



Société Anonyme à Conseil d'administration (A public limited company with a board of directors)

Registered office: 1 boulevard Hippolyte Marques, 94200 Ivry-sur-Seine

2023

Half-yearly financial report

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Attestation by the person responsible for the half-yearly financial report

"I certify that to my knowledge, the condensed consolidated interim financial statements for the six months ended June 30, 2023, have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the net assets, financial position and financial performance of the Company and of all companies included in the scope of consolidation. I equally certify that to my knowledge, the attached half-yearly activity report faithfully represents the significant events that have occurred during the first six months of the financial year and their impact on the financial statements, as well as the main transactions that have taken place with related parties, and provide a description of the principal risks and uncertainties associated with the remaining six months of the financial year".

Christophe Gurtner

Chairman and CEO of Forsee Power

Signed in Ivry-sur-Seine, on September 14, 2023

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Half-yearly business report

2.1 Key performance indicators

The Group uses revenue and adjusted 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.

From December 31, 2022, the Group no longer tracks EBITDA as a performance indicator.

Definition of adjusted EBITDA

The Group considers adjusted EBITDA, a non-GAAP measure, as a performance measure.

It corresponds to operating income before amortisation and impairment of intangible assets, amortisation of right-of-use assets for property, plant and equipment, amortisation and impairment of property, plant and equipment and net impairment of assets. It is also restated for share-based payment 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.

The reconciliation of this aggregate with the IFRS financial statements is presented in the table below:

In € thousands	HY 2023	HY 2022
Current operating income	(12,322)	(12,178)
- Amortisation and impairment of intangible assets	1,739	1,475
- Amortisation of rights of use on property, plant and equipment	998	598
- Amortisation and impairment of property, plant and equipment	1,770	1,215
- Net impairment on inventories and receivables	3,272	690
- Share-based payments expenses	720	1,976
- Employer's contributions for share-based payments	0	26
Adjusted EBITDA	(3,823)	(6,198)

2.2 Analysis of first-half activity and results

2.2.1 Outlook and trends

On the strength of improvements in its business indicators and adjusted EBITDA margin, the successful deployment of its strategic plan and its solid financial structure, Forsee Power confirms all its short and medium-term financial targets:

- 2023: Revenue above €160m and significant improvement in adjusted EBITDA;
- 2024: Revenue above €235m and break-even point reached¹ ;
- 2028: Revenue above €850m and adjusted EBITDA margin of 15%.

2.2.2 Significant events during the period

2.2.2.1 Launch of new product ranges

Forsee Power has launched two new offerings of ultra-high energy density and ultra-modular battery systems for heavy-duty vehicles. These two new ranges are called ZEN LITE (May 2023) and FLEX PLUS (June 2023). These two new product ranges complete the Group's battery offering.

¹ Adjusted EBITDA greater than or equal to zero.

2.2.2.2 Business Development

During the first half of 2023, the Group signed various contracts, including:

- Contract with Mathieu – Groupe Fayat to electrify sweepers and washers;
- Contract with Indian electric tricycle manufacturer 3ev Industries;
- Contract with Skoda to equip electric trains with its high-power battery systems.

The Group has also entered into the following partnerships:

- Partnership with lochpe-Maxion to offer integrated zero-emission solutions for the electrification of commercial vehicles;
- Partnership with Canada's MTB to retrofit diesel buses to electric in North America;
- Partnership with Vensys Group and Parker Hannifin to retrofit off-highway vehicles.

2.2.2.3 Capital increase

On May 9, 2023, Forsee Power carried out a capital increase of €49.3 million, resulting in the creation of 17,664,108 new ordinary shares. This capital increase is intended to finance the acceleration of the Group's commercial, industrial and technological development.

Management is also examining options for financing its growth strategy through debt (bank or otherwise), which could be deployed to increase its financial flexibility.

2.2.2.4 Group expansion to Japan

Forsee Power pursues its international development by opening a subsidiary in Japan in May 2023, named Forsee Power Japan Limited Liability.

The Group's aim in opening this subsidiary is to provide after-sales service for its Japanese customers. Forsee Power Japan Limited Liability has 4 employees as of June 30, 2023.

2.2.2.5 Dispute with Unu GmbH

The emergency expertise and substantive legal proceedings opened in 2021 before the Paris Commercial Court did not change significantly in the first half of 2023. In its deliberations of June 22, 2023, the Court stayed the proceedings until the expert report had been submitted.

A new emergency expertise procedure was opened in 2022 before the Court of Justice of Lyon, and new legal proceedings were initiated in 2022 before civil courts in Germany.

Legal proceedings continued in the first half of 2023.

For further details on the various disputes with Unu GmbH, please refer to note 7.11 of the half-yearly financial statements in this document.

2.2.2.6 Impact of the 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 raw material costs exist, linked to the geopolitical situation in Ukraine and in the energy sector, but the Group is not directly exposed.

2.2.2.7 Uncertainties related to the current economic and political environment

The current economic and political environment may create uncertainties regarding the Group's business activities (i.e. inflation, increases in the prices of certain raw materials and energy, a supply chain disruption or a shortage of electronic components, etc.). Nevertheless, the Group closely monitors and manages potential increases in its cost structures (raw material prices, wage inflation and supply chain inflation), and generally includes a price adjustment clause in customer contracts, so that it has only limited exposure to fluctuations in raw material prices.

2.2.3 Business commentary

The following information regarding the financial position and results of Forsee Power shall be read in conjunction with the Group's interim consolidated financial statements as of June 30, 2023, included in this document, which are prepared according to the standard IAS 34 related to the interim financial reporting.

Forsee Power's half-yearly financial statements have been prepared in accordance with IFRS as adopted by the European Union ("EU-IFRS") and were subject to a limited review by the statutory auditors whose limited review report is presented in section 3.2.

Figures in thousands of euros in the tables and analyses in this section have been rounded. As a result, the totals may not correspond to the sum of the separately rounded figures. Similarly, the sum of the percentages, calculated from rounded figures, may not add up to 100%.

Due to the nature of its business and its geographical location, the Group's results are affected by changes in exchange rates. For an analysis of the Group's exposure to foreign exchange risk, please refer to note 7.15.3 of the half-yearly financial statements, in section 3.1 of this document.

