongshan Forsee Development Ltd in China (hereinafter "ZFD"), Forsee Power Solution Ltd in Hong Kong, Forsee Power Pte Ltd in Singapore and Forsee Power Spz in Poland) were until recently conducted by management from France in accordance with the Group's production objectives. 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, in particular the yuan in China and the zloty in Poland, used to prepare the individual 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 internal production centres, and the rest of the Group using the euro as its functional currency.

Until December 31, 2020, the financial statements of these equity interests established in foreign currencies were translated using the “historical rate” method:

- Non-monetary assets and liabilities items (fixed assets and goodwill) and equity components were translated into euros using the historical exchange rate;
- 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 rate that is similar and that corresponds to the average rate of the reporting period, unless significant fluctuations occur;
- The resulting translation difference was recognized in net financial income (expense).

In recent years, these foreign entities have acquired autonomy through the establishment and strengthening of a local management team, business development in the geographical areas (Asia, Europe) and growth in the business activity, in particular by locating battery production as close as possible to the assembly plants of the Group's customers; including for the business created in late 2020 in India (Forsee Power India).

On the one hand the maturity of this autonomy process , and on the other hand the growth assumptions made by Management, mean that these subsidiaries now mainly use the local foreign currency (yuan, zloty, Indian rupee), which is used to prepare their individual financial statements, as the functional currency in their economic environment.

Given this change, the translation of the financial statements prepared in local currencies has been made using the “closing rate” method since January 1st , 2021:

- Monetary and non-monetary assets and liabilities are translated into euros at the period-end exchange rate, with the exception of equity components, 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 rate that is similar and that corresponds to the average rate of the reporting period, unless significant fluctuations occur;
- The resulting translation difference is recorded in other comprehensive income (OCI), comprising the "Translation Reserve" divided between the Group share and the share of any minority interests.

The translation rates used to prepare the consolidated financial statements for the periods presented are as follows:

Currency	Currency code	Rate as of December 31, 2021 €1 = currency	Average 12-month rate December 2021 €1 = currency	Rate as of January 1, 2021 (1) €1 = currency	Average 12-month rate December 2020 €1 = currency
Hong Kong dollar	HZD	8.83330	9.19318	9.51420	8.85870
Yuan renminbi	RMB	7.19470	7.62823	8.02250	7.87470
Zloty	PLZ	4.59690	4.56518	4.55970	4.44305
Indian rupee	INR.	84.22920	87.43916	89.66050	84.63916
Singapore dollar	SGD	1.52790	1.58910	1.62180	1.57424

(1) Translation rate on the date of exchange of the functional currency

5.3.2.2.4 Treatment of business combinations and industrial business lines acquired

The Group considers itself to be the acquirer as soon as it has obtained control in substance of the business or branches of industry acquired.

The cost of each acquisition is measured at fair value on the date of acquisition. External acquisition costs incurred are recognized as an expense in the period in which the related services are received.

The period for measuring the fair value of the purchase price, including any earn-outs, and for determining the fair value of the identifiable assets and liabilities is 12 months after the date of acquisition. After this period, any change in the purchase price and in the value of the identifiable assets and liabilities is recognized in the income statement.

The Group has proceeded with:

- The takeover in June 2011 of the industrial activities of Uniross Batteries (in France) and of Zhongshan Uniross Industry Ltd (renamed Zhongshan Forsee Power Industry Ltd) in China.

  The acquisition of the industrial activities of Uniross Batteries and Zhongshan Uniross Industry Ltd resulted in negative goodwill, i.e. the acquisition cost was lower than the fair value of the net assets acquired. Management verified the value of the assets and liabilities acquired in order to ensure that there was no impairment or provisions for risks and charges to be recognized, and limited the valuation of intangible assets, in particular the customer contracts and IT databases relating 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. Following these analyses, the negative goodwill was considered as a profit resulting from an acquisition under favourable conditions and was recognized in the income statement in 2011.

- The acquisition in March 2012 from Ersé of the Polish company Energy One (subsequently renamed Forsee Power Spz).

  The acquisition of a 51% stake in Energy One in March 2012 was treated by measuring the fair value of the net identifiable assets of the non-controlling interests (minority interests), resulting in the recognition of full goodwill allocated between the Group share and the share of minority interests.

  The successive purchase between October 2013 and October 2014 of the 49% held by minority interests was treated in the consolidated financial statements as a transaction between partners in equity in accordance with IFRS 10, and without impact on the goodwill measured at the 2012 acquisition.

- The acquisition in November 2013 of Dow Kokam France (later renamed Forsee Power Industry).

  The Group has measured the identifiable assets and liabilities of the acquired entity at fair value, except as provided for in IFRS 3. Non-identifiable assets, such as goodwill or technical loss, have not been included in the assets acquired. Contingent liabilities, particularly the contingent liability on a tax dispute in progress on the acquisition date relating to research tax credits (CIR) for the activities acquired from Dow Kokam France, were measured and recognized as a provision since this was a current obligation on the acquisition date, and it was not probable that a cash disbursement would be necessary to discharge this obligation. The provisions for these contingent liabilities were reversed through the income statement as soon as a positive response was received from the tax authorities. The impact of deferred taxation has been recognized in accordance with IAS 12.

- The purchase of assets in July 2021 from Holiwatt

  The Group, through Forsee Power, has acquired by judgment of the Commercial Court of Lyon dated July 21, 2021 part of the business, assets, and part of the workforce of Holiwatt (ex-Centrum Adetel Transportation). The assets and liabilities acquired were measured at fair value, leading to the recognition of €28 thousand in badwill, which was recognized in operating income. The most significant identifiable assets and liabilities acquired are patents, inventories and social debts of the employees acquired.

5.3.2.2.5 Non-controlling interests

The Group has not any non-controlling interests (minority interests) in the periods presented.

5.3.2.2.6 Investments in associates

Since 2016, the Group has had a 15% stake in the company NEoT Capital, a company dedicated to financing in the renewable energy and electric mobility sectors. The partners Mitsubishi Corporation and EDF hold 85%, split equally, of the company's share capital.

The Group participates in NEoT Capital's financial and operational policy decisions, without however exercising control over these policies, given the provisions of the articles of association and the shareholders' agreement. The Group therefore exercises significant influence over the NEoT Capital equity interest according to IAS 28 and IFRS 10.

Neot Capital investment is not consolidated using the equity method in the Group's financial statements as of December 31, 2021, as the company is in the development phase. The NEoT Capital equity securities are therefore presented as financial instruments not held for trading (see Note 3.3.7).

On March 25, 2022, the Group signed a firm commitment to acquire all the shares of NEoT Capital held by its partner Mitsubishi Corporation (i.e. 42.5%). This transaction had not been finalized as of April 6, 2022, when the financial statements for the year ended December 31, 2021 were closed (see Note 9.1). Refinancing transactions are also planned in the course of 2022 with the partner EDF. These transactions will ultimately lead to an estimated 45% to 50% ownership by Forsee Power in the share capital of NEoT Capital in 2022. Forsee Power and its partner EDF have agreed to hold the same number of shares in the capital of NEoT Capital and to ensure a joint-venture type of governance, which will result in the accounting of NEoT Capital's shareholding using the equity method of accounting.

5.3.3 Accounting methods and valuation rules

5.3.3.1 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 on the presentation of financial statements.

Assets and liabilities are presented as current when:

- The Group expects to be able to realise the asset or settle the liability during its normal operating cycle or within 12 months after the reporting date;
- The asset or liability is held for trading or transaction purposes;
- The asset consists of cash or cash equivalents;

All assets or liabilities that do not meet any of these criteria are presented as non-current.

Non-current financial assets and other non-current assets measured at amortised cost are discounted at the original effective interest rate, which generally corresponds to the 1-year Euribor rate at the reporting date of the consolidated financial statements.

5.3.3.2 Goodwill

Full goodwill from business combinations is allocated to the relevant cash-generating unit (CGU). CGUs are defined as the smallest group of related assets generating cash inflows that are largely independent of cash flows from other assets or groups of assets.

Goodwill is not amortised but is tested for impairment through the CGU to which it belongs, at least at each reporting date. An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount (see below for the calculation method used). The impairment loss to be recognized for a CGU is first deducted from the carrying amount of any goodwill allocated to the CGU, and then deducted from the carrying amount of each of the unit's assets. Impairment losses on goodwill are irreversible and are recognized in operating income on the line "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 a rate, after tax, that reflects the market's current assessment of the time value of money and the risks specific to the CGU. The Group uses a discount rate by CGU for its future cash flows, taking into account country risk and tax rates by geographical area, and a premium in the event that the assumptions used in the business plan are not met. This discount rate is calculated based 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,the plan between 2022 and 2027 as presented at the time of the IPO,, beyond this period, the terminal value is determined by capitalising the final year's projected cash flow to infinity, based on a long-term growth rate determined by geographic area.

5.3.3.3 Development costs

Expenses incurred for development costs must be recorded as intangible assets when the conditions defined by IAS 38 are met:

- Technical feasibility and technical capacity to complete the development and use or sell the asset
- Intention to complete the development, ability to use or sell the asset, and availability of financial resources;
- Probability of future economic benefits;
- Reliability of the measurement of expenses incurred.

The development costs incurred relate to the improvement of products or technologies 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”).

Amortisation periods for development projects are based on internal feedback on the lifespan of the technologies developed in the current divisions. The amortisation period chosen for all projects is five years from the estimated project end date.

Expenses incurred that do not meet the criteria for capitalising development costs, and expenses incurred for research costs, are recognized in expenses over the period and are presented in note 7.2.

5.3.3.4 Intangible assets and property, plant and equipment

Property, plant and equipment and intangible assets are recorded in the consolidated financial statements at their acquisition price or production cost, or their fair value when acquired as part of a business combination, less accumulated amortisation, depreciation and impairment losses recognized.

The Group has chosen to record property, plant and equipment and intangible assets using the amortized historical cost method.

Amortisation is calculated on the basis of the estimated useful life of each asset class. Where applicable, the total cost of property, plant and equipment is allocated to its component parts, each of which is recognized separately. This is the case when the different components of an asset have different useful lives or provide benefits to the company at a different pace, thereby requiring different depreciation and amortisation rates and methods.

Amortisations are calculated based on the expected pattern of consumption of the future economic benefits embodied in the asset based on acquisition cost, according to its probable use. Amortization and depreciation periods are reviewed annually and modified if expectations differ from previous estimates; such changes in estimates are recognized prospectively.

Depreciation is calculated using the straight line method, based on the estimated useful life of each asset 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

5.3.3.5 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 liability for the vast majority of leases.

The lessee thus records:

- A non-current asset representing the right of use of the leased property under assets in the consolidated statement of financial position;
- A financial liability representing the obligation to pay for this right under liabilities in the consolidated statement of financial position;
- Amortization of rights of use and interest expenses on lease liabilities in the consolidated income statement.

The main assumptions used to measure the right of use and the lease liability are:

- The term of a lease. 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 on a case-by-case basis on the basis of contractual and regulatory provisions and the nature of the underlying asset (in particular, its technical specificity and strategic location);

  The terms of leases for industrial and commercial buildings correspond to the length of the longest contractual enforceable periods if there is a termination option for French commercial leases. This term reflects Management's best estimate of the period during which the Group is reasonably certain to continue the lease 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 change in the Group's future needs could lead to the size of certain sites being adjusted.

  Thus, the terms used to evaluate leases for industrial and commercial buildings are as follows:

  - The expiry of the off-plan lease for the industrial site in Chasseneuil-du-Poitou, i.e. August 2, 2033;
  - The expiry on February 29, 2024 for the site in Zhongshan;
  - And on April 30, 2026 for the commercial premises in Ivry-sur-Seine.

  Management reviews the terms of the leases at each reporting date, either by renewing the initial lease or by using a tacit extension period, depending on the occurrence of events.

- Discount rate used for lease liabilities: the discount rate used is the lessee's incremental borrowing rate (risk premium added to the company's spread over the risk-free interest rate).

  The discount rates used as of December 31, 2021 and December 31, 2020 to value financial liabilities are as follows:

Term of the contract	Nature of the leased asset	Number of contracts	France	China	Poland
Less than 3 years	Vehicles Industrial equipment and tools Short-term premises > 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

At the inception of the lease, the lease liability is recognized for an amount equal to the present value of the minimum lease payments remaining to be made over the non-cancellable term of the lease and payments related to options that the lessee is reasonably certain to exercise. This amount is then measured at amortized cost using the effective interest rate method.

On the same date, the right of use is recognized at a value corresponding to the initial amount of the liability plus, if applicable, (i) advance payments made to the lessor, net of any benefits received from the lessor, (ii) the initial direct costs incurred by the lessee in entering into the contract, and (iii) the estimated costs of dismantling or restoring the leased property under the terms of the lease. This amount is then reduced by recognized depreciation and impairment losses. Rights of use are amortized on a straight-line basis over the term of the lease, including early termination and renewal options that the lessee is reasonably certain to exercise. Where the contract transfers ownership of the asset to the lessee or 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 on the same terms as those applied to owned assets.

Lease payments are broken down between the financial expense and the repayment of the principal of the lease liability and are recognized in cash flows from financing activities in the consolidated statement of cash flows.

Subsequently, the liability and the right of use of the underlying asset must be re-estimated to take into account the following situations:

- Revision of the lease term;
- Any change related to the assessment of whether or not an early termination or renewal option is reasonably certain to be exercised;
- Re-estimation of residual value guarantees;
- Revision of 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 for leases that are excluded from the scope of IFRS 16 as well as variable payments not taken into account in the initial measurement of the debt are recognized in operating expenses.

5.3.3.6 Impairment of fixed assets

Fixed assets with defined 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 when it appears that their recoverable amount will remain lower than their net carrying amount.

Assets with indefinite useful lives, such as goodwill and assets under construction, are tested for impairment at each reporting date when there is an indication that they may be impaired as a result of events or circumstances that occurred during the period.

Impairment tests are performed by comparing the recoverable amount with 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 of the fair value net of disposal costs and value in use.

5.3.3.7 Financial assets

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 according to the Group's business model, which is based on the intention to collect contractual cash flows and the compliance of the asset with the contractual characteristics of the SPPI test (solely payments of principal and interest or "basic loan").

- Financial assets at amortized cost including:

  Held-to-maturity investments such as deposits and guarantees: fixed or determinable income securities that the Group has the intention and ability to hold to maturity. These securities are initially recognized at their acquisition price and subsequently according to the amortized cost method at the effective interest rate. An impairment loss is recognized for the difference between the carrying amount and the estimated recoverable amount, incorporating an expected future credit loss, i.e. the estimated future cash flows discounted at the original effective interest rate.

  Loans and receivables, whether or not related to equity interests: this category records non-derivative financial assets with fixed or determinable payments. These assets are measured at amortized cost using the effective interest rate method. Loans and receivables due less than 12 months after the reporting date are not discounted. An impairment loss is recognized for the difference between the carrying amount and the estimated recoverable amount, incorporating an expected future credit loss, i.e. the estimated future 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 objective 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 recognized in the income statement.

- Financial assets at fair value through other comprehensive income

  The Group has elected to present equity instruments not held for trading as a counterpart to other comprehensive income (OCI) and not in the income statement. This category includes other financial assets such as non-consolidated investments not recognized using the equity method. These securities are initially recognized at their acquisition price (including transaction costs). 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 within "Other comprehensive income" (OCI). If there is any indication of a decrease in the fair value, the unrealised loss is also recognized in equity. Changes in fair value are not recyclable in the income statement for the financial year when these financial assets are sold. Dividends received are recognized in the income statement for the year, except for dividends received immediately after the acquisition of the securities, which are then presented in OCI.

  No equity instruments not held for trading were identified as of December 31, 2021, except for the non-consolidated NEoT Capital equity interest. The non-consolidated shares of NEoT Capital, a company under development, were measured at fair value. In the absence of an active market, the Group measures the fair value of the 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 as of December 31, 2021.

5.3.3.8 Inventories

Inventories consist of raw materials and other supplies, purchased parts (battery cells, components, etc.), semi-finished/semi-assembled products and finished products.

Inventories of raw materials, other supplies and purchased parts are measured at acquisition cost using the weighted average unit cost method. This acquisition cost includes the purchase price, forwarding costs (transport and customs clearance) and incidental costs.

Inventories of finished products are valued at production cost and includes forwarding costs, customs duties, transport costs on purchase and production labour costs. Financial expenses are not presented in the valuation of inventories.

Inventories are impaired to take into account their net realisable value of the products at the reporting date.

Inventory impairment is assessed 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 finished products and components that could not be used in the production of another range of batteries. It reduces the net value to the net realisable 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 thus fully impaired.

Internal margins applied between the various Group companies on goods carried in inventory at the reporting date are eliminated from the consolidated financial statements.

5.3.3.9 Trade receivables

Trade receivables are initially measured at fair value and consist mainly of the difference between recognized invoiced revenues and payments received from customers, including advance payments.

The Group has opted for the simplified model for impairment of receivables insofar as trade receivables do not include a significant financing component. Impairment is measured at the initial recognition date and throughout the life of the receivable, and corresponds to expected credit losses over the life of the receivable.

The expected credit loss is measured using an impairment matrix based on the history of non-payment, adjusted for forward-looking information. The average historical loss rate on revenues observed over the last five years is less than 0.04%, and the average historical credit loss rate on customer outstandings is less than 0.2%.

Impairment of trade receivables is recognized in the income statement under "Net impairment".

5.3.3.10 Working capital financing instruments

The Group has several financing instruments for its working capital requirements

(a) *Recourse factoring programme*

Trade receivables assigned to and discounted with credit institutions without transfer of credit risk are maintained in the financial statements under "Trade receivables".

Cash generated by receivables assigned to and discounted with factoring companies is shown as financial debt net of reserves and guarantee deposits applied by the factoring company.