Key figures

In € thousands	HY 2023	HY 2022	Change	Change (as a %)
Revenue	78,756	49,727	+ 29,029	+ 58%
<i>Of which Heavy Vehicles (HeV)</i>	65,432	38,474	+ 26,958	+ 70%
<i>Of which Light Vehicles and Industrial Tech (LeV & Ind Tech)</i>	13,324	11,253	+ 2,071	+ 18%
Adjusted EBITDA ^(a)	(3,823)	(6,198)	+ 2,375	+ 38%
Adjusted EBITDA margin	(5)%	(12)%		
Current operating income	(12,322)	(12,178)	- 144	- 1%
Operating income	(12,322)	(12,178)	- 144	- 1%
Net financial income (expense)	(3,787)	2,504	- 6,291	- 251%
Consolidated net income	(16,022)	(9,834)	- 6,188	- 63%

a) The adjusted EBITDA indicator is defined and detailed in section 2.1 of this document.

In the first half of 2023, Forsee Power recorded a robust sales performance, with a consolidated revenue of €78,756 thousand, up by 58% mainly due to:

- strong momentum in the heavy vehicle segment (+ 70 %); and
- a continued growth in the light vehicle segment (+ 18 %).

The Group's adjusted EBITDA increased from €(6,198) thousand for the first half of 2022 to €(3,823) thousand for the first half of 2023, due to:

- higher revenue compared with the first half of 2022 (+€29,029 thousand); and
- a parallel reduction in costs by the Group (-€26,652 thousand).

In this context, the adjusted EBITDA margin amounted to (5)% for the first half of 2023 compared with (12)% for the first half of 2022.

The operating income for the first half of 2023 amounted to €(12,322) thousand. It was down from the operating income of €(12,178) thousand for the first half of 2022. Operating income is analysed below in paragraph 2.2.5 of this document.

At June 30, 2023, Forsee Power had a significant cash position of €46,654 thousand. Cash and cash equivalents are analysed in section 2.4 of this document.

The working capital requirement balance² in the half-year closing statement of financial position represents 55% of revenue for the first half of 2023 compared with 62% for the first half of 2022. This €12,342 thousand increase in WCR is mainly due to a higher level of inventory and trade receivables (+€5,717 thousand and +€5,015 thousand, respectively), in line with the strong growth in Group revenue in the first half of 2023.

In this context of very strong growth, changes in other WCR items (trade payables, other current assets and other current liabilities) increased (+€1,610 thousand), as the Group undertook in-depth actions to continually optimise its WCR by increasing payment terms with its suppliers and using its "deconsolidating" factoring contracts.

Purchases of property, plant and equipment net of advances and deposits amounted to €2,635 thousand in the first half of 2023, compared with €1,988 thousand in the first half of 2022. As a percentage of revenue, purchases of property, plant and equipment net of advances and deposits amounted to 3% at June 30, 2023, compared with 4% at June 30, 2022.

Group shareholders' equity (including capital expenditure and financial debt) are analysed in section 2.4 of this document.

2.2.4 Segment presentation

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), 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), 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. Revenue by geographic area is determined based on customer location.

² For further details, please refer to note 9.2 of the half yearly financial statements.

2.2.5 Results of operations

Revenue

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

In € thousands	HY 2023	HY 2022	Change
France			
<i>Heavy Vehicles (HeV)</i>	514 ³	22,288 ³	- 21,774
<i>Light Vehicles and Industrial Tech (LeV & Ind Tech)</i>	3,972	3,488	+ 484
Total	4,486	25,775	- 21,289
As a %	6%	52 %	
Europe			
<i>Heavy Vehicles (HeV)</i>	63,235 ³	15,950 ³	+ 47,285
<i>Light Vehicles and Industrial Tech (LeV & Ind Tech)</i>	3,459	1,937	+ 1,522
Total	66,694	17,887	+ 48,807
As a %	85%	36%	
Asia			
<i>Heavy Vehicles (HeV)</i>	558	88	+ 470
<i>Light Vehicles and Industrial Tech (LeV & Ind Tech)</i>	4,529	4,499	+ 30
Total	5,087	4,587	+ 500
As a %	6%	9%	
United States			
<i>Heavy Vehicles (HeV)</i>	101	146	- 45
<i>Light Vehicles and Industrial Tech (LeV & Ind Tech)</i>	1,288	1,329	- 41
Total	1,389	1,475	- 86
As a %	2%	3%	
Rest of the world			
<i>Heavy Vehicles (HeV)</i>	1,024	3	+ 1,021
<i>Light Vehicles and Industrial Tech (LeV & Ind Tech)</i>	76	-	+ 76
Total	1,100	3	+ 1,097
As a %	1%	0%	
TOTAL	78,756	49,727	+ 29,029
<i>Heavy Vehicles (HeV)</i>	65,432	38,474	+ 26,958
<i>Light Vehicles and Industrial Tech (LeV & Ind Tech)</i>	13,324	11,253	+ 2,071

The Group's consolidated revenue amounted to €78,756 thousand in the first half of 2023 compared with €49,727 thousand in the first half of 2022, an increase of +€29,029 thousand or +58%. This growth was mainly due to strong momentum in the heavy vehicle segment (+70%) and continued growth in the light vehicle segment (+18%).

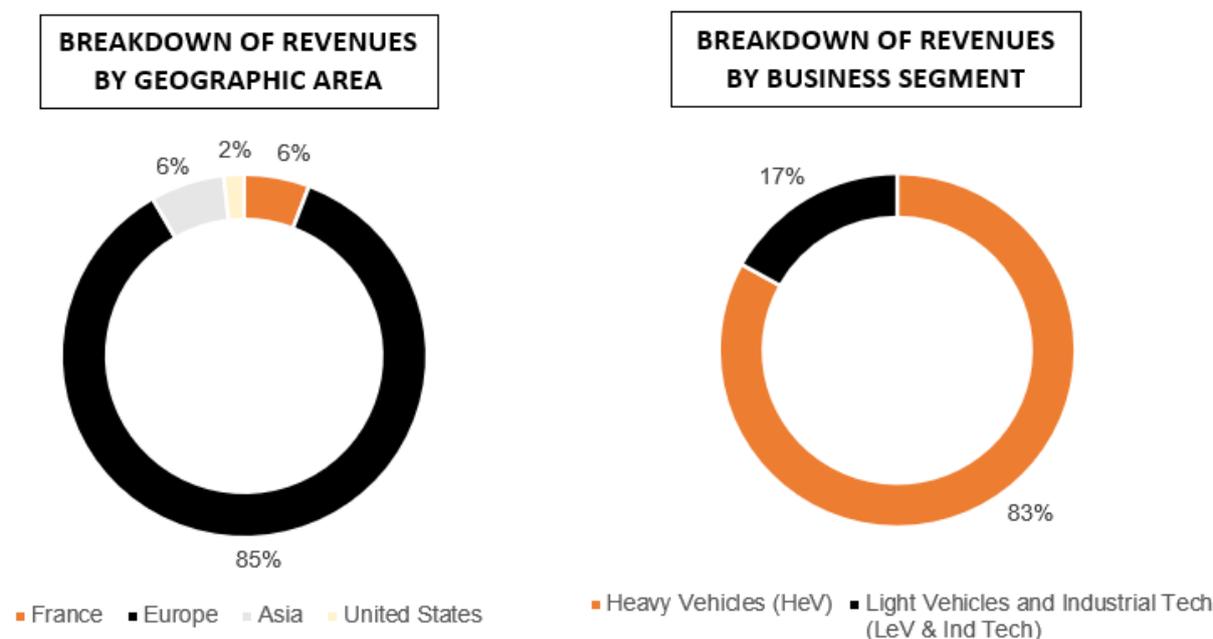
³ In the first half of 2023, one customer was reclassified from the France zone to the Europe zone following the relocation of its head office.

The **Heavy Vehicles (HeV) segment** remained the largest contributor to the Group's consolidated revenue (83% in the first half of 2023 compared with 77% in the first half of 2022).

Revenue for this segment was €65,432 thousand in the first half of 2023, up +€26,958 thousand, or +70% compared with the first half of 2022. This mainly results from the growth of the company's existing customer and, to a lesser extent, the launch of partnerships with new customers.

The **Light Vehicles and Industrial Tech (LeV & Ind Tech) segment** accounted for 17% of the Group's revenue in the first half of 2023, (compared with 23% in the first half of 2022).

Revenue for this segment was €13,324 thousand, an increase of +€2,071 thousand or +18% compared with the first half of 2022. This increase mainly reflects the Group's growth in the two-wheeler sector in Europe and the rest of the world.



Current operating income

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

	HY ended			
	2023		2022	
	€ thousands	% of revenue	€ thousands	% of revenue
Revenue	78,756	-	49,727	-
Other operating income and expenses	1,198	2%	(366)	- 1%
External services and purchases consumed	(67,585)	- 86%	(41,384)	- 83%
Personnel costs	(15,507)	- 20%	(15,442)	- 31%
Taxes and duties	(522)	- 1%	(361)	- 1%
Amortisation	(4,507)	- 6%	(3,288)	- 7%
Provisions and impairment	(4,153)	- 5%	(1,064)	- 2%
Current operating income (EBIT)	(12,322)	- 16%	(12,178)	- 24%

- **Revenue**

Refer to the analysis above.

- **Other operating income and expenses**

Other operating income and expenses increased and represented an income of €1,198 thousand as of June 30, 2023, compared with €(366) thousand as of June 30, 2022, i.e., an increase of +€1,564 thousand.

- **External services and purchases consumed**

The breakdown of the item is as follows:

In € thousands	HY 2023	HY 2022
Purchases consumed, including foreign exchange gains and losses on purchases	(59,942)	(36,008)
Fees, external services	(2,728)	(1,917)
Leases, maintenance and insurance	(1,398)	(793)
Transport, travel and conference expenses	(1,841)	(1,381)
Study and research costs	(1,093)	(689)
Post and telecommunications expenses	(148)	(114)
Subcontracting	(294)	(365)
Other	(141)	(117)
External services and purchases consumed	(67,585)	(41,384)

The increase in external services and purchases consumed of -€26,201 thousand, i.e. -63%, in the first half of 2023 compared with the first half of 2022, is mainly due to:

- the increase in purchases consumed of -€23,934 thousand, mainly due to the increase in activity;
- the increase in fees, external services expenses of -€811 thousand mainly due to costs incurred in connection with recruitment and consultancy services to support the Group's growth and the structuring of its support functions;
- the increase in leases, maintenance and insurance costs of -€605 thousand, mainly due to an increase in maintenance costs and insurance premiums;
- the increase in transport, travel and conference expenses of -€460 thousand, mainly due to higher activity;
- the increase in study and research costs of -€404 thousand due to an increase in research and development activity.

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 prices of these raw materials fluctuate and their availability or 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 slight increase in personnel costs of -€65 thousand compared with the first half of 2022 is due to:

- the increase in personnel costs excluding IFRS 2 for an amount of -€1,347 thousand, mainly due to the rise in the average full-time equivalent workforce from 630 at June 30, 2022 to 722 at June 30, 2023, in line with the increase in activity;
- the decrease in share-based payment costs for an amount of +€1,282 thousand, related to the deferral of the expense for stock options and free shares validated in previous years.

- **Taxes and duties**

Taxes and duties increased (-€161 thousand between the first half of 2023 and the first half of 2022) and amounted to €(522) thousand as of June 30, 2023. As a percentage of revenue, taxes and duties remained unchanged from June 30, 2022, at 0.7%.

- **Non-current operating income**

Similarly to the first half of 2022, there are no non-current operating items for the first half of 2023.

- **Amortisation, provision, and net impairment**

The item breaks down as follows:

In € thousands	HY 2023	HY 2022
Amortisation and impairment of intangible assets	(1,739)	(1,475)
Amortisation of rights of use on property, plant and equipment	(998)	(598)
Amortisation and impairment of property, plant and equipment	(1,770)	(1,215)
Provisions for risks and charges	(881)	(374)
Net impairment of inventories and receivables ^(a)	(3,272)	(690)
Net charges	(8,661)	(4,352)

a) Including €1,358 thousand of impairment losses on inventories identified as surplus or obsolete at the end of the first half of 2023.

The item rose from €(4,352) thousand in the first half of 2022 to €(8,661) thousand in the first half of 2023, due to the impairment of inventories, an increase in the Group's tangible and intangible fixed assets as well as its risks and charges. Its contribution as a percentage of revenue increased to 11% in the first half of 2023 compared with 9% in the first half of 2022.

Fixed assets and provisions are discussed in the comments on the statement of financial position in section 2.3 of this document.

Operating income (loss)

Given the factors presented above, the Group's operating loss fell slightly by €144 thousand and amounted to €(12,322) thousand in the first half of 2023 (compared with €(12,178) thousand in the first half of 2022).

Net financial income (loss)

The Group's net financial loss decreased from €2,504 thousand at June 30, 2022 to €(3,787) thousand at June 30, 2023, i.e. a decline of -€6,291 thousand, resulting mainly from:

- the change in fair value of the BSA _{BEI Warrant A} and BSA _{BEI Warrant C} derivatives, for -€5,057 thousand, linked to the increase in Forsee Power SA's share price. For further details, please refer to note 8.8 in section 3.1 of this document;
- the negative impact of changes in foreign exchange gains and losses, amounting to -€795 thousand, mainly due to a slight depreciation of the US dollar between June 30, 2022 and June 30, 2023;
- the increase in bank fees and commissions, for -€346 thousand, mainly related to the rise in factoring volumes.