The Group had a single recourse factoring contract as of December 31, 2020 (BNP Paribas Factor contract) for an outstanding amount limited to €3,550 thousand for an indefinite period. This contract was closed on December 31, 2021.

Outstanding receivables financed by recourse factoring are presented in Note 7.6.

(b) *Non-recourse factoring programme*

The Group renegotiated its factoring contracts in late 2020 and has a non-recourse factoring programme, i.e. with a transfer of the risks of late payment, non-payment and foreign exchange, and a limitation of the factoring company's recourse in the event of non-payment of guaranteed receivables

As the renegotiated factoring contract transfers to the factoring company the contractual rights to cash flows and almost all the associated risks and benefits, the trade receivables assigned and transferred without recourse are derecognized from "Trade receivables" in the consolidated balance sheet in accordance with IFRS 9, with the exception of security deposits, which are maintained under "Financial assets".

The non-recourse factoring contract (HSBC Factoring France contract) covers an outstanding amount of €3,500 thousand, divided between €3,300 thousand for receivables denominated in euros and €200 thousand for receivables denominated in US dollars ($), and an outstanding amount of $700 thousand covering the export market.

Outstanding receivables financed by non-recourse factoring are presented in Note 7.6.

(c) *Factoring contract included in a customer's reverse factoring programme*

A factoring contract included in a customer's reverse factoring programme (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 factoring company.

This factoring contract is non-recourse at the time of discounting, i.e. with a transfer of the risks of late payment, non-payment and foreign exchange, and a limitation of the factoring company's recourse in the event of non-payment of guaranteed receivables, under IFRS 9, this leads to the derecognition of trade receivables as soon as they are presented to the factoring company for discounting.

This factoring is for an unlimited period and with no ceiling on the receivables of the customer Heuliez-Iveco (Case New Holland group).

Outstanding receivables financed by factoring under a reverse factoring programme are presented in note 7.6.

(d) *Cash pledge on stand-by letter of credit*

The Group has a $7,000 thousand (i.e. €6,180 thousand at 31 December 2021) stand-by letter of credit (Documentary SBLC) with a banking institution in favour of a foreign supplier until December 31, 2021.

This Documentary SBLC is secured by a cash pledge in the amount of $4,500 thousand (i.e. €3,973 thousand at 31 December 2021). As this cash is not immediately available, this cash pledge is not presented in the "Cash" item but in the "Financial assets" item in accordance with IAS 7.

This cash pledge was extended to December 31, 2022.

The amount of the cash pledge is presented in Note 7.4.

(e) *Pledge on inventory*

New financing lines amounting to €9 million at 3-month Euribor + 2% were obtained for the period from June 30, 2021 to June 30, 2022. The EURIBOR rate is floored at 0%, resulting in a minimum interest rate of 2%.

These new credit lines are secured by pledges on the inventories of cells and electronic parts in the amount of €11,700 thousand. These inventory pledges are without reported seizure and the beneficiaries of this guarantee do not impose any special condition apart from the usual clauses (follow-up with a statement of inventory pledged, statement of values).

Pledged inventories are maintained under "Inventories of raw materials and other supplies" on the assets side of the balance sheet given the absence of a transfer of risk to the banks and the retention of economic benefits.

The Group still has access to these new financing lines as of December 31, 2021.

The nil amount of the pledge of inventory is confirmed in Note 7.5.

Fees and interest expenses relating to these financing programmes are presented in the net financial income (expense) of the income statement.

5.3.3.11 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 measured at fair value at the reporting date (financial assets at fair value through profit or loss). Changes in value are recognized in "Net financial income (expense)".

5.3.3.12 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 cancelled or redeemed, the consideration paid is deducted directly from equity and no profit or loss is recognized in the income statement.

Costs directly attributable to a capital increase are recognized as a deduction from the issue premium, i.e. as a deduction from equity in accordance with IAS 32. Costs directly attributable to a capital increase are recognized net of deferred taxes when it is probable that the tax savings will be recovered (see Note 3.3.25.2).

5.3.3.13 Share liquidity contract

In November 2021, the company signed a stabilisation contract with an independent investment services provider (ISP) to trade in compartment B of the Euronext Paris market with a view to ensure the liquidity of transactions and regular trading of Forsee Power shares.

This contract was entered into for a period of 12 months, tacitly renewable except in the event of termination, and with an overall ceiling (cash and securities) of €500 thousand.

Cash made available to the investment services provider for stabilisation is recorded and presented in "Non-current financial assets" in the balance sheet. Realised gains and losses on disposals of securities are recognized directly in equity.

Purchases and sales of treasury shares carried out by the investment services provider on behalf of Forsee Power are recognized directly in the Group's equity in the same way as any direct transaction in treasury shares. Changes in fair value (unrealised gains or losses) on securities held are recognized directly in equity.

5.3.3.14 Share-based payments

5.3.3.14.1 Transactions with investor shareholders

Share-based transactions with investor shareholders do not qualify as share-based payments under IFRS 2 but are treated as equity instruments and treated under IAS 32. They are recorded in equity at their transaction price (subscription amount) and are not reassessed at subsequent reporting dates.

The share subscription warrants (BSA_G) correspond to instruments issued by the company to investor shareholders, and are presented in Note 7.9.3.1

5.3.3.14.2 Transactions with Management and employees

Distributions of stock options (SO) and free shares to employees are treated as share-based payments and are measured and disclosed in the consolidated financial statements in accordance with IFRS 2.

Share-based payments are measured at the fair value of the equity instruments in return for the services rendered by the members of staff. The fair value is determined on the date the stock options (SO) and free shares are granted using the Black & Scholes option pricing model. This valuation model includes several assumptions and complex 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 interest rate, the share risk premium, the share liquidity premium, etc. These parameters are determined according to the expected timing of the exercise of options and free share warrants.

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 vesting period is spread over several periods, the cost of a share-based payment is allocated on a pro rata basis.

The cost is adjusted at each reporting date if the number of shares to be issued varies during the period. The cost recognized as an expense is not included in income even if the option is not exercised by the beneficiary.

The expense relating to the 30% URSSAF employer’s contribution is recognized on the date the stock options are granted. The expense relating to the 20% URSSAF employer's contribution on free shares is recognized at the date of grant of the free shares and prorated over the vesting period.

5.3.3.15 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 after the 12 months after the reporting date;
- Severance benefits;
- Post-employment benefits (defined benefit 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, contributions to provident schemes under the two basic pension schemes (mandatory and supplementary);
- Employees located in China, contributions to the basic pension scheme and the compulsory supplementary scheme;
- For employees located in Poland contributions to the Public Social Insurance Institute (ZUS) for both mandatory pension schemes (pay-as-you-go and funded), and has not taken out a voluntary insurance contract.

Under these defined contribution post-employment benefit plans, the Group has no obligation other than to pay the premiums recognized in the income statement under "Employee benefits", with a corresponding social security liability that runs until the premiums are paid.

The Group has not set up any defined benefit pension plan for employees. Its commitment is limited to the statutory retirement benefit plan for French employees, which is valued using the projected unit credit method. Under this method, each period of service results in an additional unit of benefit entitlement, and each of these units is valued separately to arrive at the final obligation. This obligation takes into account the provisions of the IFRIC on IAS 19 published in April 2021 relating to the allocation of rights to years of service. This obligation is then discounted to obtain the final obligation. These calculations incorporate financial and demographic assumptions presented in Note 7.11.2. 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 comprehensive income (OCI).

5.3.3.16 Provisions for risks and charges

A provision for risks and charges is recognized when there is a clearly defined obligation resulting from events that have occurred or are occurring 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 expense 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 presented as current provisions if it covers an obligation that must be paid or settled within the 12 months following the reporting date, otherwise provisions are presented as 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. assets or liabilities whose existence depends 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 element of the battery systems sold, referred to as "after-sales provision".

  This obligation is covered in the financial statements by a provision for after-sales service valued on the basis of a percentage of revenues (2.5% of revenues excluding extended warranty sales). This percentage was determined on the basis of both a sector 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 end-of-life batteries (European regulations on waste electrical and electronic equipment - WEEE).

  This obligation is covered in the financial statements by a provision called "recycling", which is assessed on the basis of the number of items sold (by weight) and to be recycled over time.

5.3.3.17 Financial liabilities

Financial liabilities are measured in accordance with IFRS 9 and presented in accordance with IAS 32 and IFRS 7.

They are recognized at fair value at their acquisition date (incremental transaction cost and directly attributable to debt) and are subsequently recognized at amortized cost using the effective interest rate method.

Financial liabilities are broken down in the consolidated financial statements between:

- Long-term loans and financial liabilities for the portion of the liabilities due in more than 12 months after the reporting date, which are classified as non-current liabilities;
- Short-term loans and financial liabilities for the portion due in less than 12 months after the reporting date, which are classified as current liabilities.

Non-current interest-bearing financial liabilities are not discounted at the reporting date.

Cash generated by receivables assigned with recourse and discounted with the factoring company is presented as financial debt net of reserves and guarantee deposits applied by the factoring company

The Group has no financial liabilities measured at fair value (other than derivatives) in the statement of financial position at the reporting date.

Financial liabilities obtained under non-market conditions (zero-interest or below-market loans) are presented at fair value with a corresponding entry to profit or loss. The profit is then written back to the income statement and incorporated into the effective interest rate of the loan in order to bring it back to the normal market rate.

Debt issuance costs are deducted from the initial fair value of the debt issued and spread over the term of the loan using the effective interest rate method.

5.3.3.18 Trade payables

Trade payables are measured at the initial recognition date at the fair value of the counterpart to be given. This value corresponds to the nominal value, due to the relatively short period of time between the recognition of the instrument and its payment liability.

5.3.3.19 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, i.e. when the settlement of the instrument does not result in the delivery of a fixed number of company shares, are classified and measured as a derivative instrument and presented as a liability.

This liability financial instrument is measured at fair value at the date of issue of the instrument and on each reporting date. The estimate of fair value, which corresponds to the cost of the option if these share subscription warrants are exercised, requires the use of the Black & Scholes option valuation 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 interest rate, the share risk premium and the share liquidity premium. The change in fair value of the derivative instrument is recognized in the income statement and presented as a financial expense.

5.3.3.20 Hedge accounting

In 2021, the Group took out currency hedges (forward contracts) on the US dollar ($) to limit currency risk on invoice payments to certain suppliers. Forward contracts are individually subscribed to in notional amounts for the amount of the trade payable, in the same currency and with the same maturity as the trade 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 dollar 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 payables and the hedge made up of foreign currency forward contracts.

The currency hedge derivative is presented in the balance sheet under financial debt.

The change in fair value of the currency hedge is recognized in the income statement for the period under "Purchases consumed". Similarly, the change in the fair value of trade payables in foreign currencies between the initial exchange rate and the exchange rate at the end of the period is recognised in the income statement under "Purchases consumed". 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 trade payables offset each other to the extent that the hedge is ineffective.

Swap points for forward contracts are excluded from hedge accounting.

The Group has no outstanding currency hedges as of December 31, 2021.

5.3.3.21 Translation of transactions denominated in foreign currencies

The recognition and measurement of transactions denominated in foreign currencies are defined by IAS 21 "The effects of changes in foreign exchange rates".

In accordance with this standard, transactions denominated in foreign currencies are translated at the exchange rate prevailing on the transaction date.

At year-end, monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate. The resulting foreign exchange gains and 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 transactions.

5.3.3.22 Revenue recognition

The Group's revenues are measured and presented in accordance with IFRS 15. Revenues are measured 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 and extended warranties on batteries.

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 3.3.16).

Income that is not likely to be recovered is not recognized in financial statements for the period in which the transaction was completed.

5.3.3.23 Operating grants, Research Tax Credit (CIR)

Income relating to operating grants is presented in other operating income.

Research tax credits (CIR) are granted to companies by the French government to encourage them to carry out technical and scientific research. Companies that can prove that their expenses meet the required criteria are entitled to a tax credit that can be used to pay the corporate income tax due for the year in which the expenses were incurred and for the three following years, or, where applicable, be reimbursed for the excess portion. Income from the research tax credit is presented as a deduction from the research tax credit-related expenses, net of the fees incurred for the measurement of this tax credit. Cash flows from the research tax credit are presented in cash flows from financing activities.

Operating grants that operate in the same way as the research tax credit are treated in the same way as the research tax credit.

Tax receivables relating to the tax credit are presented under "Other non-current assets" if the settlement or offset against taxes payable is more than 12 months after the reporting date, and are discounted when the effect of discounting is material.

5.3.3.24 Public grants

Zero-interest state-guaranteed loans (PGE) are loans at below-market interest rates.

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 recognized in the income statement as a financial expense using the effective interest rate method over the life of the state-guaranteed loan, 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 in the income statement under "Other financial income".

5.3.3.25 Taxation

5.3.3.25.1 Corporate income tax

There is no tax consolidation group in France within the Group as of December 31, 2021.

5.3.3.25.2 Deferred taxes

Deferred taxes are recognized for all timing differences between the value of an asset or liability in the consolidated financial statements and its tax base in accordance with IAS 12. Permanent differences such as goodwill impairment and share-based payments are not subject to deferred taxation.

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. Deferred taxes have been recorded in accordance with the schedule of reversal of timing differences and the new tax rates resulting from the 2022 Finance Act for French companies (progressive rate up to 25% in 2022).

The effects of changes in tax rates (variable deferral) are recognized in the income statement in the period in which the change is decided by the local tax authorities, except where the consideration was initially recognized in equity, in which case the effect of the change in rate is also recognized in equity.

Deferred tax assets and deferred tax liabilities are presented in a net position (net deferred taxes) 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 timing differences (i.e. net deferred taxes less than 12 months, and net deferred taxes more than 12 months).

In the case of net deferred tax assets generated by tax loss 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.

Unrecognised deferred tax assets are mentioned in Note 7.19.

Deferred taxes are presented in the non-current part of the financial position and are not discounted.

5.3.3.26 Territorial Economic Contribution (CET)

The territorial economic contribution (*contribution économique territoriale* - CET) of Forsee Power SA is presented in the consolidated income statement:

- In "Taxes and duties" for the corporate property contribution (*Contribution Foncière des Entreprises* - CFE), as this is based solely on the rental value of property subject to property taxes, it is therefore equivalent to an operating expense;
- In "Corporate income tax" for the corporate value added contribution (CVAE), as this is based on the value added produced by the company Forsee Power SA, it has the characteristics of income tax in accordance with IAS 12. Restatements affecting added value as defined by the French General Tax Code for the determination of the CVAE are subject to deferred tax at the CVAE rate in accordance with IAS 12.

  However, the expense relating to the CVAE is zero for the periods presented.

5.3.3.27 Current operating income

The Group's operational performance is assessed on the basis of current operating income established in accordance with ANC recommendation no. 2020-01 of March 2020.

5.3.3.28 Non-current operating income

Non-current operating income includes transactions relating to major events occurring during the year, the amounts of which are particularly significant and which would distort the reading of the performance of the business if they were presented in the other income statement items. These events are limited in number, unusual and infrequent.

The items presented in non-current operating income may include transactions such as : costs related to the IPO that are not eligible to be deducted from the share premium, acquisition costs of equity securities, transactions relating to disposals of equity securities, impairment of goodwill and impairment of the value of assets of significant materiality, costs relating to restructuring, costs relating to a litigation of a significant amount, etc.

Details of non-current operating income are provided in Note 8.7.

5.3.3.29 Net financial income (expense)

Net financial income (expense) includes the following items received:

- Financial income received from financial instruments such as income from securities, loans and receivables;
- Financial expenses disbursed such as financial expenses on bank overdrafts, borrowings, finance leases and factoring, but also fees relating to banking services;

Net financial income (expense) also includes the following calculated items:

- The effects of discounting financial position items;
- The change in the fair value of financial instruments with a cash flow hedging relationship;
- Impairment of financial assets measured at amortized cost;

The cost of net debt consists of financial expenses paid less financial income received and is presented in Note 8.8.

5.3.3.30 Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to the shareholders of Forsee Power SA by the weighted average number of ordinary shares outstanding during the period. Treasury shares held during the period under the liquidity program (see Note 3.3.13) are not included in the number of ordinary shares outstanding.

The weighted average number of ordinary shares outstanding over the periods presented is adjusted to reflect events that changed the number of common shares outstanding without a corresponding change in resources, such as stock splits or bonus share issues. The number of ordinary shares outstanding is thus adjusted pro rata to the change as if the event had occurred at the beginning of the first period presented. The weighted average number of ordinary shares outstanding presented for the comparative year ended December 31, 2020 has thus been adjusted by the reduction in the par value of Forsee Power SA shares decided by the Extraordinary Shareholders' Meeting of October 15, 2021

Diluted earnings per share are calculated by dividing the profit or loss attributable to the shareholders of Forsee Power SA by the weighted average number of dilutive potential ordinary shares outstanding during the period.

Potential ordinary shares are treated as dilutive if, and only if, their conversion into ordinary shares has the effect of reducing earnings per share.

If the inclusion of deferred equity instruments in the calculation of diluted earnings per share results in an anti-dilutive effect, these instruments are not taken into account.

Under IAS 33, diluted earnings per share are equal to earnings per share if there is a loss.

5.3.3.31 Segment reporting

An operational segment is a distinct component:

- Which engages in business activities from which the Group may earn revenues and incur expenses, including revenues 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” (hereinafter “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” (hereinafter “HeV”): covers the market for solutions adapted to the development of vehicles with electric or hybrid engines for various means of transport (buses, commercial and "last-mile" vehicles, trams, trains, trucks and marine) and the market for stationary storage (residential, commercial and industrial).

The Group's primary segment reporting level is the business segment, and the secondary level is the geographical segment.

Segment data in internal reporting and in Note 6 below follow the same accounting policies as those used for the consolidated financial statements.

The performance of each business segment is measured on the basis of revenues; the allocation of certain costs by segment is not currently monitored in Management's internal reporting.