On the other hand, the overall reduction in the Group's debt helped to improve its financial result by +€107 thousand (please refer to the analysis of Group debts in section 2.5 of this document).

Tax expense

The tax expense was €313 thousand as of June 30, 2023 compared with €(161) thousand as of June 30, 2022. Theoretical tax income was €4,084 thousand as of June 30, 2023, compared with €2,418 thousand as of June 30, 2022.

The differences between the theoretical tax expense and the actual tax expense (respectively, €3,771 thousand as of June 30, 2023 and €2,580 thousand as of June 30, 2022) result mainly from the impact of the change in the tax expense concerning tax losses not recognised in the statement of financial position (€3,176 thousand in the first half of 2023 and €3,097 thousand in the first half of 2022), and derivatives on financial instruments (€447 thousand in the first half of 2023 and €(976) thousand in the first half of 2022).

Details of the tax expense are provided in note 8.9 to the half-yearly financial statements in section 3.1 of this document.

Net income

Given the factors set out above, the consolidated net result represents a loss of €(16,022) thousand at June 30, 2023 compared with €(9,834) thousand at June 30, 2022, i.e., a deterioration of -€6,188 thousand.

2.3 Comments on the main statement of financial position items

In € thousands	30.06.2023	31.12.2022	Change	Change (as a %)
Non-current assets	52,085	49,509	+ 2,576	+ 5%
Of which property, plant and equipment ^(a)	26,520	25,978	+ 542	+ 2%
Of which intangible assets ^(b)	17,168	14,955	+ 2,213	+ 15%
Of which investments in equity-accounted companies ^(c)	3,811	4,043	- 232	- 6%
Of which non-current financial assets ^(d)	1,490	1,751	- 261	- 15%
Current assets	124,856	97,017	+ 27,839	+ 29%
Of which inventories ^(e)	41,212	37,476	+ 3,736	+ 10%
Of which cash and cash equivalents ^(f)	46,654	31,014	+ 15,640	+ 50%
Of which trade receivables ^(g)	21,293	15,960	+ 5,333	+ 33%
Of which other current assets ^(h)	15,697	12,566	+ 3,131	+ 25%
Total assets	176,941	146,526	+ 30,415	+ 21%
Of which Equity ⁽ⁱ⁾	70,979	39,650	+ 31,329	+ 79%
Of which borrowings and financial liabilities ^(j)	58,034	60,167	- 2,133	- 4%
Of which loans from the EIB	24,256	22,581	+ 1,675	+ 7%
Of which State-guaranteed loans	14,247	16,803	- 2,556	- 15%
Of which right-of-use liabilities	15,761	15,584	+ 177	+ 1%
Of which Atout loan from BPI	2,501	3,438	- 937	- 27%
Of which accrued interest on financial liabilities	117	1,065	- 948	- 89%
Of which related-party liabilities	979	691	+ 288	+ 42%
Of which derivative financial instruments ^(k)	5,260	4,108	+ 1,152	+ 28%
Of which provisions for risks and charges ^(l)	8,052	7,170	+ 882	+ 12%
Of which trade payables ^(m)	13,948	20,152	- 6,204	- 31%
Of which other liabilities ⁽ⁿ⁾	20,239	14,722	+ 5,517	+ 37%
Total liabilities	176,941	146,526	+ 30,415	+ 21%

- a) Property, plant and equipment are detailed in note 7.3 to the half-yearly financial statements in section 3.1 of this document.
- b) The increase in this item is mainly due to the capitalisation of development costs for +€3,863 thousand. This effect was partially offset by the increase in amortisation and impairment related to the increase in intangible assets (-€1,752 thousand). Intangible assets are detailed in note 7.2 to the half-yearly financial statements in section 3.1 of this document.
- c) Investments accounted for using the equity method relate exclusively to the stake in NCoT Capital, in which the Group holds a 50% stake as of June 30, 2023 in partnership with the EDF Group (see note 7.5 to the half-yearly financial statements in section 3.1 of this document).
- d) Other non-current financial assets consist mainly of a cash pledge for €976 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. In addition, other non-current financial assets also include guarantee deposits and sureties paid for €353 thousand and guarantee deposits on liquidity contracts for €161 thousand (see note 7.4 to the half-yearly financial statements in section 3.1 of this document).
- e) The +€3,736 thousand increase in inventories is mainly due to the growth in the Group's activity (see note 7.6 to the half-yearly financial statements in section 3.1 of this document).
- f) As of June 30, 2023, cash and cash equivalents consisted of sight deposits in euros, US dollars and the local currencies of the subsidiaries (Indian rupee, Chinese yuan, Polish zloty, Japanese yen). Cash flows are analysed in section 2.4 of this document.
- g) The +€5,333 thousand increase in trade receivables is mainly due to the growth in the Group's activity (see note 7.7 the half-yearly financial

statements in section 3.1 of this document).

- h) See note 7.8 to the half-yearly financial statements in section 3.1 of this document.
- i) Movements affecting the Group's equity in the first half of 2022 and the first half of 2023 are detailed in the consolidated statement of changes in equity and the related note (see section 2.4 of this document and the half-yearly financial statements, table "Consolidated statement of changes in equity").
- j) Borrowings and debts are detailed in section 2.5 and in note 7.13 of the half-yearly financial statements in section 3.1 of this document.
- k) See note 7.14 the half-yearly financial statements in section 3.1 of this document.
- l) They consist of the provisions for:
- after-sales service guarantee, intended to cover the risk of future after-sales service costs arising from Forsee Power's liability for products sold (€5,778 thousand in the first half of 2023 compared with €4,884 thousand as of December 31, 2022);
 - recycling, set aside to cover the estimated future costs of recycling battery systems sold, for which the Group has a recovery and recycling commitment in the event that customers return batteries (€1,642 thousand in the first half of 2023, compared with €1,597 thousand as of December 31, 2022);
 - for litigation (€333 thousand at June 30, 2023 compared with €249 thousand at December 31, 2022);
 - in respect of the dispute with Unu GmbH, for €299 thousand as of June 30, 2023 (compared with €441 thousand as of December 31, 2022). This dispute is discussed in paragraph 2.2.2.6 and in note 7.11 to the half-yearly financial statements in section 3.1 of this document.
- m) The decrease in trade payables is mainly due to the normalisation of the cash flow cycle in the first half of 2023.
- n) The non-current portion came to €3,120 thousand in the first half of 2023 (€4,116 thousand as of December 31, 2022) and the current portion came to €17,120 thousand in the first half of 2023 (€10,606 thousand as of December 31, 2022). Other liabilities correspond mainly to advances and deposits received, social security and tax liabilities, deferred income on specific battery warranty extensions, liabilities on capital increase costs, and benefits granted on interest free State-guaranteed loans maturing in one to five years. Other liabilities are detailed in note 7.18 to the half-yearly financial statements in section 3.1 of this document.