The Chairman and Chief Executive Officer (CEO) and the Executive Committee of Forsee Power SA are the Group's main operational decision-makers.

5.3.3.32 Related parties

Related parties presented in the consolidated financial statements are defined as follows:

- The parties controlled by the Group: no controlled equity interest or associated company has been identified with the exception of the NEoT Capital shareholding in which the Group holds 15%;
- Legal entities controlling or exercising significant influence over the Group, such as the companies that are shareholders in Forsee Power SA;
- Natural persons who are members of the Group's management (Executive Committee) and directors (Board of Directors, Board Committees) of Forsee Power SA.

Financial assets and liabilities relating to related parties are presented as non-current financial assets or liabilities if they are paid or become due within 12 months of the reporting date, otherwise these items are presented as current financial assets and liabilities. Assets and liabilities relating to related parties are discounted for their non-current portion if the time value effect is material.

Related party disclosures are presented in Note 9.2 in accordance with IAS 24.

5.4 Information on the scope of consolidation

The scope of consolidation for the periods presented is as follows:

			December 31, 2021			December 31, 2020		
Company	**Location**	**Currency**	**% control**	**% ownership**	**Consolidation method**	**% control**	**% ownership**	**Consolidation method**
1- Forsee Power SA	France	Euro	100%	100%	Parent company	100%	100%	FC
2- Forsee Power Solutions Ltd.	Hong Kong	Hong Kong dollar	100%	100%	FC	100%	100%	FC
3- Zhongshan Forsee Power Industry Co Ltd.	China	Yuan renminbi	100%	100%	FC	100%	100%	FC
4- Zhongshan Forsee Power Development Co Ltd.	China	Yuan renminbi	100%	100%	FC	100%	100%	FC
5- Forsee Power Spz	Poland	Zloty	100%	100%	FC	100%	100%	FC
6- Forsee Power India Private Ltd	India	Indian rupee	100%	100%	FC	100%	100%	FC
7- Forsee Power Pte Ltd	Singapore	Singapore dollar	100%	100%	FC	100%	100%	FC
8- NeoT Capital	France	Euro	15%	15%	NC	15%	15%	NC

As of December 31, 2021, the scope of consolidation retained by the Group's parent (1) company includes seven fully consolidated companies.

The identification of the entities is as follows:

(2) Forsee Power Solutions Ltd, a company under Hong Kong law whose registered office is located at Flat/RM 2806, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, and registered under number 58025949-000-03-18-0 with the Hong Kong Trade and Companies Register;

(3) Zhongshan Forsee Power Industry Co. Ltd, company under Chinese law whose registered office is located at 1st and 2nd floors, No.39 Gongye Da Dao Zhong, Industry District, Xiao LanTown, Zhong Shan in the People's Republic of China, and registered under number 9144200075451119XY with the Zhongshan Administration for Market Regulation;

(4) Zhongshan Forsee Power Development Co. Ltd, a company under Chinese law whose registered office is located at 1st floor, No.39 Gongye Da Dao Zhong, Industry District, Xiao LanTown, Zhong Shan in the People's Republic of China, and registered under number 91442000MA52PUYC0T with the Zhongshan Administration for Market Regulation;

(5) Forsee Power Spz, a company under Polish law whose registered office is located at ul. Prosta 27a, 55-114 Ligota Piekna, Poland, registered under number 0000256591 in the National Court Register;

(6) Forsee Power India Private Ltd, a company under Indian law whose registered office is located at 4th Floor, Wolrd Mark 3, Asset 7, Aerocity, NH-8, Delhi, South West Delhi, Delhi, India, 110037, registered under number U51909DL2020 FTC365683 in the New Delhi Trade and Companies Register;

(7) Forsee Power PTE Ltd, a company under Singapore law whose registered office is located at 1 Georges Street, n°10-01, One Georges Street, Singapore (049145), and registered under number 201838879C in the Singapore Trade and Companies Register;

(8) NEoT Capital, 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 and registered under number 821 239 670 in the Paris Trade and Companies Register.

All these subsidiaries are included in the books of Forsee Power SA, a company incorporated under French law, whose registered office is located at 1 Boulevard Hippolyte Marquès in Ivry-sur-Seine, and which is registered under number 494 605 488 in the Créteil Trade and Companies Register.

All equity interests are fully consolidated as of December 31, 2021, except for NEoT Capital, which is not consolidated due to the non-material impact on its results and balance sheet as of December 31, 2021 and December 31, 2020 (company in the development phase).

5.5 Information about comparability of the financial statements

5.5.1 Change in the scope of consolidation for the period

There was no change in the scope of consolidation of the companies in the period to December 31, 2021.

However, the Group acquired the business activity, assets and part of the workforce of the company Holiwatt (formerly Centum Adetel Transportation), a specialist in rail energy storage and fast-charging systems, for an amount of €700 thousand by a ruling of the Commercial Court of Lyon dated 21 July 2021. This acquisition concerns a business acquisition and has been treated in accordance with IFRS 3 (see Note 3.2.2.4), which requires the identifiable assets and liabilities acquired to be measured at fair value. The most significant identifiable assets and liabilities acquired are patents for €1,008 thousand, inventories for €128 thousand and social security liabilities for €297 thousand. This acquisition resulted in the recognition of a badwill of €28 thousand presented in other operating income.

5.5.2 Changes in the scope of consolidation in the previous period

The following changes in the scope of consolidation were recorded in the year ended December 31, 2020:

- Creation of Forsee Power India in July 2020, wholly owned by Forsee Power SA and operational as of 2021;
- Integration of the financial statements for the subsidiary Forsee Power Pte located in Singapore, wholly owned by Forsee Power SA.

5.5.3 Translation of financial statements prepared 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).

Until December 31, 2020, financial statements prepared in foreign currencies were translated using the historical rate method. Local foreign currencies (yuan in China and zloty in Poland) were not predominantly used in previous years as the functional currency of these entities, given the volume of internal transactions between these entities and the rest of the Group using 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 of January 1, 2021:

in EUR thousands	As of 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 €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 net financial income (expense) for previous periods has been reclassified in the amount of €144 thousand from "reserves - income accumulated from previous periods" to the translation reserve.

5.5.4 Changes in accounting presentation and methods

The consolidated statement of net income and other comprehensive income are presented separately in two statements, namely a consolidated statement of net income on the one hand, and a consolidated statement of other comprehensive income on the other hand, taking into account changes over the period in gains and losses recognised directly in equity. The previous consolidated financial statements presented a single statement of net income and other comprehensive income as there were no significant transaction recognized directly in equity.

The consolidated statement of cash flows is presented using the indirect method based on aggregate operating income. This change in the presentation of the consolidated cash flow statement is based, on the one hand, on an improvement in the reading of this financial statement based on one of the key indicators (operating income) monitored by Management, and on the other hand, and on a reduction in the presentation of "eliminations and adjustments relating to calculated items and items relating to other cash flows" which are mentioned in the cash flow from operations section. Management wishes to focus on the presentation of cash inflows and outflows of transactions occurring in the periods presented.. The previous consolidated financial statements presented the consolidated statement of cash flows using the indirect method based on aggregate net income.

The comparative consolidated financial statements as of December 31, 2020 have been restated from the published consolidated financial statements as of December 31, 2020 to take account of:

(a) IFRIC provisions published in April 2021 relating to IAS 19: these provisions place a ceiling on the seniority rights of French employees, taking into account the provisions of Forsee Power's collective bargaining agreement. These provisions have been treated retrospectively in the financial statements as of December 31, 2020 and January 1, 2020.

(b) A reclassification of €1.9 million provision for inventory impairments presented in 2020 as a provision for risk in the published financial statements (see Note 7.5);

A reclassification of €5,574 thousand "Advances and deposits paid on orders" presented under "Receivables" in the published financial statements, and now presented und der "Other current assets";

A reclassification of €1,101 thousand "Advances and deposits paid on orders" presented under "Trade payables" in the published accounts, and now presented under "Other current liabilities";

(c) A cancellation of an advance paid for €600 thousand and presented in purchases;

(d) Reclassifications of €4,779 thousand in "Other operating income and expenses" concerning :

- The reallocation of certain expenses of the subsidiaries located in China to "External services and purchases consumed" for €(2,816) thousand and for €(791) thousand of exchange rate differences on the purchase items concerned;
- The reclassification of inventoried production for €8,057 thousand;
- And the reclassification of capitalized production for €327 thousand on the initial expense items.

The items in the December 31, 2020 and January 1, 2020 financial statements impacted by these changes are presented in accordance with IAS 8 below:

in EUR thousands	December 31, 2020 published	Presentation reclassification	IFRIC impact on IAS 19	December 31, 2020
Non-current assets	**35,804**	**0**	**(24)**	**35,780**
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		(24)	468
Current assets	**58,649**	**(1,901)**		**56,749**
Inventories	30,184	(1,901)		28,284
Receivables	14,180	(5,574)		8,605
Other current assets	3,013	5,574		8,587
Current financial assets		0		0
Cash and cash equivalents	11,273			11,273
Total assets	**94,454**	**(1,901)**	**(24)**	**92,529**
Equity	**(32,406)**	**(600)**	**72**	**(32,934)**
Equity attributable to the owners of the parent company	**(32,406)**	**(600)**	**72**	**(32,934)**
Issued share capital	2,999			2,999
Issue premiums	991			991
Translation reserves	(1)			(1)
Reserves	(6,983)		122	(6,861)
Net income	(29,412)	(600)	(50)	(30,062)
Non-controlling interests		**0**		**0**
Liabilities	**126,859**	**(1,301)**	**(96)**	**125,463**
Non-current liabilities	**103,656**	**(1,901)**	**(96)**	**101,659**
Non-current financial liabilities	87,456			87,456
Employee benefits	227		(96)	131
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**	**600**		**23,804**
Current financial liabilities	4,864			4,864
Provisions for risks and charges	0			0
Trade payables	9,786	(1,101)		8,684
Other current liabilities	8,554	1,701		10,255
Total liabilities	**94,454**	**(1,901)**	**(24)**	**92,529**

in EUR thousands	December 31, 2020 published	Presentation reclassification	IFRIC impact on IAS 19	December 31, 2020
Revenues	**62,060**			**62,060**
Other operating income and expenses	4,224	(4,779)		(555)
External services and purchases consumed	(57,993)	4,178		(53,815)
Payroll costs	(18,200)		(66)	(18,266)
Taxes and duties	(867)			(867)
Amortization	(4,443)			(4,443)
Net depreciation	(1,003)	(1,900)		(2,903)
Net provisions	(3,152)	1,900		(1,252)
Current operating income	**(19,373)**	**(601)**	**(66)**	**(20,039)**
Non-current operating income				
Operating income	**(19,373)**	**(601)**	**(66)**	**(20,039)**
Financial income				
Cost of gross financial debt	(5,251)	220		(5,031)
Other net financial income and expenses	(1,060)	(220)		(1,280)
Net financial income (expense)	**(6,311)**			**(6,311)**
Income before tax	**(25,684)**	**(601)**	**(66)**	**(26,351)**
Income tax	(3,728)		17	(3,711)
Consolidated net income	**(29,412)**	**(601)**	**(50)**	**(30,062)**
Of which share attributable to owners of the parent company	*(29,412)*	*(601)*	*(50)*	*(30,062)*
Of which minority interests				

in EUR thousands	January 01, 2020 published	Presentation reclassification	IFRIC impact on IAS 19	January 01, 2020
Non-current assets	**25,173**		**(41)**	**25,133**
Goodwill	1,523			1,523
Intangible assets	10,131			10,131
Property, plant and equipment	8,570			8,570
Non-current financial assets	723			723
Other non-current assets	14			14
Deferred tax assets	4,212		(41)	4,172
Current assets	**50,354**			**50,354**
Inventories	18,170			18,170
Receivables	25,519	(7,010)		18,509
Other current assets	3,752	7,010		10,762
Current financial assets				
Cash and cash equivalents	2,913			2,913
Total assets	**75,527**		**(41)**	**75,487**
Equity	**(3,441)**		**122**	**(3,319)**
Equity attributable to the owners of the parent company	**(3,441)**		**122**	**(3,319)**
Issued share capital	2,999			2,999
Issue premiums	82,585			82,585
Group translation reserves	0			0
Reserves	(62,677)		122	(62,556)
Net income	(26,347)			(26,347)
Non-controlling interests				
Minority interests				
Minority interests for the period				
Liabilities	**78,968**		**(162)**	**78,806**
Non-current liabilities	**35,286**		**(162)**	**35,124**
Financial liabilities	26,158			26,158
Employee benefits	235		(162)	73
Provisions for risks and charges	5,153			5,153
Other non-current liabilities	748			748
Derivative financial instrument	2,986			2,986
Deferred tax liabilities	5			5
Current liabilities	**43,682**			**43,682**
Financial liabilities	15,502			15,502
Provisions for risks and charges				
Trade payables	19,832	(8,919)		10,913
Other current liabilities	8,348	8,919		17,267
Total liabilities	**75,527**		**(41)**	**75,487**

There is no other change in accounting presentation or method during the period compared to the published financial statements for the year ended December 31, 2020.

The accounting presentation and methods are applied consistently over the periods presented.

5.6 Information by business segment and geographical area

Management has defined the business segments on the basis of the reporting which it analyses on a regular basis to make decisions regarding the allocation of resources to the segments and the assessment of their performance.

The Chairman and Chief Executive Officer (CEO) and the Executive Committee of Forsee Power are the Group's main operational decision-makers.

The Group's 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 engines for various means of transport (buses, commercial and "last-mile" vehicles, trams, trains, trucks and marine) and the market for stationary storage (residential, commercial and industrial).

5.6.1 Information by business segment

Information by business segment is tracked in internal management reporting at the revenue level only.

Information on income by business segment, including operating income, is not currently monitored by Management due to the limitations of the internal information system in allocating costs by business segment. The presentation of net income information by business segment limited solely to the presentation of revenues complies with IFRS 8, given the absence of any other more detailed internal management reporting available.

in EUR thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	December 31, 2021
Total revenues	**21,942**	**50,481**	**72,423**
Breakdown in %	*30.3%*	*69.7%*	*100.0%*

in EUR thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	December 31, 2020
Total revenues	**14,493**	**47,567**	**62,060**
Breakdown in %	*23.4%*	*76.6%*	*100.0%*

in EUR thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	Inter-sector and other	December 31, 2021
Non-current segment assets	8,941	31,186	1,611	41,738
Current segment assets	23,038	26,122	75,699	124,859
Non-current segment liabilities	(6,858)	(9,384)	(51,828)	(68,070)
Current segment liabilities	(12,054)	(6,538)	(10,711)	(29,304)
Total	**13,067**	**41,386**	**14,711**	**69,224**
Capitalization of R&D costs		4,106		4,106
Acquisition of fixed assets	1,320		3,935	5,255
Other non-current investment expenses	-	-		-
Total	**1,320**	**4,106**	**3,935**	**9,361**

in EUR thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	Inter-sector and other	December 31, 2020
Non-current segment assets	15,721	20,018	41	35,780
Current segment assets	17,556	36,031	3,162	56,749
Non-current segment liabilities	(14,240)	(6,365)	(81,053)	(101,659)
Current segment liabilities	(1,729)	(2,938)	(19,137)	(23,804)
Total	**17,308**	**46,746**	**(96,987)**	**(32,933)**
Capitalization of R&D costs		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**

Revenues from customers who individually represent more than 10% of revenues are €0 million for the LeV & Ind Tech (Light Vehicles and industrial tech) segment and €47.6 million for the HeV (Heavy Vehicles) segment as of December 31, 2021.

Revenues from customers who individually represent more than 10% of revenues are €0 million for the LeV & Ind Tech (Light Vehicles and industrial tech) segment and €37.4 million for the HeV (Heavy Vehicles) segment as of December 31, 2020.

Customers individually representing more than 10% of the Group's revenues are as follows:

in EUR thousands	Business segment concerned	December 31, 2021	*% of revenues*	December 31, 2020	*% of revenues*
Customer 1	HeV	33,317	*46.0%*	29,004	*46.7%*
Customer 2	HeV	7,236	*10.0%*	8,397	*13.5%*
Customer 3	HeV	7,038	*9.7%*		
Total		**47,590**	***65.7%***	**37,401**	***60.3%***

The orientations planned since 2021 by the Management allow to mitigate the degree of dependence on these customers.

5.6.2 Information by geographical area

in EUR thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	December 31, 2021	Breakdown in %
France	5,989	40,352	**46,342**	64.0%
Europe	2,793	10,040	**12,833**	17.7%
Asia	10,511	6	**10,517**	14.5%
United States	2,649		**2,649**	3.7%
Rest of the world		82	**82**	0.1%
Total revenues	**21,942**	**50,481**	**72,423**	**100%**

in EUR thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	December 31, 2020	Breakdown in %
France	5,846	38,340	**44,186**	71.2%
Europe	3,361	9,171	**12,532**	20.2%
Asia	3,520	6	**3,526**	5.7%
United States	1,645	30	**1,675**	2.7%
Rest of the world	121	20	**141**	0.2%
Total revenues	**14,493**	**47,567**	**62,060**	**100%**

in EUR thousands	December 31, 2021	December 31, 2020
France	40,890	34,252
Europe	34	155
Asia	814	1,373
United States	0	0
Rest of the world	0	0
Total non-current assets	**41,738**	**35,780**

in EUR thousands	December 31, 2021	December 31, 2020
France	8,041	5,781
Europe	13	11
Asia	1,307	703
United States	0	0
Rest of the world	0	0
Total investments	**9,361**	**6,495**

5.7 Information relating to items in the consolidated statement of financial position

5.7.1 Goodwill

Goodwill is allocated to the following CGUs:

in EUR thousands	December 31, 2020	December 31, 2021
Goodwill from Ersé activities in Poland (2012) (1)	219	219
Goodwill Light Vehicles and Industrial Tech CGU	**219**	**219**
Goodwill from Dow Kokam activities (2013) (2)	1,304	1,304
Goodwill Heavy Vehicles CGU	**1,304**	**1,304**
Total	**1,523**	**1,523**

(1) The acquisition in March 2012 from Ersé of the Polish company Energy One (subsequently renamed Forsee Power Spz).