2.4 Group consolidated cash flows

In € thousands	HY 2023	HY 2022	Change
Cash flow from operating activities	(20,353)	(15,217)	- 5,136
Cash flow from investing activities	(6,385)	(5,724)	- 661
Cash flow from financing activities	42,518	(3,460)	+ 45,978
Impact of conversion rates	(140)	34	- 174
Change in cash and cash equivalents	15,640	(24,369)	+ 40,009

• Cash flow from operating activities

In € thousands	HY 2023	HY 2022	Change
Cash flow from operations before cost of net financial debt and tax ^(a)	(6,756)	(7,221)	+ 465
Tax expense paid (income received) ^(b)	(158)	900	- 1,058
Change in working capital requirement ^(c)	(13,440)	(8,898)	- 4,542
Cash flow from operating activities	(20,353)	(15,217)	- 5,136

- a) The improvement in cash flow is mainly explained by the increase in amortisation and provisions of +€1,682 thousand, offset by a lower IFRS 2 charge in the first semester 2023 compared with the first semester 2022.
- b) In the first half of 2023, this flow corresponds mainly to the payment of corporate income tax. In the first half of 2022, this flow mainly corresponded to the 2018 net research tax credit (CIR) received in the amount of €725 thousand. See the consolidated cash flow statement and note 9.2 to the half-yearly financial statements in section 3.1 of this document.
- c) The change in the operating working capital requirement (WCR) amounted to €(13,440) thousand, compared with €(8,898) thousand in the first semester 2022. This is mainly due to the payment of trade payables as a result of the normalisation of the cash flow cycle in the first semester 2023, an increase in inventories, trade receivables and other receivables in line with the Group's business growth, partially offset by an increase in advances and deposits received, and tax liabilities.

The decrease in cash from operating activities of -€5,136 thousand is directly attributable to the change in working capital requirement of -€4,542 thousand explained in the table above.

- **Cash flow from investing activities**

In € thousands	HY 2023	HY 2022	Change
Acquisition of fixed assets (net of liabilities and advances paid) ^(a)	(6,716)	(3,168)	- 3,548
Assets managed under liquidity contract	(14)	(267)	+ 253
Realised gains (losses) on liquidity contract	17	4	+ 13
Proceeds from financial assets	328	0	+ 328
Change in scope of consolidation ^(b)	0	(2,292)	+ 2,292
Cash flow from investing activities	(6,385)	(5,724)	- 661

a) 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 and note 9.3 of the half-yearly financial statements in section 3.1 of this document.

b) As a reminder, in the first half of 2022, this item corresponds to the acquisition of NEOt shares from Mitsubishi Corporation and is detailed in note 9.6 to the half-yearly financial statements in section 3.1 of this document.

Cash flow from investing activities declined mainly due to an increase in acquisitions of fixed assets (net of liabilities and advances paid). This effect is partially offset by the acquisition of NEOt shares from Mitsubishi Corporation in the first half of 2022. These effects are detailed above.

- **Cash flow from financing activities**

In € thousands	HY 2023	HY 2022	Change
Cash capital increase ^(a)	49,283	0	+ 49,283
Payment of IPO expenses ^(b)	0	(1,230)	+ 1,230
Payment of capital issue expenses (excluding IPO expenses) ^(a)	(1,206)	0	- 1,206
Change in other financial liabilities	0	(18)	+ 18
New borrowings ^(c)	0	0	+ 0
Repayment of borrowings ^(c)	(3,746)	(625)	- 3,121
Debt repayments on leased real estate	(609)	(558)	- 51
Factoring financing ^(c)	1	0	+ 1
Change in financial liabilities with related parties	288	(6)	+ 294
Bank charges paid	(452)	0	- 452
Financial expenses paid	(1,040)	(1,023)	- 17
Cash flow from financing activities	42,518	(3,460)	+ 45,978

a) In the first half of 2023, these flows mainly relate to the capital increase carried out on May 9, 2023, for €49.3 million.

b) As a reminder, in the first half of 2022, the disbursement of IPO issue costs of €1,230 thousand corresponded to the payment of residual amounts provisioned in the financial statements at December 31st, 2021.

c) See the financial debt analysis in section 2.5 of this document.

The increase in cash flow from financing activities is mainly due to the capital increase carried out on May 9, 2023, partially offset by increased repayments of borrowings.

2.5 Financial debt

The schedule of financial debts is detailed in the table below and in note 7.13 to the half-yearly financial statements in section 3.1 of this document.

In € thousands	December 31, 2022	Issuance	Repayments	Loan issuance costs	Interest on zero rate loans	Reclassification	Currency translation effects	Effective interest method impact	Net change	Capitalised interest	Fair value	Loan issuance IFRS 16	June 30, 2023
EIB loans	22,581		(0)			0		666		1,009			24,256
BPI Atout loan	2,188					(938)							1,251
BPI State-guaranteed loan	3,438					(938)							2,501
BNP State-guaranteed loan	4,209				119	(938)							3,391
HSBC State-guaranteed loan	4,156				133	(934)							3,355
Right-of-use liability - non-current	14,194		0			(748)	(117)					917	14,246
Related party liabilities	691								288				979
Long-term financial debt	51,455		0		252	(4,494)	(117)	666	288	1,009		917	49,977
BPI Atout loan	1,250		(938)			938							1,250
BPI State-guaranteed loan	1,250		(938)			938							1,250
BNP State-guaranteed loan	1,875		(938)			938							1,875
HSBC State-guaranteed loan	1,875		(934)			934							1,875
Accrued interest on financial liabilities	1,065	890	(802)			(26)	(1)		(0)	(1,009)			117
Right-of-use liability - current	1,390		(609)			748	(15)						1,515
Accrued interest on rights of use		222	(73)			26	(1)					0	174
Fair value hedges related to foreign exchange risk	6								(6)				
Short-term financial debt	8,711	1,113	(5,231)			4,494	(16)		(6)	(1,009)		0	8,056
Gross financial debt	60,167	1,113	(5,231)		252	0	(133)	666	282			917	58,034
<i>Of which</i>													
<i>Current</i>	<i>8,711</i>	<i>1,113</i>	<i>(5,231)</i>			<i>4,494</i>	<i>(16)</i>		<i>(5)</i>	<i>(1,009)</i>		<i>0</i>	<i>8,056</i>
<i>Non-current</i>	<i>51,455</i>		<i>0</i>		<i>252</i>	<i>(4,494)</i>	<i>(117)</i>	<i>666</i>	<i>287</i>	<i>1,009</i>		<i>917</i>	<i>49,977</i>

- **EIB loans**

The Company and the EIB entered into a €20.0 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 €20.0 million loan was repaid in full in June 2021.