The acquisition of a 51% stake in Energy One in March 2012 was treated by measuring the fair value of the net identifiable assets of the non-controlling interests (minority interests), resulting in the recognition of full goodwill allocated between the Group share and the share of minority interests.

The successive purchase between October 2013 and October 2014 of the 49% held by minority interests was treated in the consolidated financial statements as a transaction between partners in equity in accordance with IFRS 10, and without impact on the goodwill measured at the 2012 acquisition.

(2) The acquisition of Dow Kokam France business activities in 2013 generated goodwill of €1,304 thousand after recognition of a contingent liability of € 6.5 million related to a litigation in progress at the acquisition date with the tax authorities over 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 of June 30, 2017.

No indication of impairment was identified as of December 31, 2021 for these two CGUs.

Impairment tests are performed using a valuation 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)). The discount rate is determined by taking into account the specific characteristics of each CGU's business in terms of country risk and tax rate, and a premium in the event that the assumptions used in the business plan are not met. The average growth rate over the period 2022 to 2027 includes an initial period of strong growth in activity over the period 2022 to 2023, followed by a limited increase of 20% from 2026. The long-term growth rate is determined on the basis of growth forecasts by geographic region, taking into account the breakdown of revenues by region.

	Light Vehicles and Industrial Tech (LeV & Ind Tech)		Heavy Vehicles (HeV)	
in %	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Discount rate (WACC)	14.14%	11.43%	14.04%	11.39%
Average growth rate of 2022-2027 revenues	43.46%	46.66%	46.92%	
Long-term growth rate	3.01%	1.80%	1.46%	1.80%

The impairment test did not lead to recognize any impairment at December 31, 2021. The recoverable amounts obtained by the model for each CGU are higher than the net book value of the capital employed for each CGU.

The Group has not recognized any impairment on these two goodwill items since their acquisition.

In view of the absence of impairment to be recognized on the goodwill, the 2022-2027 strategic plan used in the determination of cash flows has not been discounted for the positive elements expected from the acquisition of the Holiwatt rail activity in July 2021, the strategic partnership signed in October 2021 with the Ballard Power Systems Group, and the initial public offering in November 2021. As these three elements occurred in the second half of 2021, their effects will be modelled from 2022 onwards.

No reasonably possible change in the key assumptions would result in an impairment being recognized. An impairment would have to be recognized in the event of a change in the following key assumptions:

	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)
	Impairment to be recognized in the event of a change in:	
Discount rate (WACC)	34.25%	35.12%
Average growth rate of 2022-2027 revenues while maintaining the margin rate of the business plan	(4.10)%	0.14%

Changes for the years 2021 and 2020 are as follows:

in EUR thousands	December 31, 2020	Increase due to changes in the scope of consolidation	Impairment	Currency translation effects	December 31, 2021
Goodwill	1,523				1,523
Total	**1,523**				**1,523**
Depreciation					
Goodwill					
Total					
Goodwill	**1,523**				**1,523**

in EUR thousands	December 31, 2019	Increase due to changes in the scope of consolidation	Impairment	Currency translation effects	December 31, 2020
Goodwill	1,523				1,523
Total	**1,523**				**1,523**
Depreciation					
Goodwill					
Total					
Goodwill	**1,523**				**1,523**

5.7.2 Intangible assets

in EUR thousands	December 31, 2020	Holiwatt acquisition	Additions	Decrease Reversals	Reclassification	Currency translation effects	Grant given for R&D financing	December 31, 2021
Gross intangible assets								
Development costs	4,702		0		8,787			13,489
Ongoing development costs	9,514		4,106		(8,787)			4,833
Software and patents	1,461	1,008	279					2,748
Other intangible assets	145		46			18		209
Intangible assets in progress	500		2	(0)	(0)		(337)	164
Total	**16,322**	**1,008**	**4,433**	**(0)**		**18**	**(337)**	**21,444**
Depreciation, amortization and impairment								
Development costs	(2,908)		(2,012)					(4,920)
Software	(1,279)		(220)					(1,499)
Other intangible assets	(74)		(48)			(10)		(133)
Total	**(4,262)**		**(2,280)**			**(10)**		**(6,552)**
Net intangible assets	**12,060**	**1,008**	**2,153**	**(0)**		**7**	**(337)**	**14,892**

No indication of impairment of intangible assets has been identified as of December 31, 2021.

Non-capitalized research and development costs amount to €3,932 thousand as of December 31, 2021, and €4,951 thousand as of December 31, 2020.

Changes from the previous period in 2020 are as follows:

in EUR thousands	December 31, 2019	Change in scope of consolidation	Additions	Decrease Reversals	Reclassification	Currency translation effects	Other	December 31, 2020
Gross intangible assets								
Development costs	4,702							4,702
Ongoing development costs	8,616		4,018		(3,120)			9,514
Software and patents	1,310		151					1,461
Other intangible assets	143		16	(10)		(4)		145
Intangible assets in progress	(2,502)		0	(118)	3,120			500
Total	**12,269**		**4,185**	**(128)**		**(4)**		**16,322**
Depreciation, amortization and impairment								
Development costs	(1,003)		(1,905)					(2,908)
Software	(1,099)		(180)					(1,279)
Other intangible assets	(36)		(40)			2		(74)
Total	**(2,138)**		**(2,125)**			**2**		**(4,262)**
Net intangible assets	**10,131**		**2,059**	**(128)**		**(2)**		**12,060**

5.7.3 Property, plant and equipment

in EUR thousands	December 31, 2020	Holiwatt acquisition	Additions	Decrease Reversals	Reclassification	Currency translation effects	New leases IFRS 16	December 31, 2021
Gross property, plant and equipment								
Buildings	17		148			5		171
Rights of use on real estate	12,352			(979)	(393)	95	(16)	11,059
Technical installations, equipment and tools	7,003		1,736	(103)	(2)	72		8,707
Other property, plant and equipment	2,297	50	1,113	(91)	277	69		3,714
Rights of use on other property, plant and equipment	280			(207)		(0)	87	160
Property, plant and equipment in progress	4,196		524	(277)	(275)	24		4,192
Advances and deposits on property, plant and equipment			1,109					1,109
Total	**26,146**	**50**	**4,630**	**(1,657)**	**(393)**	**266**	**70**	**29,112**
Depreciation, amortization and impairment								
Buildings	(11)		(9)			(0)		(20)
Rights of use on real estate	(3,257)		(1,064)	979	306	(73)		(3,109)
Technical installations, equipment and tools	(4,612)		(953)	61		(22)		(5,526)
Other property, plant and equipment	(1,313)		(429)	27		(25)		(1,741)
Rights of use on other property, plant and equipment	(221)		(59)	207		0		(73)
Total	**(9,414)**		**(2,515)**	**1,274**	**306**	**(120)**		**(10,469)**
Net property, plant and equipment	**16,731**	**50**	**2,115**	**(383)**	**(87)**	**146**	**70**	**18,643**

No indication of impairment of property, plant and equipment has been identified as of December 31, 2021.

Changes from the previous period in 2020 are as follows:

in EUR thousands	December 31, 2019	Change in scope of consolidation	Additions	Decrease Reversals	Reclassification	Currency translation effects	Adoption of IFRS 16	December 31, 2020
Gross property, plant and equipment								
Buildings	18					(1)		17
Right to use for real estate	4,083					(21)	8,290	12,352
Technical installations, equipment and tools	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)
Depreciation of right of use for real estate	(2,078)		(1,194)			15		(3,257)
Technical installations, equipment and tools	(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)**
Net property, plant and equipment	**8,570**		**(18)**	**(391)**	**26**	**231**	**8,313**	**16,731**

The increase in fixed assets relating to the right of use for real estate corresponds mainly to the start of the off-plan lease for the Chasseneuil-du-Poitou site.

5.7.4 Financial assets

in EUR thousands	December 31, 2020	Holiwatt acquisition	Additions	Decrease Reversals	Reclassification	Currency translation effects	Other	December 31, 2021
Financial assets								
Financial instruments not held for trading (1)	558	0	(0)		284	(0)		842
Other fixed assets			5			0		5
Assets and securities held under liquidity contract (2)			500	(14)	(153)			333
Guarantee deposits and sureties paid	177		298	(45)	(1)	6		435
Pledge on cash (3)	3,663					310		3,973
Total	**4,398**	**0**	**803**	**(58)**	**130**	**316**	**(0)**	**5,588**
Of Which								
Current								
Non- Current	4,398	0	803	(58)	130	316	(0)	5,588

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 €842 thousand (see Note 3.2.2.6 & 3.3.7);
2) On November 26, 2021, the company signed a liquidity and stabilisation contract with an independent investment services (ISP) company to trade on the Euronext Paris market with a view to ensure the liquidity of transactions and regular trading of Forsee Power shares (see Note 3.3.13).
3) Cash pledge of $4,500 thousand (i.e. €3,973 thousand as of December 31, 2021) for the Documentary SBLC from November 2020 with a maturity of December 31, 2021 with a foreign cells supplier (see Note 3.3.10.(d)). The maturity of the cash pledge has been extended to December 31, 2022.

The breakdown and changes in the liquidity contract over 2021 are as follows:

in EUR thousands	*Number of shares*	December 31, 2021
Assets made available for subscription to the liquidity contract		500
Purchase of Forsee Power shares	*39,614*	(243)
Sale of Forsee Power shares	*(12,547)*	77
Total liquidity portion presented in Financial assets		**333**
Forsee Power shares held under liquidity contract	*27,067*	164
Change in fair value		(11)
Total portion of shares held presented as a deduction from equity		**153**
Total Liquidity contract		**486**

Non-current non-interest-bearing financial assets have not been discounted to December 31, 2021 due to the non-material amounts and the 1-year Euribor rate.

Changes from the previous period in 2020 are as follows:

in EUR thousands	December 31, 2019	Change in scope of consolidation	Additions	Decrease Reversals	Reclassification	Currency translation effects	Other	December 31, 2020
Financial assets								
Financial instruments not held for trading (1)	558					(0)		558
Guarantee deposits and sureties paid	165		3,674		1	(0)		3,840
Other financial assets (payments to be made)	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) 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 Notes 3.2.2.6 & 3.3.7).

5.7.5 Inventories and work in progress

in EUR thousands	December 31, 2021	December 31, 2020 (restated)
Raw materials and other supplies	19,247	17,327
Work in progress	1,611	1,463
Goods and finished products	11,896	13,506
Impairment of inventories	(4,337)	(4,013)
Net inventories	**28,417**	**28,284**

There are no pledged inventories as of December 31, 2021, although the credit line financing is still in place as of December 31, 2021 (see Note 3.3.10.(e)).

The gross value of the inventory as of December 31, 2021 amounts to €32.8 million, for an impairment amount of €4.3 million.

The gross value of inventories as of December 31, 2020 was €32.3 million, for an impairment amount of €4.0 million.

An impairment of €1.9 million was recognized 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 ranges are partly competing with other products launched more recently by the Group.

This provision of €1.9 million, initially recognised as a provision for risks and charges in the published financial statements at December 31 2020, has been reclassified under the inventory depreciation heading in relation to the inventories concerned (see Note 5.4).

5.7.6 Trade receivables

in EUR thousands	December 31, 2021	December 31, 2020
Trade receivables	10,616	8,789
Impairment of trade receivables	(45)	(184)
Receivables	**10,571**	**8,605**

The Group has set up programs to assign operating receivables to banks (see Note 3.3.10):

- The amount of receivables assigned without recourse (HSBC contract) and which are no longer presented in the balance sheet is €4,067 thousand as of December 31, 2021 (€2,086 thousand as of December 31, 2020);
- The amount of receivables assigned with recourse (BNP contract) and which are presented on the balance sheet is €0 as of December 31, 2021 following the closing of the contract in June 2021 (€1,520 thousand as of December 31, 2020);
- Under the factoring agreement included in a customer's reverse factoring programme, as of December 31, 2021 the Group has discounted €629 thousand of receivables with a maturity date later than December 31, 2021 with Banco Santander (no receivables were assigned as of December 31, 2020).

The amount of expected credit losses is not material and has not been recognized as of December 31, 2021.

The schedule of trade receivables is as follows:

in EUR thousands	December 31, 2021	December 31, 2020
Trade receivables	**10,616**	**8,789**
Not yet due	5,238	8,037
Past due	5,378	752

Past due receivables do not present any particular risk of non-recovery or of an increase in the level of expected credit losses. Settlements on the most significant overdue receivables were made in January and February 2022.

5.7.7 Other assets

in EUR thousands	December 31, 2021	December 31, 2020
Trade payables - Advances and deposits paid	8,121	5,574
Social security receivables	15	24
Tax receivables	2,000	456
Shareholder loans	183	270
Miscellaneous debtors (1)	2,093	1,344
Prepaid expenses (2)	949	1,205
Impairment of other current assets	(30)	(30)
Other receivables presented in WCR	**13,331**	**8,843**
Trade receivables- Advances paid on fixed assets	0	0
Corporate income tax receivables (3)	2,491	344
Other assets	**15,821**	**9,187**
Of which		
Current	*15,101*	*8,587*
Non-current	*720*	*600*

1) Of which €1,916 thousand as of December 31, 2021 in current accounts and holdbacks on receivables assigned to the HSBC factoring company for non-recourse factoring (€1,135 thousand as of December 31, 2020);

   Of which €2 thousand in guarantees and holdbacks on assigned receivables still to be received from the BNP factoring company following the closing of the agreement in June 2021 (€140 thousand as of December 31, 2020).

2) Of which €690 thousand in lease liabilities as of December 31, 2021 compared to €559 thousand as of December 31, 2020.

3) Of which €2,237 thousand as of December 31, 2021 in research tax credit (CIR) receivables relating to the 2018 financial year in the amount of €726 thousand, the 2019 financial year in the amount of €841 thousand and the 2020 financial year in the amount of €670 thousand. The amount of the CIR for the 2021 thousand was not valued on the reporting date (see Note 3.1.2.c).

5.7.8 Cash

in EUR thousands	December 31, 2021	December 31, 2020
Cash equivalents	0	0
Cash	70,770	11,273
Cash and cash equivalents	**70,770**	**11,273**
Cash and cash equivalents	70,770	11,273
Bank overdrafts	0	0
Net cash	**70,770**	**11,273**

Cash and cash equivalents as of December 31, 2021 consist of demand deposits in euros (€) and US dollars ($).

The balances for the previous period are as follows:

in EUR thousands	December 31, 2020	December 31, 2019
Cash equivalents	0	0
Cash	11,273	2,913
Cash and cash equivalents	**11,273**	**2,913**
Cash and cash equivalents	11,273	2,913
Bank overdrafts	0	0
Net cash	**11,273**	**2,913**

5.7.9 Equity

5.7.9.1 Share capital and issue premium

The change in share capital and issue premium during the year was as follows :

in EUR thousands	Number of shares or units	Par value	Amount share capital	Amount of issue premium net of expenses
As of December 31, 2020	**299,876**	**€10.00**	**2,999**	**991**
Capital increase at the Extraordinary General Meeting of September 28, 2021 (OCS conversion)	76,923	€10.00	769	29,082
Capital increase Extraordinary General Meeting of September 28, 2021 (by offsetting debt held on a related party)	3,296	€10.00	33	2,109
Capital increase Extraordinary General Meeting of September 29, 2021 (by offsetting debt held by a related party)	14,074	€10.00	141	9,007
Total before capital split	**394,169**	**€10.00**	**3,942**	**41,190**
Capital split Extraordinary Shareholders' Meeting of October 15, 2021 (reduction of the nominal value)	39,416,900	€0.10	0	0
Capital increase on November 3, 2021 (initial public offering IPO)	13,793,103	€0.10	1,379	91,756
As of December 31, 2021	**53,210,003**	**€0.10**	**5,321**	**132,949**

The number of Forsee Power SA shares outstanding as of December 31, 2021 is 53,210,003 at a par value of € 0.10, representing a total share capital of €5,321,0000.

A €30 million capital increase was carried out on September 28, 2021 through the conversion of 76,923 convertible bonds (OC5).

This capital increase was completed on September 28 and 29, 2021 by a capital increase of €2,142 thousand and €9,148 thousand respectively by offsetting receivables held by related parties.

The extraordinary shareholder meeting of October 15, 2021 adopted the following provisions:

- A 100-fold split of the nominal value of Forsee Power SA shares and a 100-fold increase in the number of shares of the company;
- The change in the company's legal form with the transformation from *a société par action simplifiée* (simplified joint stock company - SAS) to a société anonyme (joint stock company - SA) with a Board of Directors.

On November 3, 2021, Forsee Power SA completed an initial public offering (IPO) of €100 million through the issuance of 13,793,103 new ordinary shares at a price of €7.25 per share, followed by the start of trading in the shares in Compartment B of the Euronext Paris regulated market.

This initial public offering was followed by an over-allotment option (Greenshoe) between November 3 and December 2, 2021 on 1,116,731 existing ordinary shares acquired from the selling shareholders at the offering price of €7.25, representing a total amount of €8,096 thousand.

Total costs related to the IPO amounted to €7,453 thousand, of which €6,865 thousand was charged to the issue premium and €788 thousand was presented as non-current operating expenses. The net proceeds of the cash capital increase amounted to €92.5 million.

5.7.9.2 Dividends

Forsee Power SA did not pay any dividend for the financial year ended December 31, 2020.

The company does not intend to pay a dividend for the financial year ended December 31, 2021.

5.7.9.3 Share-based payments

5.7.9.3.1 Share subscription warrants as guarantee warrants

As part of the latest fundraising, the company issued several guarantees to new investors to cover certain losses related to specific risks. These financial guarantees took the form of the issue of several share subscription warrants (BSA) or guarantee warrants:

- 100 BSA_{G1} at the extraordinary shareholder meeting of December 18, 2017 at a total issue price of one euro (€1), convertible into a maximum of 52,748 C3 preference shares;
- 100 $BSA_{\text{EIB Warrant B}}$ on March 15, 2018 at a total issue price of one euro (€1), convertible into a maximum of 1,650 C3 preference shares;
- 100 BSA_{G2} at the extraordinary shareholder meeting of December 21, 2018 at a total issue price of one euro (€1), convertible into a maximum of 26,375 C3 preference shares.

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 features similar to Ratchet warrants, enabling investors to maintain their average investment price. These guarantee 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 factors, these share subscription warrants are considered to be equity instruments under IAS 32, and will be recognized in equity for their transaction amount on the issue and exercise dates.

The 100 BSA_{G1} and 100 BSA_{G2} were cancelled at the extraordinary shareholder meeting of September 28, 2021, and the 100 $BSA_{\text{EIB Warrant B}}$ were cancelled at the time of the September 28, 2021 waiver agreement with the EIB (see Note 2).

5.7.9.3.2 Share subscription warrants

Forsee Power has issued share subscription warrants (BSA) to the European Investment Bank (EIB) (see Notes 7.12 and 7.13):

- 6,857 BSA $_{\text{EIB Warrant A}}$ giving access to 854,000 ordinary shares (AO) issued on March 18, 2018 in addition to the €20 million financing;
- 3,500 BSA $_{\text{EIB Warrant B}}$ giving access to 386,400 ordinary shares (AO), issued on June 4, 2021 in addition to the €21.5 million financing.

5.7.9.3.3 Stock options and free share

The table below shows the stock options (SO) and free shares as of December 31, 2021:

	Grant date	Number of stock options granted	Number of cancelled SOs	number of SOs options outstanding	number of shares subscribed upon exercise of SOs	Vesting period	Maturity
Stock options (2018 SO) (1)(3)	April 02, 2019	600,000	0	600,000	600,000	4 years	02 April 2023
Stock options (2018 SO) (1) (3)	January 28, 2020	180,000	(75,000)	105,000	105,000	4 years	28 January 2024
Stock options (2018 SO) (1) (3)	November 13, 2020	75,000	0	75,000	75,000	4 years	13 November 2024
Stock options (2021 SO) (2)(3)	August 12, 2021	1,500,000	0	1,500,000	1,500,000	2 months	05 August 2036
Total		**2,355,000**	**(75,000)**	**2,280,000**	**2,280,000**		

(1) Grants under the 2018 Stock Option Plan (SO 2018) authorized by the shareholders' meeting of December 18, 2018. These 2018 SOs include a vesting period set at 4 years with a presence requirement ending between April 2, 2023 and November 13, 2024. The grants were made to the Chairman, members of the Management Board and employees considered key to the company Forsee Power SA.

(2) 1,500,000 stock options (SO 2021) giving access to 1,500,000 ordinary shares were granted on August 12, 2021 to the Chairman of the Board of Directors as compensation for services rendered. These 1,500,000 SO include "off-market" performance conditions (conversion of the OC5 and finalization of the acquisition of the Holiwatt assets) which were exercised on September 27 and 28, 2021. These 1,500,000 stock options include an initial blocking period of 2 years ending on August 12, 2023 and can be exercised over a period of between the 2nd year and the 15th year following the date of grant. The Management has estimated at the date of grant an expected exercise schedule for these 1,500,000 options, which between 2023 and 2025.

(3) The number of options has been adjusted following the division by 100 of the par value of Forsee Power SA shares decided by the Extraordinary General Meeting of October 15, 2021.

	Grant date	Number of free shares granted	Number of cancelled free shares	number of free shares outstanding	number of shares subscribed upon exercise of free shares	Vesting period	Maturity
Free shares (2021 free share grant) (1)(3)	September 14, 2021	382,000	0	382,000	382,000	1 year	14 September 2022
Free shares (2021 free share grant R) (2)	October 15, 2021	282,616	0	282,616	282,616	2 years	15 October 2023
Total of Free Shares		**664,616**	**0**	**664,616**	**664,616**		

(1) The Board of Directors awarded 382,000 free shares (2021 free share grants) on September 14, 2021 to members of the Executive Committee and to employees considered as key to Forsee Power SA. These 2021 free share grants have a vesting period of one year with an attendance requirement ending on September 14, 2022.

(2) On October 15, 2021, the Board of Directors, acting on a delegation of authority from the shareholders' meeting of the same day, decided to grant the Chairman of the Board of Directors, in addition to his compensation for the 2021 financial year, a maximum of 1,000,000 free shares and/or stock options, to be

definitively allocated by June 30, 2022. On April 6, 2022, the Board of Directors finally definitively allocated a number of 282,616 free shares (2021 free shares grant R) following the recommendation of the Appointments and Remuneration Committee on April 1, 2022. This allocation of 282,616 free share grants as part of the Chairman's 2021 variable compensation is subject to a two-year attendance requirement ending on October 15, 2023, followed by an obligation to retain the shares subscribed for a limited period. The expense relating to these 282,616 bonus shares has been recognized in the financial statements for the year ended December 31, 2021, pro rata to the beneficiary's attendance requirement.

(3) The number of bonus shares has been adjusted following the division by 100 of the nominal value of the shares of Forsee Power SA decided by the Extraordinary General Meeting of October 15, 2021.

The expense recognized over the periods presented for share-based transactions is as follows:

in EUR thousands	**December 31, 2021**	**December 31, 2020**
Costs recognized in specific reserves at the beginning of the period	**733**	**268**
Expenses recognized in the income statement for the period (services rendered)	5,556	464
Cancellation of past costs of options that lapsed during the period (forfeiture related to the continuous employment condition)	(56)	0
Reversal of costs of grants exercised during the period (vested related to the exercise of the option)	0	0
Specific reserve costs at the end of the period	**6,232**	**733**
Expenses to be recognized in future years	4,298	1,323
Total probable cost of grants estimated at the closing date	**10,529**	**2,056**

The expense recognized in the income statement for the periods breaks down as follows:

in EUR thousands	**December 31, 2021**	**December 31, 2020**
Stock-Options (SO 2018)	483	464
Stock-Options (SO 2021)	4,122	0
Free shares (2021 free share grant)	735	0
Free shares (2021 R free share grant)	216	0
Total	**5,556**	**464**

The expense to be recognized in future years is broken down as follows:

in EUR thousands	**December 31, 2021**	**December 31, 2020**
2021	0	514
2022	3,242	514
2023	1,009	246
2024	47	50
Total	**4,298**	**1,323**

The expense to be recognized over the years breaks down as follows according to the plans:

in EUR thousands	**December 31, 2021**	**December 31, 2020**
Stock-Options (SO 2018)	716	1,323
Stock-Options (SO 2021)	0	0
Free shares (2021 free share grant)	1,748	0
Free shares (2021 R free share grant)	1,833	0
Total	**4,298**	**1,323**

The table below summarizes the data used in the stock option valuation model.

		Assumptions used as of December 31, 2021 - at fair value per share according to IFRS 2 (Black & Scholes)				**Unit valuation under IFRS 2 (1)**	**IFRS 2 probable cost**
	Grant date	**Strike price in € (1)**	**Risk-free interest rate**	**Risk premium**	**Expected volatility**		**in EUR thousands**
Stock options (2018 SO)	April 2, 2019	€ 3.40	-0.44%	10.0%	69.6%	€ 2.39	1,432
Stock options (2018 SO)	January 28, 2020	€ 3.40	-0.59%	10.0%	70.8%	€ 2.40	252
Stock options (2018 SO)	November 13, 2020	€ 3.40	-0.74%	10.0%	80.4%	€ 2.56	192
		€ 6.50	-0.72%	0.0%	71.7%	€ 2.94	
Stock options (2021 SO) (2)	August 12, 2021	€ 6.50	-0.71%	0.0%	68.5%	€ 2.87	4,122
		€ 6.50	-0.60%	0.0%	65.7%	€ 3.14	
Free shares (2021 free share grant)	September 14, 2021	- €	-0.68%	0.0%	65.9%	€ 6.50	2,483
		- €	-0.67%	0.0%	71.5%	€7.25	
Free shares (2021 R free share grant) (3)	October 15, 2021	- €	-0.58%	0.0%	69.0%	€ 7.25	2,049
		- €	-0.38%	0.0%	65.6%	€ 7.25	
Total							**10,529**

(1) 100-fold split of the nominal value of the share decided by the Extraordinary Shareholder meeting of October 15, 2021.

(2) The probable cost of the 1,500,000 Stock Options granted on August 12, 2021 has been estimated on the basis of an expected option exercise schedule between 2023 and 2025.

(3) The probable cost of the 282,616 Free Shares granted on October 15, 2021 has been estimated on the basis of an expected exercise schedule for the options which extends from 2023 to 2025. The valuation of the option takes into account a Forsee Power share value of €7.25 as retained for the capital increase decided by the Combined General Meeting on 15 October 2021.

The employer's contribution recorded on the allocation of Stock options or Free Shares breaks down as follows as follows:

in EUR thousands	**December 31, 2021**	**December 31, 2020**
Employer's contribution recorded in previous years	648	455
Employer's contribution recognized in the year	1,143	193
Total recognized employer contribution	**1,791**	**648**

The employer's contribution is paid in the year of allocation for Stock Options and at the time of final vesting for free shares. The estimated amount of the employer's contribution in respect of the various Free Shares grants is €698 thousand, of which €412 thousand was recognized as a social security liability at December 31, 2021 and €286 thousand remains to be recognized in future years, broken down as follows:

in EUR thousands	
Employer's contribution on free share grants to be recognized in 2022	160
Employer's contribution on free share grants to be recognized in 2023	126
Total Employer's contribution estimated on free share grants to be recognized in next years	**286**

5.7.9.4 Treasury shares

Treasury shares consist of Forsee Power SA shares held by the Group through an independent investment services company (Kepler Cheuvreux) in charge of the liquidity contract (see Notes 3.3.13 and 7.4).

Under this liquidity contract, the Group held 27,067 Forsee Power SA shares at December 31, 2021, representing a value of €153 thousand.

Treasury shares held under the liquidity contract are deducted from equity.

5.7.9.5 Translation reserves

The translation reserve by currency is as follows:

in EUR thousands		December 31, 2021	December 31, 2020
Hong Kong dollar	HZD	19	0
Yuan renminbi	RMB	(204)	0
Zloty	PLZ	0	0
Indian rupee	INR.	(13)	(1)
Singapore dollar	SGD	0	0
Translation reserve - Group share		**(196)**	**(1)**

The functional currency 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 of December 31, 2021 (see Notes 3.2.2.3 and 5.3).

5.7.9.6 Earnings per share

	December 31, 2021	December 31, 2020
Consolidated net income	(38,097)	(30,062)
Average number of shares outstanding	34,565,302	29,987,600
Earnings per share	**€(1.10)**	**€(1.00)**

The weighted average number of ordinary shares outstanding presented for the comparative year to December 31, 2020 has been adjusted for the reduction in the nominal value of Forsee Power SA shares decided by the Extraordinary General Meeting on October 15, 2021.

Under IAS 33, diluted earnings per share are equal to earnings per share if there is a loss.

5.7.10 Provisions for risks and charges

Changes from the period and the previous period are as follows:

in EUR thousands	December 31, 2020	Holiwatt acquisition	Additions	Reversals	Of which used	Reclassification	Fair value	Currency translation effects	December 31, 2021
Provisions for after-sales warranty and recycling	4,255		2,346	(2,613)	(976)			0	3,988
Provisions for litigation	2,158		114	(944)	(324)				1,328
Provisions	**6,413**		**2,459**	**(3,557)**	**(1,300)**			**0**	**5,316**
Of which									
Current									
Non-current	6,413		2,459	(3,557)	(1,300)			0	5,316

in EUR thousands	December 31, 2019	Holiwatt acquisition	Additions	Reversals	Of which used	Reclassification	Fair value	Currency translation effects	December 31, 2020
Provisions for after-sales warranty and recycling	3,259		1,660	(664)	(664)	0		(0)	4,255
Litigation	1,895		377	(113)	(113)	(0)			2,158
Provisions	**5,153**		**2,037**	**(777)**	**(777)**			**(0)**	**6,413**
Of which									
Current									
Non-current	5,153		2,037	(777)	(777)			(0)	6,413

The main provisions for risks and charges are detailed below:

- The provision for after-sales service guarantees recognised as of December 31, 2021 amounts to €3,279 thousand (€2,476 thousand as of 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.

- The recycling provision of €709 thousand as of December 31, 2021 (€999 thousand as of December 31, 2020) was made to cover the estimated future costs of recycling the battery systems sold for which the Group has a recovery and recycling commitment in the event of customers returning the batteries.

  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 decrease in this provision between the two years is the direct consequence of the change of supplier by the Group in 2021. As the new supplier is located in Poland and charges lower tonnage rates, the provision has also decreased.

- The Provisions for litigation, representing a total of €1,328 thousand as of December 31, 2021, and correspond to the valuation of other risks, such as risks of customer penalties, including disputes with Unu GmbH presented below.

Disputes with Unu GmbH:

The referral procedure

On March 12, 2021, Unu GmbH filed an application for court-ordered expert assessment with the Paris Commercial Court against Forsee Power and its former insurer, Generali (see Note 7.10). Unu GmbH is suing the Company on the basis of product liability and common law contractual liability, alleging that the batteries are defective and do not meet the technical characteristics agreed between the parties under the terms of the supply agreement of July 23, 2016 and its amendment of June 29, 2018. The Company did not object to this request for a court-ordered expert assessment, but stated that it should also cover the scooters produced by Unu GmbH, the characteristics of which do not comply with the initial contractual specifications and are the cause of the battery malfunctions.

Pursuant to an order dated March 31, 2021, the judge in summary proceedings ordered the appointment of a legal expert whose mission was to study both the batteries and the scooters in order to determine the origin of the malfunctions, the associated disorders and therefore the responsibilities. As the initially appointed expert withdrew, the judge in summary proceedings ordered the appointment of a new expert by an order dated April 16, 2021.

The expert heard the various arguments put forward by the parties from May 5, 2021, but has not yet appointed a laboratory to carry out the necessary tests on the batteries and scooters. However, the expert has repeatedly pointed out the difficulties of cooperation with Unu GmbH, which refuses to provide certain key documents for the expert assessment, in particular the test reports for its scooters.

On December 31, 2021, Unu GmbH filed a summary action against Forsee Power before the Paris Commercial Court to replace the legal expert appointed in April 2021, on the grounds that the expert is categorically biased and does not have sufficient competence to carry out the court-ordered expert assessment. On January 26, 2022, the Company responded to these arguments by stating that the judge in summary proceedings did not have jurisdiction and that the case should be brought before the supervisory judge. The Company also rejected Unu GmbH's arguments regarding the alleged bias or incompetence of the expert.
In a ruling dated March 18, 2022, the judge in summary proceedings of the Paris Commercial Court ruled that it had no jurisdiction. The case was brought before the supervisory judge, who is due to decide in April on the replacement of the expert.

The trial proceedings

On November 2, 2021, in spite of the expert assessment in progress, Unu GmbH sued Forsee Power on the same grounds before the Paris Commercial Court ruling as a trial judge, and claimed €15,845 thousand for material losses suffered as well as €50 thousand for non-material losses. The court remanded the case to May 25, 2022 for a procedural hearing. The Company expects the Court to stay proceedings until the expert report is filed.

Provision retained in the accounts

The provision recorded in the consolidated financial statements for the financial year ended December 31, 2021 in the amount of €651 thousand therefore includes the fees of the Company's legal counsel as well as those of the legal expert and external experts used by the Company.
The company considers that the claims of Unu GmbH are unfounded and intends to assert its rights and legal arguments legitimizing at this stage of the procedure the absence of provision for risks beyond the legal costs mentioned

5.7.11 Post-employment benefits and Long-service awards

5.7.11.1 Defined contribution plan

An expense of €1,194 thousand has been recognized as of December 31, 2021 (€907 thousand as of December 31, 2020) for defined contribution plans in France.

5.7.11.2 Defined benefit 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	December 31, 2021	December 31, 2020
Retirement bonuses	181	131
Long-service awards	0	0
Total	**181**	**131**

in EUR thousands	December 31, 2021	December 31, 2020
Commitment at the start of the period	**131**	**73**
Services rendered	45	58
Interest on debt	1	
Actuarial gains or losses arising from changes in financial and demographic assumptions (experience gains)	4	
Actuarial gains and losses on departures of plan beneficiaries		
Benefits paid at the time of retirement		
Commitment for retirement benefits at end of period	**181**	**131**

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 valuations consist of:

	December 31, 2021	December 31, 2020
Financial assumptions		
Discount rate	0.82%	0.65%
Salary growth rate	1.00%	1.00%
Rate of social security charges, management	48.00%	44.00%
Rate of social security charges, non-management	36.70%	17% to 35%
Demographic assumptions		
Employee turnover aged under 35	7.50%	7.50%
Employee turnover between 36 and 45	5.00%	5.00%
Employee turnover aged over 46	2.50%	2.50%
Age of retirement used for management	64 years	64 years
Age of retirement used for non-management	64 years	64 years
Mortality table	INSEE 2021	INSEE 2019

The discount rates applied are based on the rate of return on bonds issued by leading companies with a maturity equivalent to the duration of the plans being valued, approximately 10 years. The rate was determined based on market indices for AA-rated bonds available at end-December 2021.