It was also accompanied by 6,857 BSA EIB Warrant A issued on March 15, 2018 and still outstanding, and leading, if exercised, to the issue of 1,119,998 ordinary shares⁴.

A new EIB loan was signed in December 2020 for which tranche A, of €21.5 million, was drawn down 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, leading in the event of exercise to the issuance of 496,812 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 of €8.5 million and then fully repaid early in November 2021. Following the Waiver Agreement of September 28, 2021, the issue of Tranche B was not accompanied by the issue of 1,000 BSA EIB Warrant D, as initially provided by the loan agreement.

The financial derivatives on the EIB loans (BSA EIB Warrant A and BSA EIB Warrant C) are presented below in paragraph 2.5.2.

The EIB financing is detailed in note 3.1.3 to the half-yearly financial statements in section 3.1 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 (ii) 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.

The State-guaranteed loan from BNP is repaid quarterly from September 4, 2022, until June 4, 2026. The State-guaranteed loan from HSBC is repaid quarterly from September 11, 2022, until July 11, 2025. Lastly, the State-guaranteed loan from BPI is repaid quarterly from September 30, 2022, until June 30, 2026.

⁴ It is specified that the number of ordinary shares to which the BSA EIB Warrant A and BSA EIB Warrant C entitle their holders was calculated at the date of preparation of the financial statements and consequently adjusted with regard to the "Adjustment Events" (as these terms are defined in the subscription contract for the said BSA) (i) which have already been carried out by the Company (in particular the capital increase recorded on May 9, 2023) and (ii) those which could be carried out by the Company, on a fully diluted basis (i.e. if all outstanding securities and rights were exercised by their beneficiaries). This "maximum" number may nevertheless be increased in the event of new "Adjustment Events" after the financial statements have been drawn up.

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. In addition, the state guaranteed loan (PGE) with HSBC was also amended in March 2021, bringing the interest rate to 0.31%.

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 June 30, 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.

See note 7.13 to the half-yearly financial statements in section 3.1 of this document.

• **Factoring**

As part of its business activity, the Group has entered into factoring agreements with HSBC Factoring France and Banco Santander to accelerate the collection of trade receivables and cash inflows by setting-up financing secured by trade receivables.

Receivables assigned without recourse (HSBC contract) and which are no longer presented in the statement of financial position amount to €5,278 thousand as of June 30, 2023 (€2,563 thousand as of December 31, 2022).

Under the factoring contract included in a customer's reverse factoring programme, the Group has as of June 30, 2023, discounted with Banco Santander for €11,405 thousand of receivables with a maturity date later than June 30, 2023 (€5,354 thousand of receivables sold at year-end 2022 with a maturity date later than December 31, 2022).

The outstanding receivables financed by factoring with and without recourse are detailed in the table below and in note 7.7 to the half-yearly financial statements in section 3.1 of this document.

In € thousands	30.06.2023	31.12.2022
Assignment of receivables without recourse	5,278	2,563
Total receivables assigned	5,278	2,563

• **Right-of-use liability**

The right-of-use liability amounted to €15,761 thousand in the first half of 2023 and €15,584 thousand as of December 31, 2022. The slight increase in this lease liability is mainly due to the signing of new lease contracts over the period concerning sites in China, France, India and Japan.

2.5.1 Schedule of financial debts

The schedule of financial debts is detailed in the table below and in note 7.13 to the half-yearly financial statements in section 3.1 of this document.

2.5.2 Derivatives on financial instruments

Derivatives on financial instruments are detailed in the table below and in note 7.14 to the half-yearly financial statements in section 3.1 of this document.

In € thousands	Date of issue	Expiry date	Number of BSA instruments	Number of shares subscribed if the BSA are exercised	June 30, 2023	December 31, 2022
Warrant A BSA for EIB	March 18, 2018	March 15, 2028	6,857	1,119,998	3,629	2,817
Warrant C BSA for EIB	June 4, 2021	June 4, 2041	3,500	496,812	1,632	1,291
Total			10,357	1,616,810^(a)	5,261	4,108

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

The maturity of derivatives on financial instruments is between 1 and 5 years for Warrant A BSA and over 5 years for Warrant C BSA.

2.6 Capital expenditure

2.6.1 Main investments realised

The total amount of investments made by the Group amounted to €6,385 thousand in the first half of 2023 compared with €5,724 thousand in the first half of 2022.

2.6.2 Main investments in progress

Acquisitions of fixed assets net of advances and deposits totalled €2,635 thousand in the first half of 2023, compared with €1,988 thousand in the first half of 2022.

These investments mainly concerned:

- developments within the Group's various sites;
- improvements of production lines;
- test equipment and;
- improvements in information systems.

2.6.3 Main future investments

Future capital expenditure will mainly consist of increasing the Group's production capacity, with the aim of bringing it to 13 GWh by 2028. The gradual introduction of new flexibles production lines in all the Group's plants to reach this capacity will also be accompanied by expenditure related to site development (infrastructure, IT, etc.), the installation of new production lines and product control equipment (laboratories, testing equipment...), and the launch of a new production site in the United States. At the same time, the Group plans to pursue a sustained effort in the development of new products, as well as research, in order to deploy its continuous product improvement plan at a satisfactory pace. This effort, which also responds to market expectations, will enable the Group to maintain a high-quality product offering in its various market sectors in the years to come.

2.7 Subsequent events

There are no significant events after 30 June 2023.

2.8 Main transactions with related parties

The main transactions with related parties are detailed in note 10.2 to the half-yearly financial statements.

2.9 Main risks and uncertainties for the remaining six months

The main risks and uncertainties to which the Company believes it is exposed as of the date of this half-yearly financial report are detailed in chapter 3 "Risk Factors" of the universal registration document for the year ended 2022, published on April 25, 2023.