The Sensitivity analyses of the commitment have been performed as of December 31, 2021 on the following key assumptions:

	Gross impact on commitments as of December 31, 2021	% of total commitments as of December 31, 2021
Discount rate		
Change in discount rate of -0.25%	5	2.98%
Change in discount rate of +0.25%	(5)	(2.85)%
Turnover rate		
-1.00% change in employee turnover	31	17.38%
+1.00% change in employee turnover	(26)	(14.35)%
Salary growth rate		
Change of +1.00%	23	12.62%
Change of +2.50%	65	36.03%
Retirement age		
Departure at age 65	(4)	(2.41)%
Departure at age 67	(25)	(13.76)%

5.7.12 Borrowings and financial liabilities

in EUR thousands	December 31, 2020	Issuance	Repayments	Loan issuance costs	Interest on zero rate loans	Reclassification	Currency translation effects	Effective interest method impact	Net change	Conversion to capital	Fair value	Loan issuance IFRS 16	December 31, 2021
Bonds (1)	28,727					0		0		(30,000)	1,272		0
EIB loans (2)	18,765	30,000	(28,500)	(108)				2,467			(2,273)		20,351
BPI Atout loan (4)	5,000		(625)										4,375
BPI state-guaranteed loan (3)	5,000												5,000
BNP State-guaranteed loan (3)	6,263				278	197		7					6,746
HSBC State-guaranteed loan (3)	6,263				305	79		7					6,654
Right-of-use liability - non-current	9,289					(939)	17					70	8,437
Deposits and guarantees received	56		(36)										20
Related party liabilities	6,821									(6,491)			331
Debt for financing trade receivables (4)	1,382								(1,381)				
Long-term financial debt	**87,566**	**30,000**	**(29,161)**	**(108)**	**583**	**(663)**	**17**	**2,482**	**(1,381)**	**(36,491)**	**(1,001)**	**70**	**51,915**
Accrued interest on financial liabilities	3,856	4,219	(2,412)				0			(4,800)			863
Right-of-use liability - current	896		(880)			853	10						878
Short-term credit line													
Fair value hedges related to foreign exchange risk													
Accrued interest not yet due	3								15				18
Bank overdrafts (cash liability)									0				0
Short-term financial debt	**4,754**	**4,219**	**(3,293)**			**853**	**11**		**15**	**(4,800)**			**1,759**
Gross financial debt	92,321	34,219	(32,454)	(108)	583	190	28	2,482	(1,366)	(41,291)	(1,001)	70	53,673
Of which													
Current	*4,864*	*4,219*	*(3,293)*			*853*	*11*		*(1,366)*	*(4,800)*	*1,272*		*1,759*
Non-current	*87,456*	*30,000*	*(29,161)*	*(108)*	*583*	*(663)*	*17*	*2,482*		*(36,491)*	*(2,273)*	*70*	*51,913*

1) Forsee Power SA had issued €30 million in OC5 convertible bonds to the SPI Fund (€15 million) and to Idinvest (€15 million) in February and May 2020. These bonds were converted on September 28, 2021 into 76,923 shares.

2) EIB financing

   EIB loan of €20 million in 2017 with provision of the first tranche 1 of €7.5 million in March 2018, tranche 2 of €7.5 million in October 2018 and the third and final tranche of €5 million in December 2019. This €20 million loan was repaid in full in June 2021.

   This €20 million EIB loan was accompanied by 6,857 BSA EBI Warrant A issued on March 15, 2018, leading in case of exercise to the issuance of 854,000 ordinary shares.

   A new EIB loan was signed in December 2020 for which tranche A of €21.5 million was disbursed on June 16, 2021 for a period of 5 years. This tranche was accompanied by 3,500 BSA EIB Warrant C issued on June 4, 2021, resulting in the issuance of 386,400 shares if exercised. On September 28, 2021, the Company obtained a prior approval requested from the EIB to be able to carry out the various capital restructuring operations prior to the IPO as well as the IPO itself. In consideration for this approval, the capitalised interest rate applicable to Tranche A of the EIB loan was increased by 0.5% from 4% to 4.5% per year (applicable retroactively). In addition, the EIB required the payment of a restructuring fee of €1,255 thousand, which was paid in December 2021 (see Note 2).

   Tranche B was disbursed on October 21, 2021 for €8.5 million and then fully repaid early in November 2021. The issue of Tranche B was not accompanied by an issue of 1,000 BSA EBI Warrant D following the waiver agreement of September 28, 2021.

   The derivative financial instruments on the EIB loans (BSA EBI Warrant A and BSA EBI Warrant C) are presented in Note 7.13 below.

3) The state guaranteed loans (PGE) with BNP for €7,5 million and HSBC for €7,5 million were granted in June 2020 at 0%, and renegotiated in March 2021 at 0.75% and 0.31% respectively. The PGE with BNP is repaid quarterly from June 4, 2022 until June 4, 2026. The PGE with HSBC is repaid quarterly from July 5, 2022 until July 5, 2026.

   In June 2020, Forsee Power SA also took out a "PGE - soutien Innovation" with the BPI for €5 million at a rate of 2.35%. The PGE with BPI is repaid quarterly from June 2022 until June 2026.

4) In June 2020, Forsee Power took out a €5 million loan from the BPI at a rate of 5%. This loan is repaid quarterly over 4 years until May 2025 after a one-year grace period which ended on 31 August 2021.

5) In June 2021, Forsee Power SA terminated the factoring contract with recourse with BNP. The debts relating to the financing of trade receivables are therefore settled as of December 31, 2021, with only a balance of €2 thousand of guarantees and holdbacks presented in "Other receivables". The amount of receivables assigned and maintained in the balance sheet amounted to €1,520 thousand as of December 31, 2020, for a net financial debt of €1,382 thousand.

6) As of December 31, 2021, the Group no longer has currency forward contracts to hedge trade payables in dollars. The change in fair value over the year was €29 thousand.

Changes from the previous period in 2020 are as follows:

in EUR thousands	December 31, 2019	Issuance	Repayments	Interest on zero rate loans	Reclassification	Currency translation effects	Effective interest method impact	Net change	Fair value	Loan issuance IFRS 16	December 31, 2020
Bonds (1)		30,000					(1,478)		206		28,727
EIB loans (2)	18,126	(0)	(32)	14			658				18,765
BPI Atout loan		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
Right-of-use liability - non-current (4)	1,815		(634)		(199)	(6)				8,313	9,289
Deposits and guarantees received	56										56
Related party liabilities	6,162	660	(0)								6,821
Debt for financing trade receivables	9,238							(7,856)			1,382
Long-term financial debt	**35,396**	**55,660**	**(666)**	**(2,461)**	**(199)**	**(6)**	**(821)**	**(7,856)**	**206**	**8,313**	**87,566**
Accrued interest on financial liabilities	1,080	3,856	(1,080)			(0)					3,856
Right-of-use liability - current	674				224	(3)					896
Short-term credit line (5)	4,500							(4,500)			
Fair value hedges related to risk											
Accrued interest not yet due	10							(8)			3
Bank overdrafts (cash liability)											
Short-term financial debt	**6,264**	**3,856**	**(1,080)**		**224**	**(3)**		**(4,508)**			**4,754**
Gross financial debt	41,661	59,516	(1,745)	(2,461)	25	(9)	(821)	(12,364)	206	8,313	92,320
Of which											
Current	*15,518*	*3,856*	*(1,080)*		*(1,064)*	*(3)*		*(12,364)*			*4,864*
Non-current	*26,142*	*55,660*	*(666)*	*(2,461)*	*1,089*	*(6)*	*(821)*		*206*	*8,313*	*87,456*

1) Forsee Power SA had issued €30 million in OC5 convertible bonds to the SPI Fund (€15 million) and to Idinvest (€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 €7.5 million in March 2018, the second tranche of €7.5 million in October 2018 and the third and final tranche of €5 million in December 2019.

   The EIB's €20 million loan is accompanied by 6,857 BSA 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 7.13 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 off-plan lease for the Chasseneuil du Poitou site in 2020 for €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	December 31, 2021	Less than 1 year	1 to 5 years	More than 5 years	Covenant
Bond issues	0			0	no
EIB loans	20,351			20,351	yes
BPI Atout loan	4,375		4,375		no
BPI state-guaranteed loan	5,000		5,000		no
BNP state-guaranteed loan	6,746		6,746		no
HSBC state-guaranteed loan	6,654		6,654		no
Debt on leased property	8,437		3,514	4,923	no
Deposits and guarantees received	20			20	no
Related party liabilities	331		331		no
Long-term financial debt	**51,915**		**26,620**	**25,295**	
Accrued interest on financial liabilities	863		863		no
Debt on leased property	878	878			no
Short-term credit line					no
Accrued interest not yet due	18	18			no
Short-term financial debt	**1,759**	**896**	**863**		
Gross financial debt and similar	**53,673**	**896**	**27,483**	**25,295**	

5.7.13 Derivative financial instruments

in EUR thousands	Date of issue	Expiry date	Number of instruments	number of shares subscribed upon exercise of warrants	December 31, 2021	December 31, 2020
BSA Warrant A for EIB (1)	18 March 2018	15 March 2028	6,857	854,000	4,789	2,984
BSA Warrant C for EIB (1)	04 June 2021	04 June 2041	3,500	386,400	2,184	
Derivative on OCA 5 (2)	01 March 2020	01 March 2025				1,473
Total			**10,357**	**1,240,400**	**6,972**	**4,457**

(1) The company has issued several warrants to the European Investment Bank (EIB) :

- 6,857 BSA EBI Warrant A giving access to 854,000 ordinary shares (AO) issued on March 18, 2018 in addition of the €20 million financing;
- 3,500 BSA EBI Warrant A giving access to 386,400 ordinary shares (AO) issued on June 4, 2021 in addition of the €21.5 million financing.

These share subscription warrants are presented and measured as a derivative liability for the following reasons:

- These share subscription warrants do not fulfil the condition of an equity instrument insofar as their settlement cannot result in a fixed number of company shares;
- These share subscription warrants come with a put option allowing the EIB to have a cash reimbursement for the fair value of the shares not received.

The conversion parities of these warrants into ordinary shares of the company has been updated following the conversion of the OC5 at the extraordinary shareholder meeting of September 29, 2021.

(2) A derivative instrument has been recognized on the OC5 bond issued on March 1, 2020. This instrument is no longer recognized in the balance sheet following the conversion of the OC5 into shares of Forsee Power SA on September 29, 2021.

Changes during the period and the previous period are presented in the table below:

in EUR thousands	December 31, 2021	December 31, 2020
Derivative instrument at beginning of period	**4,457**	**2,986**
Change in fair value recognized in profit or loss	1,714	(8)
Derivative instruments issued over the period (net of costs)	2,273	1,478
Derivative instrument cancelled following conversion	(1,471)	0
Derivative instrument at end of period	**6,972**	**4,457**

The maturity schedule of the derivative financial instruments is as follows:

in EUR thousands	Less than 1 year	1 to 5 years	More than 5 years	Total
BSA Warrant A for EIB			4,789	4,789
BSA Warrant C for EIB			2,184	2,184
Total	**0**	**0**	**6,972**	**6,972**

The change in the fair value of the derivatives on the key assumption of the value of the Forsee Power share impacts the financial statements as follows:

	BSA Warrant A for EIB	BSA Warrant C for EIB	Gross impact on fair value as of December 31, 2021
Forsee Power share price down (25%)	(670)	(303)	**(973)**
Forsee Power share price up 10%	1,272	576	**1,848**

5.7.14 Risk management for financial assets and liabilities

5.7.14.1 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 of December 31, 2021 given the financial quality of its main customers.

5.7.14.2 Liquidity risk management

The Group is not exposed to liquidity risk, i.e. a risk that the Group will not be able to meet its financial obligations inherent in conducting its business activity, given the following financing transactions carried out mainly in the second half of 2021:

1) On November 3, 2021, the company completed an initial public offering (see Note 2) leading to its listing on compartment B of Euronext Paris. This transaction enabled the company to raise €100

million through the issue of new ordinary shares (out of a total of €115 million raised, including the over-allotment option).

2) Prior to this IPO, in September 2021 shareholders contributed a total of €42.3 million to participate in capital increases of €12.3 million by offsetting receivables, and €30 million by conversions of an OC5 bond issued in 2020.

3) In December 2017, the company signed a financing agreement with the EIB (European Investment Bank) for a €20 million loan in three tranches to be disbursed in 2018 and 2019.

   A new financing agreement with the EIB was signed in December 2020 for a €21.5 million loan (Tranche A) to repay the €20 million loan of 2017, and three new financing lines (Tranches B, C and D), all three with bullet repayment five years after the drawdown date.

   The €8.5 million Tranche B and the €10 million Tranche C from the EIB were subject to revenue covenants, which the Group respected at the end of the 2020 financial year. Tranche B was disbursed in October 2021 and prepaid in November 2021.

   Tranche C requires in addition a refinancing of one or more of its shareholders for an amount of €10 million and the issuance of 1,000 BSA $_{\text{EBI Warrant E}}$ upon the drawdown of the tranche. 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 €10 million capital increase, which will allow the EIB to make available the €10 million Tranche C.

   The €10 million Tranche D is conditional on a level of revenues and profitability that the Group expects to achieve in the medium term.

   In addition, the EIB, in its Agreement of September 28, 2021 relating to the waiver of early repayment in the event of new financial borrowing, revised the interest rate on Tranches C and D, and waived the issue of the 1,000 BSA Warrant D on the disbursement of Tranche B.

4) 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 CIC (see Note 3.3). (see Note 3.3.10). These lines were available as of December 31, 2021.

5) In addition, the Group has factoring programmes with Santander bank and HSBC (see Note 3.3.10).

6) Experience shows that banks and its financial partners have regularly supported the Group in its organic growth and funding needs.

7) The company's shareholders have always provided financial support for its financing. It has thus benefited from several shareholder loan injections and financial recapitalizations in previous years.

The Group thus always ensures that it has the necessary funds to repay its debts when they fall due.

in EUR thousands	**December 31, 2021**	**December 31, 2020**
Overdraft authorization	0	0
Sub-total credit facilities (a)	**0**	**0**
Cash and cash equivalents	70,770	11,273
Bank overdrafts - Cash liability	0	0
Net liquidity (b)	**70,770**	**11,273**
Total liquidity position (a) + (b)	**70,770**	**11,273**

5.7.14.3 Market risk management

Market risk has not changed in 2021 from December 31, 2020.

5.7.14.4 Capital management

On November 26, 2021, Forsee Power SA signed a liquidity contract with an independent investment services firm , Kepler Cheuvreux, to ensure the liquidity of transactions and regular trading of its shares, in accordance with AMF decision no. 2021-01 of June 22, 2021.

This contract covers a period of 12 months with tacit renewal unless terminated.

The contract provides for an overall ceiling of €500 thousand (cash and securities). Nevertheless, additional contributions to the liquidity account may be made when the cash or securities balance appears insufficient to ensure the continuity of the liquidity contract provider's activities.

The cash made available to the investment services company was initially €500 thousand, and no securities were initially made available. The cash available on the liquidity account amounted to €333 thousand as of December 31, 2021, and the total value of the Forsee Power SA shares held amounted to €153 thousand as of December 31, 2021.

Every six months, Forsee Power SA publishes a report on purchases and sales of shares carried out under the liquidity contract.

5.7.15 Information about fair value of financial assets and liabilities

5.7.15.1 Cash, loans and receivables

The Group considers that the carrying amount of cash, trade receivables, other receivables, accounts payable, other liabilities 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.

5.7.15.2 Assets at fair value

The Group does not hold any marketable security.

5.7.15.3 Derivative and hedging financial instruments

The Group does not hold any trading derivatives.

In 2021, the Group has been hedging its US dollar ($) currency exposure using currency forwards. There are no currency hedges outstanding as of December 31, 2021.

5.7.15.4 Financial liabilities at amortized cost

The Group considers that the carrying amount of trade payables is a good approximation of the market value due to the high degree of liquidity of these items.

The market value of long-term and short-term financial debt is determined using the value of estimated future cash flows disbursed, discounted using the interest rates observed by the Group at the end of the period for instruments with similar conditions and maturities.

5.7.15.5 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 used for financial assets and liabilities by level are as follows:

- Level 1: fair value measured exclusively by reference to prices in active markets;
- Level 2: fair value measured by a model using directly or indirectly observable market parameters;
- Level 3: fair value measured by a model incorporating certain unobservable market parameters;

in EUR thousands	December 31, 2021	Fair value	Level 1 Unadjusted quoted prices	Level 2 Observable data	Level 3 Unobservable data
Cash and cash equivalents	70,770	70,770	70,770		
Financial instruments not held for trading	842				842
Financial assets at fair value	**71,612**	**70,770**	**70,770**		**842**
Guarantee deposits and sureties paid	435	435			435
Other financial assets	3,973	3,973			3,973
Receivables	10,571	10,571			10,571
Other assets	15,821	15,821			15,821
Assets at amortized cost	**30,801**	**30,801**			**30,801**
Derivative financial instruments	6,972	6,972		6,972	
Currency hedge derivative					
Financial liabilities at fair value	**6,972**	**6,972**		**6,972**	
Long-term financial debt	51,915	51,915			51,915
Short-term financial debt	1,759	1,759			1,759
Trade payables presented in WCR	12,369	12,369			12,369
Other liabilities	17,629	17,629			17,629
Liabilities at amortized cost	**83,671**	**83,671**			**83,671**

The following methods and assumptions used to estimate the fair value of financial assets and liabilities are presented in Note 3.3.7.

5.7.16 Trade payables and advances

in EUR thousands	December 31, 2021	December 31, 2020
Trade payables	12,369	8,684
Trade payables presented in WCR	12,369	**8,684**
Trade payables on IPO	1,230	
Trade payables	**13,599**	**8,684**

5.7.17 Other liabilities

in EUR thousands	December 31, 2021	December 31, 2020
Trade receivables - Advances and deposits received	5,282	1,701
Social security liabilities (1)	7,645	7,313
Tax liabilities	697	945
Liabilities related to customer contracts (2)	1,530	329
Other current liabilities (3)	869	675
Advantage granted on state-guaranteed loan at zero percent interest rate	1,601	2,475
Other liabilities presented in WCR	**17,624**	**13,438**
Corporate income tax liability	5	14
Debt on acquisitions of fixed assets	0	0
Other liabilities	**17,629**	**13,452**
Of which		
Current	*13,946*	*10,255*
Non-current	*3,683*	*3,197*

1) Including €412K in employer contributions on free shares (see Note 7.9.3.3);
2) Including €1,523K in deferred income on specific battery warranty extensions;
3) Of which €383 thousand at Zhongshan Forsee Industry Ltd (compared to €422 thousand as of December 31, 2020) and €314 thousand at Zhongshan Forsee Development (compared to €200 thousand as of December 31, 2020).

The change in contract liabilities is as follows:

in EUR thousands	December 31, 2021	December 31, 2020
Liabilities on contracts at the beginning of the period	**329**	**0**
- Liabilities on contracts written back following the fulfilment of performance obligations over the period		
- Liabilities on cancelled contracts following cancellation of the contract		
+ Unfulfilled performance obligations on new contracts during the period	1,283	240
+/- Other changes and translation effects	(81)	89
Liabilities on contracts at the end of the period	**1,530**	**329**

Performance obligations correspond mainly to warranties extensions, and are performed over a period of between 1 and 8 years.

The other liabilities have a maturity of less than 12 months, with the exception of the benefit granted on zero-interest state-guaranteed loans with a maturity between one and five years.

5.7.18 Working capital requirement

in EUR thousands	Notes	December 31, 2020	WCR	Non-cash effects in WCR and calculated items	Currency translation effects	December 31, 2021
Net inventories	7.5	28,284	(408)	100	441	28,417
Net trade receivables	7.6	8,605	1,995	(161)	132	10,571
Other current assets	7.7	8,843	4,837	92	(442)	13,331
Trade payables	7.16	(8,684)	(3,003)	(295)	(386)	(12,369)
Other current liabilities	7.17	(13,438)	(3,778)	(123)	(285)	(17,624)
Total changes in working capital requirements (WCR)		**23,610**	**(357)**	**(387)**	**(540)**	**22,327**

in EUR thousands	Notes	December 31, 2020	Change and impact on income	Reclassification	Currency translation effects	December 31, 2021
Change in deferred taxes	7.19	463	(106)	37	(27)	368
Change in corporate tax receivables and payables (1)	7.7 and 7.17	330	2,178	(21)	(1)	2,485
of which research tax credit			*2,237*			*2,237*
Recognized tax expenses	8.9	(3,711)	134			(134)
Total changes in taxes			**(31)**	**16**	**(28)**	

(1) In which €2,236 thousand in research tax credit receivables (2018, 2019 and 2020) as of December 31, 2021

Changes from the previous period are as follows:

in EUR thousands	Notes	December 31, 2019	WCR	Non-cash effects in WCR and calculated items	Currency translation effects	December 31, 2020
Net inventories	7.5	18,170	12,084	(1,900)	(70)	28,284
Net trade receivables	7.6	18,509	(9,895)		(8)	8,605
Other current assets	7.7	10,432	309	(2,026)	128	8,843
Trade payables	7.16	(10,913)	(545)	2,662	110	(8,684)
Other current liabilities	7.17	(17,980)	5,760	(1,236)	18	(13,438)
Total changes in working capital requirements (WCR)		**18,219**	**7,714**	**(2,500)**	**178**	**23,611**

in EUR thousands	Notes	December 31, 2019	Change and impact on income	Reclassification	Currency translation effects	December 31, 2020
Change in deferred taxes	7.19	4,167	(3,459)	(0)	(245)	463
Change in corporate tax receivables and payables	7.7 and 7.17	308	21		(1)	330
of which research tax credit						
Recognized tax expenses	8.9	197	3,728			(3,728)
Total changes in taxes			**290**	**(0)**	**(245)**	

5.7.19 Deferred taxes

Deferred taxes are broken down by timing differences as follows:

in EUR thousands	December 31, 2021	December 31, 2020
Tax timing differences	27	16
Provisions for post-employment benefits	45	32
Restatement of IFRS 16 on leases	120	113
Capital increase costs	0	128
Loan issuance costs at EIR	9	80
Internal margins on inventories	56	35
Other timing differences	111	60
Tax loss carryforwards	0	0
Total net deferred taxes	**368**	**463**

Deferred taxes have been valued for French companies using the tax rate in effect during the year that the timing differences were reversed, with a declining tax rate that fell to 26.5% in 2021 to reach 25% in 2022.

Since December 31, 2020, the Group has limited the recognition of DTA 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 DTA on tax losses carryforwards to the probability of recovery over a five-year period.

The amount of tax loss carryforwards not recognized in the financial statements amounts to €144,547 thousand (i.e. €36,137 thousand of unrecognized DTA) as of December 31, 2021, compared to €110,351 thousand (i.e. €27,588 thousand of unrecognized DTA) as of December 31, 2020. These tax loss carryforwards relate to the tax entity Forsee Power. Foreign tax entities located in China (Zongshan Forsee Power Industry, Zongshan Forsee Power Development) and India (Forsee Power India) have a specific tax regime that does not allow tax losses to be carried forward.

Changes in deferred taxes recognized in profit or loss and in equity are as follows:

in EUR thousands	December 31, 2021	December 31, 2020
Deferred tax assets at beginning of period	**468**	**4,172**
Expense recognized in comprehensive income	(252)	(4,253)
DTA on capitalization of leases	146	116
DTA/DTL offset for tax entity	0	(0)
Other	11	434
Deferred tax assets at end of period	**373**	**468**
Deferred tax liabilities at beginning of period	**5**	**5**
Expense recognized in comprehensive income	0	0
DTA/DTL offset for tax entity	0	(0)
Other	0	0
Deferred tax liabilities at end of period	**5**	**5**

in EUR thousands	December 31, 2021	December 31, 2020
Deferred tax at beginning of period	**0**	**0**
Deferred taxes on capital increase costs	(1,753)	0
Deferred taxes not recognized in OCI	1,753	0
Deferred tax at end of period	**0**	**0**

5.8 Information relating to items in the consolidated statement of comprehensive income

5.8.1 Revenues

in EUR thousands	December 31, 2021	December 31, 2020
Sales of goods	71,032	58,206
Service delivery	1,178	3,403
Other activities	213	451
Total	**72,423**	**62,060**

The amount of the order book (unfulfilled firm orders) and the projected schedule for completion of unfulfilled performance obligations is as follows:

in EUR thousands	December 31, 2021
Order book at beginning of period	**49,823**
- Commitments at the beginning of the period for which services have been rendered during the period and recognized in revenues	(49,035)
- Commitments at the beginning of the period for which services have not been rendered during the period because they were cancelled (order cancellation)	
+ Firm offers signed during the period and recognized in revenues	(23,080)
+ Firm offers signed during the period and not recognized in revenues	76,892
Order book at end of period	**54,601**
Provisional timetable for revenue recognition	
Expected completion in 2022	54,149
Expected completion in 2023	452
Expected completion in 2024 and beyond	0
Total order book at end of period	**54,601**

5.8.2 Other operating income and expenses

in EUR thousands	December 31, 2021	December 31, 2020
Operating grants	0	117
Gains (losses) on disposals of fixed assets	(396)	(27)
Attendance fees	(57)	0
Miscellaneous expenses in China on material and equipment	(426)	(383)
Holiwatt Badwill	28	0
Miscellaneous management expenses	(190)	(261)
Other operating income and expenses	**(1,042)**	**(555)**

5.8.3 External services and purchases consumed

in EUR thousands	December 31, 2021	December 31, 2020
Purchases consumed, including foreign exchange gains and losses on purchases	(56,843)	(45,172)
Fees, external services	(3,058)	(3,447)
Leases, maintenance and insurance	(2,349)	(795)
Transport, travel and conference expenses	(2,426)	(2,233)
Study and research costs	(905)	(1,538)
Post and telecommunications expenses	(280)	(261)
Subcontracting (1)	(26)	(327)
Other	(122)	(43)
External services and purchases consumed	**(66,008)**	**(53,815)**

(1) Of which Research Tax Credit (CIR) income relating to additional requests for 2018 financial year for €306 thousand, 2019 financial year for €354 thousand and €282 thousand in Research Tax Credit income for 2020 financial year and presented as a deduction from subcontracting expenses.

5.8.4 Employee expenses and headcount

in EUR thousands	December 31, 2021	December 31, 2020
Payroll costs		
Compensation (1)	(15,893)	(13,280)
Social security contributions (1)	(4,594)	(3,905)
Other short-term benefits	(262)	(359)
Cost of services rendered on defined benefit plans	(49)	(66)
Share-based payment costs	(5,556)	(464)
Employer contributions on share-based payments	(1,143)	(193)
Employee profit-sharing	0	0
additional requests from 2018 and 2019 research tax credit (2)	884	
Total	**(26,613)**	**(18,266)**
Average headcount		
Managers	202	181
Non-managers	395	278
Total	**597**	**459**

(1) Of which €219 thousand of income from the Research Tax Credit for fiscal year 2020 presented as a deduction from payroll expenses, and €159 thousand in income presented as a deduction from social security expenses.

(2) Research Tax Credit (RTC) income relating to additional claims for the 2018 financial year for €410 thousand and for the 2019 financial year for €474 thousand.

5.8.5 Taxes and duties

in EUR thousands	December 31, 2021	December 31, 2020
Taxes on salaries	(453)	(371)
Other taxes	(454)	(495)
Taxes and duties	**(906)**	**(867)**

5.8.6 Depreciation, amortization and provisions allocations and reversals

in EUR thousands	December 31, 2021	December 31, 2020
Amortization and impairment of intangible assets	(2,307)	(2,123)
Amortization of rights of use for property, plant and equipment	(1,123)	(1,283)
Depreciation and impairment of property, plant and equipment	(1,332)	(1,036)
Provisions for risks and charges	1,097	(1,252)
Net depreciation of inventories and receivables	(172)	(2,903)
Net charges	**(3,837)**	**(8,597)**

5.8.7 Non-current operating income

in EUR thousands	December 31, 2021	December 31, 2020
Non-capitalised expenses on capital increase and IPO	(788)	0
Other non-current income and expenses	0	0
Non-current operating income	**(788)**	**0**

5.8.8 Net financial income (expense)

in EUR thousands	December 31, 2021	December 31, 2020
Financial income received on financial assets	0	0
Financial income	**0**	**0**
Interest expense on loans	(5,468)	(5,031)
Cost of gross financial debt	**(5,468)**	**(5,031)**
Foreign exchange gains and losses	647	(335)
Foreign exchange gains and losses related to translation reserves	0	0
Net impairment of financial assets measured at amortized cost	(1)	0
Change in fair value of derivatives (1)	(1,714)	8
Effect of the effective interest rate (EIR) (2)	(3,375)	(885)
Interest expense on debt on leased property	(334)	(333)
Bank fees and commissions (3)	(1,562)	(86)
Other financial income	17	18
Advantage granted on state-guaranteed loan at zero percent interest rate	598	334
Other net financial income and expenses	**(5,723)**	**(1,280)**
Net financial income (expense)	**(11,192)**	**(6,311)**

1) Of which (1,805) K€ change in fair value on the BSA $_{\text{EIB Warrant A}}$ derivative and 90 K€ change in fair value on the on the BSA $_{\text{EIB Warrant C}}$ derivative (see Note 7.13).

2) Of which (1,235) K€ of financial expenses following the early repayment in June 2021 of the €20M EIB loan subscribed in 2017, (738) K€ of financial expenses on the OC5 loan until September 28, 2021, and (1,387) K€ of financial expenses on the €21.5M EIB loan (Tranche A) issued in June 2021.

3) Of which a €(1,250) thousand penalty paid to the EIB to obtain the September 28, 2021 agreement on the waiver of early repayment following the subscription to new financial debt.

5.8.9 Corporate income tax

in EUR thousands	December 31, 2021	December 31, 2020
Current taxes	0	(8)
Deferred taxes	(134)	(3,703)
Income tax expense	**(134)**	**(3,711)**

The tax proof for the periods presented is as follows:

in EUR thousands	December 31, 2021	December 31, 2020
Theoretical tax expense (at the current rate)	9,491	6,983
Actual tax expense on	(134)	(3,711)
Difference	**9,625**	**10,694**
Permanent differences on share-based payments	1,389	123
Other permanent differences	(252)	5
Tax credits (CIR)	(559)	0
Derivative financial instruments	1,230	174
Adjustment of corporate tax rate in France (for tax losses carryforwards)		(7)
Non-deductible and unrecognized financial expenses	97	151
Tax losses arising during the period not recognized	9,653	6,419
Impairment during the period of previously unrecognized tax losses		3,498
IPO and other capital increase costs	(1,820)	
Other differences	(114)	331
Total	**9,625**	**10,694**

5.9 Other information

5.9.1 Events after December 31, 2021

Significant events after the reporting date of December 31, 2021 are:

- **NEoT Capital**

  On March 25, 2022, Forsee Power SA signed a firm commitment to acquire all of the NEoT Capital shares held by its partner Mitsubishi Corporation, i.e. 42.5% of the shares issued, for an amount of €2,292 thousand. This acquisition, which is expected to be completed by May 6, 2022, is subject to the prior approval of the European Investment Bank (EIB). The EIB's agreement had not been issued by the closing date of April 6, 2022.

  Following this transaction, Forsee Power will hold 57.5% of the shares of NEoT Capital. However, this holding will be reduced to between 45% and 50% following the recapitalization operations planned for 2022 with the partner EDF; the two partners have undertaken to hold the same number of shares in the capital of NEoT Capital.

- **Unu Gmbh dispute**

  The summary proceeding hearing on Unu's request to replace the court-appointed expert was issued on March 18, 2022. This summary proceeding was in line with Forsee's expectations. The summary proceeding judge in fact referred the decision to the expert review judge who will hear the application in the coming months.

- **Situation in Ukraine and Russia**

  The Group is not exposed to the restrictions imposed on Russia, as Forsee Power has no employees, customers or suppliers in this country.

  On the other hand, logistical impacts and increases in material costs linked to the situation in Ukraine are likely, but the Group is not in a position to quantify them at this time.

- **Covid-19 situation in China**

  The first quarter of 2022 is affected by the increase in the number of cases of Covid-19 in China, particularly in Shanghai, which exposes the Group to the risk of a pandemic due to the presence in China of one of its production sites and some of its suppliers.

5.9.2 Relations with related parties

5.9.2.1 Compensation paid to management

The compensation awarded to the members of the Executive Committee and the members of the Board of Directors is as follows:

in EUR thousands	December 31, 2021	December 31, 2020
Salaries and other short-term benefits	2,830	1,195
Post-employment benefits	59	43
Other remuneration	0	0
Severance benefits	7	0
Share-based payments	5,253	410
Directors' fees	53	0
Compensation of principal executives	**8,202**	**1,648**

On October 15, 2021, the Board of Directors, acting on a delegation of authority from the shareholders' meeting of the same day, decided to grant the Chairman of the Board of Directors, in addition to his compensation for 2021 financial year, a maximum of 1,000,000 free shares and/or stock options, to be definitively allocated by June 30, 2022. On April 6, 2022, the Board of Directors definitively allocated a number of 282,616 free shares following the recommendation of the Appointments and Remuneration Committee on April 1, 2022. The expense relating to these 282,616 free shares has been recognized in the financial statements for the year ended December 31, 2021, pro rata to the beneficiary's attendance requirement.

5.9.2.2 Transactions with related parties

in EUR thousands	December 31, 2021	December 31, 2020
Receivables from NEoT CAPITAL	183	270
Trade receivables with a shareholder	239	0
OC5 bond issue (€30 million) to shareholders	0	28,727
Financial debt to shareholders	331	6,821
Total statement of financial position items	**753**	**35,819**
Salaries and other short-term benefits	(2,830)	(1,195)
Share-based payments	(5,253)	(410)
Fees	(123)	(60)
Interest expense on shareholder loan and OC5	(2,679)	(1,455)
Revenues	534	0
Purchases	(25)	0
Interest income on receivables from NEoT CAPITAL	15	0
Total income statement items	**(10,361)**	**(3,119)**

Related parties of the Forsee Power Group are defined in Note 3.3.32.

Significant transactions not entered into under normal market conditions with related parties during financial year 2021 are:

- **Collaboration Agreement with Mitsui & Co.**

On September 27, 2021, Forsee Power SA entered into a collaboration agreement with Mitsui & Co. Mitsui & Co, Ltd. is a shareholder of Forsee Power SA with more than 10% of the voting rights and Mr. Kosuke Nakajima, a member of the Company's Board of Directors, is the General Manager of the Battery Solutions Department at Mitsui & Co, Ltd.

The purpose of this agreement is to establish a framework for the business collaboration between Forsee Power SA and Mitsui & Co. The financial terms and conditions for the services rendered by Mitsui & Co. are discussed on a case-by-case basis for each project, taking into account the financial impact for the Forsee Power Group.

- **Business Contribution Agreement with Mitsui & Co, Ltd.**

Forsee Power SA entered into a Business Contribution Agreement with Mitsui & Co. on December 21, 2020, as amended on April 28, 2021. Mitsui & Co, Ltd. is a shareholder of Forsee Power SA with more than 10% of the voting rights and Mr. Kosuke Nakajima, a member of the Company's Board of Directors, is the General Manager of the Battery Solutions Department at Mitsui & Co, Ltd.
Under this agreement, Mitsui & Co. is responsible for assisting Forsee Power in business development, sales and marketing activities on behalf of Forsee Power as its exclusive agent in Japan. In return for the work performed, Mitsui & Co. receives a success fee based on the sales invoiced by Forsee Power to any customer with its registered office in Japan.
Under this agreement, Mitsui & Co. Ltd invoiced Forsee Power SA €25 thousand during the year ended December 31, 2021.