The Group does not anticipate any changes in its risks that may have an impact on the second half of the 2023 financial year.

3

**Condensed interim consolidated financial
Statements as of June 30, 2023**

3.1 Consolidated financial statements as of June 30, 2023

Consolidated statement of financial position

in € thousands	Notes	30.06.2023	31.12.2022
Non-current assets		52,085	49,509
Goodwill	7.1	1,523	1,523
Intangible assets	7.2	17,168	14,955
Property, plant and equipment	7.3	26,520	25,978
Non-current financial assets	7.4	1,490	1,751
Investments in equity-accounted companies	7.5	3,811	4,043
Other non-current assets	7.8	932	935
Deferred tax assets	7.19	641	323
Current assets		124,856	97,017
Inventories	7.6	41,212	37,476
Trade receivables	7.7	21,293	15,960
Other current assets	7.8	15,697	12,566
Current financial assets	7.4	0	0
Cash and cash equivalents	7.9	46,654	31,014
Total assets		176,941	146,526
Equity		70,979	39,650
Equity attributable to the owners of the parent company		70,979	39,650
Issued share capital	7.10	7,127	5,357
Issue premiums	7.10	177,729	132,913
Translation reserves	7.10.5	(218)	(295)
Reserves	7.10	(97,637)	(65,757)
Net income	7.10	(16,022)	(32,568)
Non-controlling interests		0	(0)
Liabilities		105,962	106,876
Non-current liabilities		66,838	67,407
Provisions for risks and charges	7.11	8,052	7,170
Employee benefits	7.12	400	379
Borrowings and financial debts	7.13	49,977	51,455
Derivatives on financial instruments	7.14	5,260	4,108
Other non-current liabilities	7.18	3,120	4,116
Deferred tax liabilities	7.19	29	178
Current liabilities		39,124	39,469
Provisions for risks and charges	7.11	0	0
Borrowings and financial debts	7.13	8,056	8,711
Trade payables	7.17	13,948	20,152
Other current liabilities	7.18	17,120	10,606
Total liabilities and equity		176,941	146,526

Consolidated income statement

in € thousands	Notes	30.06.2023	30.06.2022
Revenue	8.1	78,756	49,727
Other operating income and expenses	8.2	1,198	(366)
External services and purchases consumed	8.3	(67,585)	(41,384)
Personnel costs	8.4	(15,507)	(15,442)
Taxes and duties	8.5	(522)	(361)
Amortisation	8.6	(4,507)	(3,288)
Net impairment	8.6	(3,272)	(690)
Net provisions	8.6	(881)	(374)
Current operating income (loss)		(12,322)	(12,178)
Non-current operating income	8.7		
Operating income (loss)		(12,322)	(12,178)
Financial income	8.8	97	2
Cost of gross financial debt	8.8	(1,334)	(1,441)
Other net financial income and expenses	8.8	(2,551)	3,944
Net financial income (loss)	8.8	(3,787)	2,504
Share of income in equity accounted companies	7.5	(226)	
Income before tax		(16,335)	(9,673)
Income tax	8.9	313	(161)
Consolidated net income (loss)		(16,022)	(9,834)
<i>Of which share attributable to owners of the parent company</i>		<i>(16,022)</i>	<i>(9,834)</i>
<i>Of which non-controlling interests</i>		<i>0</i>	
Net earnings per share	7.10.6	(0.27) €	(0.18) €

Statement of other comprehensive income

in € thousands	Notes	30.06.2023	30.06.2022
Consolidated net income (A)		(16,022)	(9,834)
Other comprehensive income			
Exchange differences over the period	7.10.5	77	176
Exchange differences on non-monetary assets at date of change of functional currency			
Change in value of cash flow hedges denominated in foreign currencies			
Tax effect			
Total gains and losses recognised in equity and transferable to the income statement		77	176
Change in actuarial gains and losses for defined benefit plans	7.12	(60)	
Change in fair value of financial instruments not held for trading			
Tax effects		15	
Total gains and losses recognised in equity that cannot be transferable to the income statement		(45)	
Total gains and losses recognised in equity, net of tax (B)		32	176
Comprehensive income (A) + (B)		(15,990)	(9,658)
<i>Of which attributable to owners of the parent company</i>		<i>(15,990)</i>	<i>(9,658)</i>
<i>Of which non-controlling interests</i>			

Consolidated statement of cash flows

in € thousands	Notes	30.06.2023	30.06.2022
Operating income (loss)		(12,322)	(12,178)
<i>Elimination of calculated items and other cash flow items</i>			
Amortisation and provisions	9.1	5,344	3,662
(Gains)/Loss on disposal	9.4	2	50
Share-based payments	7.10.3.2	720	1,976
CIR income charged to operating expenses	9.2	(500)	(732)
Cash flow from operations before cost of net financial debt and tax		(6,756)	(7,221)
Change in grants		0	0
Change in income tax receivables and payables (excl. research tax credits)	9.2	(158)	175
Net research tax credits (CIR) claim receivable	7.8	0	726
Tax expense paid		(158)	900
Inventories	9.2	(4,187)	(6,797)
Trade receivables	9.2	(4,448)	(5,661)
Other receivables	9.2	(2,961)	2,910
Trade payables	9.2	(6,029)	699
Other liabilities	9.2	4,185	(49)
Change in operating working capital requirement		(13,440)	(8,898)
Cash flow from operating activities (A)		(20,353)	(15,217)
Acquisition of fixed assets (net of liabilities and advances paid)	9.3	(6,716)	(3,168)
Assets managed under liquidity contract	7.4	(14)	(267)
Realised gains (losses) on liquidity contract	7.4	17	4
Proceeds from financial assets	7.4	328	0
Change in consolidation scope	9.6	0	(2,292)
Cash flow from investing activities (B)		(6,385)	(5,724)
Capital increase in cash	7.10	49,283	0
Disbursement of IPO costs	7.10	0	(1,230)
Payment of capital issue expenses (excluding IPO cost)	7.18	(1,206)	0
Change in other financial liabilities	7.13	0	(18)
Loans issues	7.13	0	0
Loans repayments	7.13	(3,746)	(625)
Debt repayments on leased assets	7.13	(609)	(558)
Factoring financing	7.13	1	0
Changes in financial liabilities with related parties	7.13	288	(6)
Bank charges paid	8.8	(452)	0
Financial expenses paid	8.8	(1,040)	(1,023)
Cash flow from financing activities (C)		42,518	(3,460)
Effect of exchange rates		(140)	34
Change in cash and cash equivalents (A) + (B) + (C)		15,640	(24,369)
Net cash and cash equivalents at beginning of period	7.9	31,014	70,770
Net cash and cash equivalents at end of period	7.9	46,654	46,402
Net change in cash and cash equivalents		15,640	(24,369)