- **Consultancy Agreement with AMILU**

On July 24, 2020, Forsee Power SA entered into a Consultancy Agreement with AMILU. AMILU is headed by Pierre Lahutte, a director of Forsee Power SA and a former member of the Supervisory Board of Forsee Power SAS.

Under the terms of this agreement, AMILU is responsible for advising Forsee Power on its strategy and developments in the market for batteries for road and off-road vehicles, for analyzing the market addressable by Forsee Power, its products and its technological portfolio, and for proposing new segments, customer markets or partnerships. In return for the missions carried out, AMILU receives a fixed monthly remuneration of €10 thousand and a success fee, which varies between 0.5% and 0.1% of the turnover generated by Forsee Power on certain contracts concluded by the latter.
Under this agreement, AMILU invoiced Forsee Power SA €120 thousand during the year ended December 31, 2021.

5.9.3 Off-balance sheet commitments

In September 2021, Forsee Power SA cancelled the guarantees in favour of certain of its shareholders (see Notes 3.3.14.1 and 7.9.3.1).

In June 2021, Forsee Power SA was granted credit lines of €9 million, secured by a pledge on inventories of €11.7 million for the period from June 30, 2021 to June 30, 2022 (see Note 3.3.10(e)).

SBLC Documentary letter of credit of $7,000 thousand (or €6,180 thousand at December 31, 2021) due December 31, 2021 and secured by a cash pledge of $4,500 thousand (or €3,973 thousand at December 31, 2021). This letter of credit has been extended until December 31, 2022.

A pledge of the goodwill to the benefit of the EIB was granted at the time of the drawdown of the €21.5 million Tranche A in June 2021.

Pursuant to a contract called the Investment Agreement entered into on December 18, 2017, Forsee Power SA has granted guarantees for the benefit of Mitsui & Co., Ltd. If any statement in the guarantee proves to be inaccurate, Forsee Power SA has undertaken to compensate Mitsui & Co., Ltd. for the damage suffered through either (i) a payment or (ii) a share issue reserved for Mitsui, upon exercise of the BSAGs held by Mitsui (up to a maximum of 52,748 new shares). Following the cancellation of the BSAGs by decision of the Shareholders' Meeting of September 28, 2021, Mitsui & Co, Ltd. could only seek compensation for the damage caused by the payment by the Company of an indemnity to its benefit. No such claim has been received by Forsee Power SA as of the closing date of April 6, 2022. The maximum amount of compensation that could be due by Forsee Power SA is capped at €4.5 million. However, this ceiling is rather theoretical as Forsee Power SA's indemnification commitment expired in June 2019 for most of the matters covered by the guarantee. Only losses arising from breaches of declarations relating to tax, anti-corruption or environmental matters remain covered until their limitation period plus 30 days (i.e., until January 31, 2021 for most tax matters and until the expiration of a 30-year period running since December 2017 for anti-corruption and environmental matters).

5.9.4 Statutory auditor's fees

in EUR thousands	December 31, 2021			
	Deloitte & Associés	Jean Lebit	Other	Total
Fees relating to the statutory audit, certification and review of individual and consolidated financial statements	**119**	**25**	**23**	**167**
Issuer	*115*	*25*	0	*140*
Fully consolidated subsidiaries (1)	*4*	0	*23*	*27*
Fees for services required by law	**302**	0	**2**	**304**
Total statutory audit and services required by law	**421**	**25**	**25**	**471**
Fees relating to the Independent third party (ITP) for the Non-Financial Performance Statement (NFPS)	15	0	0	15
Other services	0	0	0	0
Total non-audit services	**15**	**0**	**0**	**15**
Total	**436**	**25**	**25**	**486**

Excluding VAT and expenses

1) Includes specific audits performed at the request of the Group in countries where statutory audits are not required (China, India).

in EUR thousands	December 31, 2020			
	Deloitte & Associés	Jean Lebit	Other	Total
Fees relating to the statutory audit, certification and review of individual and consolidated financial statements	**70**	**3**	**14**	**87**
Issuer	*70*	*3*	14	*87*
Fully consolidated subsidiaries (1)				*0*
Fees for services required by law	**23**	0	2	**25**
Total statutory audit and services required by law	**93**	**3**	**16**	**112**
Fees relating to the Independent third party (ITP) for the Non-Financial Performance Statement (NFPS)	0	0	0	0
Other services	0	0	0	0
Total non-audit services	**0**	**0**	**0**	**0**
Total	**93**	**3**	**16**	**112**

Excluding VAT and expenses

6. Statutory auditors' reports on the company and consolidated financial statements

6.1 Statutory Auditors' report on the financial statements

Statutory Auditors' report on the financial statements

For the year ended December 31, 2021

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company 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' Meeting of Forsee Power SA

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Forsee Power SA for the year ended December 31, 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2021 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Emphasis of matter

Without qualifying the opinion, we draw your attention to the change in accounting method relating to:

- Pension commitments described in Note 2.2 “Change in method of attributing benefits”
- Share capital increase costs described in Note 2.3 “Change in method relating to share capital increase costs” to the financial statements.

Justification of Assessments - Key Audit Matters

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 key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Recognition of fixed assets relating to developments

Note 2.4.3 and 3.2 to the 2021 financial statements

Risks identified and main judgments

- For the year ended December 31, 2021, project development expenditure corresponded to:
  - A net carrying amount of €13.4 million,
  - Total capitalized expenses of €4.9 million for the year,
  - Depreciation and amortization of -€2 million,
  - Total development expenditure of -€3.9 million capitalized over the period.

-

Forsee Power SA capitalizes its development expenditure once the capitalization criteria defined by accounting regulations are satisfied and it is probable that the developed project will generate future economic benefits. The capitalization of development expenditure is considered to be a key audit matter due to the judgments and estimates made by Management to assess:

- Compliance with all the conditions required to capitalize the corresponding costs;
- The identification of costs likely to be capitalized during project development phases.
- The life and amortization periods adopted for these projects.
- Indications of impairment and risks of impairment for projects in the course of development.

How our audit addressed this risk

- Our procedures consisted in:
  - Obtaining an understanding of the controls designed and applied by Forsee Power SA to measure capitalizable development costs,
  - Reviewing the procedures set up by the company to identify projects in the course of development such as:
    - The set-up of specific cost accounting;
    - A detailed monitoring of all projects in the course of development to validate new projects that could satisfy capitalization criteria,
  - Reviewing the procedures set up by the company to identify other items that could impact these projects such as early impairment.
  - Verifying, based on the analyses prepared by the company, that the project capitalization criteria in accordance with accounting standards are met, i.e.:
    - Technical feasibility of completing the intangible asset so that it will be available for use or sale;
    - Intention to complete the intangible asset and use or sell it while ensuring that there are projected sales for the relevant project;
    - Ability to use or sell the intangible asset;
    - How the intangible asset will generate probable future economic benefits, by obtaining an analysis of projected sales relating to the various projects;

- Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- Ability to measure reliably the expenditure attributable to the intangible asset during its development, particularly by verifying that the time allocated to the projects is correctly assessed on a sampling basis for the main expenditure recognized during the period.

- Examining the amortization period adopted according to the forecast life of the capitalized projects and conducting mathematical checks.

UNU litigation

Note 1.2.8 and 11.1 to the 2021 financial statements

Risks identified and main judgments

The Company's activities are conducted in an ever changing environment and within a complex international regulatory framework. The Company is subject to major changes in the legal environment as well as the application or interpretation of regulations and is also involved in disputes arising from its everyday business.

Litigation provisions totaled K€1,328 as of December 31, 2021, and correspond to the valuation of risks such as customer penalties or disputes, and in particular the litigation with UNU GmbH presented below:

- In March 2021, UNU GmbH summoned Forsee Power SA before the Paris Trade Court to seek a legal expert appraisal on the basis of liability due to defective products and the basis of common law contractual liability by claiming defectives and non-compliance with agreed-upon technical specificities.

- UNU GmbH also sued Forsee Power SA in November 2021 before the Paris Trade Court and claimed €15.9 million in damages.

- Forsee Power SA exercised its judgment in assessing the risk incurred in the UNU GmbH litigation, set aside a provision when it is probable that an expense will be generated by this litigation and the amount may be quantified or estimated within a reasonable range.

- The €0.7 million provision recognized covers legal expert appraisal and procedural costs.
- We considered this litigation to be a key audit matter given the material amounts at stake and the level of judgment required to determine provisions.

How our audit addressed this risk

We analyzed all the items made available to us regarding the disputes between Forsee Power SA and UNU GmbH with respect to damages suffered as a result of battery incidents or fires and in particular we:

- Examined the various summons and rulings relating to the ongoing proceedings in this litigation,
- Analyzed the risk estimates made by Management and compared them with information shown in the response from the lawyer in charge of the case following our confirmation requests for this litigation as well as the internal memo prepared by the company,
- Verified the disclosures on this litigation in the notes to the financial statements.

Impairment test on goodwill

Notes 2.4.2 and 3.1 to the 2021 financial statements

Risks identified and main judgments

- Goodwill mainly involving merger technical losses totaled €8.6 million as of December 31, 2021, compared with total assets of €163.8 million.

We consider the measurement of goodwill to be a key audit matter due to its materiality and the judgments and assumptions that are needed to determine its value in use. Each year, Management verifies that the carrying amount of this goodwill does not exceed its recoverable amount and presents no risk of impairment. The impairment testing methods used by Management include significant judgments and assumptions mainly regarding:

- Future cash forecasts;
- Long-term growth rates adopted for projected cash flows;
- Discount rates (WACC) applied to estimated cash flows.
- Any change in these assumptions is therefore likely to have a significant impact on the recoverable amount of this goodwill and an impairment loss is required.

How our audit addressed this risk

We:

- Analyzed the compliance of the methodologies adopted by the Company with prevailing accounting standards with regard to the methods of estimating the value in use of the goodwill and we also:

- Obtained the most recent available Business Plan from Management as well as the impairment tests for the goodwill.

- Reviewed the determination of the value of goodwill

- Assessed the reasonableness of the key assumptions adopted for all CGUs to:

  - Determine cash flows in line with available information, including market outlooks and previous actual figures, and compared with the most recent Management estimates as presented as part of the budgetary process;

  - Determine the long-term growth rates adopted for these projected flows, comparing them with market analyses.

We also assessed the relevance of the discount rate used (WACC), with the help of our financial valuation specialists.

We obtained and examined the sensitivity analyses performed by Management, and compared them with our own calculations to verify that an unreasonable change in the assumptions would likely necessitate the recognition of an impairment loss for the goodwill.

Impairment tests on equity investments

Notes 2.4.5 and 4 to the 2021 financial statements

Risks identified and main judgments

- Equity investments totaled €1.1 million as of December 31, 2021, compared with total assets of €163.8 million.

- The balance sheet value of these assets which corresponds to the value in use was calculated according to the net asset value, profitability and future outlooks of the investment and ongoing transactions.

- We considered the measurement of equity investments to be a key audit matter due to the judgments and assumptions needed to determine the value in use particularly regarding the profitability and future outlook of the relevant investments.

How our audit addressed this risk

We:

- Analyzed the compliance of the methodologies adopted with prevailing accounting standards with regard to the methods of estimating the value in use of the equity investments.
- Obtained the analyses performed by the company and focused on:
  - Those for which the carrying amount is close to the estimated value in use,
  - Those whose performance history revealed variances compared to forecasts,
  - Valuation of the ongoing transaction involving NEoT securities,
  - Disclosures on these Equity investments in the notes to the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

Information given in the management report and in the other documents addressed to the shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code.

Report on corporate governance

We attest that the corporate governance section of the Board of Directors' management report sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code, we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other Legal and Regulatory Verifications or Information

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Forsee Power SA by the Annual General Meeting of June 30, 2017 for Deloitte & Associés and December 20, 2018 for Jean Lebit.

As of December 31, 2021, Deloitte & Associés was in its fifth year of uninterrupted engagement, and Jean Lebit was in its fourth year of uninterrupted engagement, of which one year each since the company's shares were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors on April 6, 2022.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 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 financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537-2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Sarcelles, April 28, 2022

The Statutory Auditors

French original signed by

Deloitte & Associés	Jean LEBIT
Thierry QUERON	

6.2 Statutory auditors’ report on the consolidated financial statements

For the year ended December 31, 2021

This is a translation into English of the statutory auditors’ report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors’ report includes information specifically required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report. 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’ Meeting of Forsee Power SA

Opinion

In compliance with the engagement entrusted to us by your Shareholders’ Meeting, we have audited the accompanying consolidated financial statements of Forsee Power SA for the year ended December 31, 2021.

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 of December 31, 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2021 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Emphasis of matter

Without qualifying the opinion, we draw your attention to the matter set out in Note 5.4 “Changes in presentation and accounting methods” to the consolidated financial statements on the new financial statement presentation and the change in accounting method relating to pension commitments.

Justification of Assessments – Key Audit Matters

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 key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

- These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Recognition of fixed assets relating to developments

Notes 3.1.2, 3.3.3 and 7.2 to the 2021 consolidated financial statements

Risks identified and main judgments

- For the year ended December 31, 2021, project development expenditure corresponded to:
- A net carrying amount of €13.4 million,
- Total capitalized expenses of €4.9 million for the year,
- Depreciation and amortization of -€2 million,
- Total development expenditure of -€3.9 million capitalized over the period.

The Forsee Power Group capitalizes its development expenditure once the capitalization criteria defined by IAS 38 are satisfied and it is probable that the developed project will generate future economic benefits. The capitalization of development expenditure is considered to be a key audit matter due to the judgments and estimates made by Management to assess:

- Compliance with all the conditions required to capitalize the corresponding costs;
- The measurement of costs likely to be capitalized during project development phases.
- The life and amortization periods adopted for these projects
- Indications of impairment/impairment of projects in the course of development

How our audit addressed this risk

Our procedures consisted in:

- Obtaining an understanding of the controls designed and applied by the Forsee Power Group to measure capitalizable development costs to verify that they satisfy IAS 38 criteria,
- Assessing the identification process for projects in the course of development,

- Verifying that the conditions for project capitalization in accordance with accounting standards have been satisfied and verifying that the conditions defined by IAS 38 have been satisfied, i.e.:

    - Technical feasibility and technical ability of completing the intangible asset so that it will be available for use or sale

    - Intention to complete the intangible asset and use or sell it and availability of financial resources;

    - Probability of future economic benefits;

    - Reliable measurement of expenditure incurred.

- Reviewing the estimate of the development costs incurred for eligible projects capitalized in the company's accounts, and in particular verifying that the time allocated to the projects was correctly assessed,

- Verifying the technical feasibility needed to complete the projects through interviews with management,

- Verifying that there was no impairment recognized for projects in the course of development through interviews with Management and review of sales forecasts for the project's estimated duration,

- Verifying the availability of appropriate resources (technical, financial and other) to complete and use the developments,

- Examining the amortization period adopted according to the forecast life of the capitalized projects and conducting mathematical checks.

UNU litigation

Notes 3.1.2 and 7.10.1 to the 2021 consolidated financial statements

Risks identified and main judgments

The Group's activities are conducted in an ever changing environment and within a complex international regulatory framework. The Group is subject to major changes in the legal environment as well as the application or interpretation of regulations and is also involved in disputes arising from its everyday business.

Litigation provisions totaled K€1,328 as of December 31, 2021, and correspond to the valuation of customer penalty or litigation risks, and in particular the litigation with UNU GmbH presented below.

- In March 2021, UNU GmbH summoned Forsee Power SA before the Paris Trade Court to seek a legal expert appraisal on the basis of liability due to defective products and the basis of common law contractual liability by claiming defects and non-compliance with agreed-upon technical specificities.
- UNU GmbH also sued Forsee Power SA in November 2021 and claimed €15.9 million in damages.
- The Forsee Power Group exercises its judgment in assessing the risk incurred in the UNU GmbH litigation, sets aside a provision when it is probable that an expense will be generated by this litigation and the amount may be quantified or estimated within a reasonable range.
- The €0.7 million provision recognized covers legal expert appraisal and procedural costs.

- We considered this litigation to be a key audit matter given the material amounts at stake and the level of judgment required to determine provisions.

<u>How our audit addressed this risk</u>

We analyzed all the items made available to us regarding the disputes between the Forsee Power SA Group and UNU GmbH with respect to damages suffered as a result of battery incidents or fires and in particular we:

- Examined the various summons and rulings relating to the ongoing proceedings in this litigation
- Reviewed the risk estimates made by Management and compared them with information shown in a letter from the lawyer in charge of the case following our confirmation requests for this litigation as well as the internal memo prepared by the company.
- Verified the appropriateness of the disclosures on this litigation in the notes to the consolidated financial statements.

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 Board of Directors.

- We have no matters to report regarding its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance statement required by Article L.225-102-1 of the French Commercial Code is included in the Group management report in the information pertaining to the Group presented in the management report, it being specified that, in accordance with Article L.823-10 of this code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Other Legal and Regulatory Verification or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the statutory auditors

We were appointed statutory auditors of Forsee Power SA by the Shareholders' Meeting of June 30, 2017 for Deloitte & Associés and December 8, 2018 for Jean Lebit.

As of December 31, 2021, Deloitte & Associés was in its fifth year of uninterrupted engagement, and Jean Lebit was in its fourth year of uninterrupted engagement, of which one year each since the company's shares were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with French accounting principles , and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors on April 6, 2022.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and Audit Approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Sarcelles, April 28, 2022

The Statutory Auditors

French original signed by

Deloitte & Associés

Thierry QUERON

Jean LEBIT