Consolidated statement of changes in equity

in € thousands	Notes	Issued share capital	Share premium	Translation reserve	Share-based payment reserve	Treasury shares	Other Reserves and comprehensive income	Total attributable to owners of the parent	Non-controlling interests	Total equity
Equity at December 31, 2022		5,358	132,913	(295)	7,165	(352)	(105,139)	39,650		39,650
Capital increase in cash	7.9.1	1,766	47,516				0	49,283		49,283
Issuance costs on capital increase			(2,697)					(2,697)		(2,697)
Allocation of free shares		3	(3)							
Share-based payments	7.10.3. 2				720			720		720
Comprehensive income				77			(16,067)	(15,990)		(15,990)
Change in treasury shares held under liquidity contract	7.10.4					9		9		9
Profit on disposals of treasury shares and change in fair value of treasury shares held	7.4					3		3		3
Equity at June 30, 2023		7,127	177,729	(218)	7,885	(339)	(121,205)	70,979	(0)	70,979
Equity at December 31, 2021		5,321	132,949	(196)	6,232	(167)	(74,916)	69,224		69,224
Share-based payments	7.10.3. 2				1,976			1,976		1,976
Comprehensive income				176			(9,834)	(9,658)	(0)	(9,658)
Change in treasury shares held under liquidity contract	7.10.4					(85)		(85)		(85)
Profit on disposal of treasury shares and change in fair value of treasury shares held	7.4					(183)		(183)		(183)
Equity at June 30, 2022		5,321	132,949	(20)	8,208	(434)	(84,751)	61,274	(0)	61,274

Summary notes to the IFRS consolidated financial statements

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Note 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 IVRY-SUR-SEINE, 94200.

Forsee Power S.A. is a company specialising in the design and integration of specialised batteries:

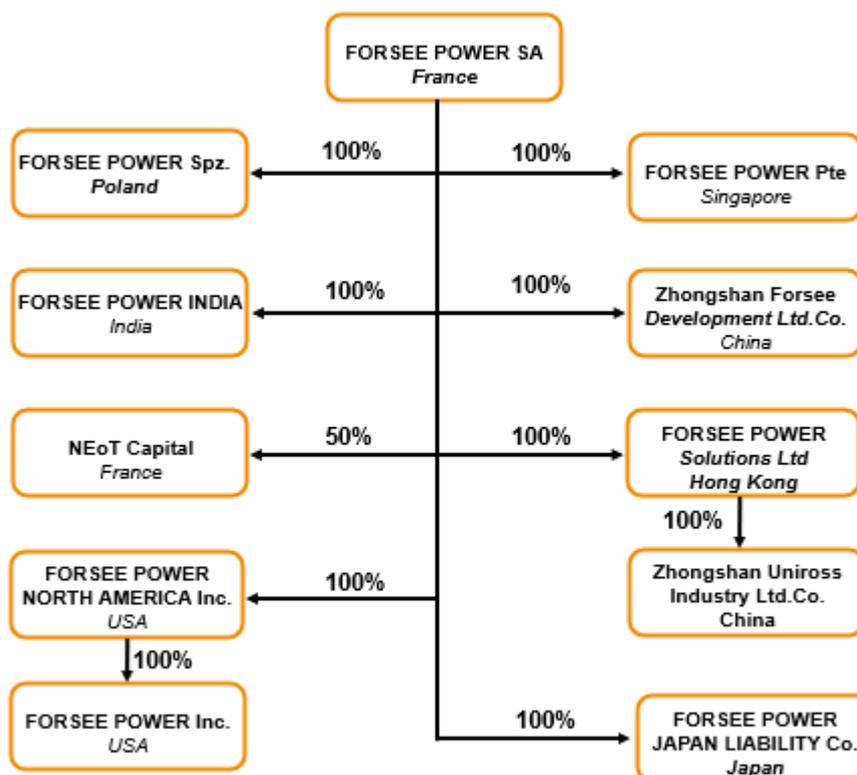
- In the field of autonomy and mobility (bicycles, scooters, rolling stock, medical facilities, home automation, professional tooling and more);
- In electric transport (buses, trucks, trams, shipping and rail transport, marine and offshore) and storage of electricity (residential, commercial and industrial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

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 condensed interim consolidated financial statements have been prepared in accordance with IFRS and were approved by the Board of Directors of Forsee Power S.A. on September 14, 2023.

Forsee Power S.A. has been listed since November 3, 2021 on the regulated market Euronext Paris Compartment B under the number FR0014005SB3.

Group organisation chart at June 30, 2023



Note 2. Key events

The key events for the period ended June 30, 2023, were as follows:

- **Launch of new product ranges**

Forsee Power has launched two new offerings of ultra-high energy density and ultra-modular battery systems for heavy-duty vehicles. These two new ranges are called ZEN LITE (May 2023) and FLEX PLUS (June 2023). These two new product ranges complete the Group's battery offering.

- **Business development**

During the first half of 2023, the Group signed various contracts, including:

- Contract with Mathieu - Groupe Fayat to electrify sweepers and washers;
- Contract with Indian electric tricycle manufacturer 3ev Industries;
- Contract with Skoda to equip electric trains with its high-power battery systems.

The Group has also entered into the following partnerships:

- Partnership with Iochpe-Maxion to offer integrated zero-emission solutions for the electrification of commercial vehicles;
- Partnership with Canada's MTB to retrofit diesel buses to electric in North America;
- Partnership with Vensys Group and Parker Hannifin to retrofit off-highway vehicles.

- **Capital increase**

On May 9, 2023, Forsee Power carried out a capital increase of €49.3 million, resulting in the creation of 17,664,108 new ordinary shares. This capital increase is intended to finance the acceleration of the Group's commercial, industrial and technological development.

Management is also examining options for financing its growth strategy through debt (bank or otherwise), which could be deployed to increase its financial flexibility.

- **Group expansion to Japan**

Forsee Power pursues its international development by opening a subsidiary in Japan in May 2023, named Forsee Power Japan Limited Liability.

The Group's aim in opening this subsidiary is to provide after-sales service for its Japanese customers. Forsee Power Japan Limited Liability has 4 employees as of June 30, 2023.

- **Tax and customs audits**

During the first half of 2023, Forsee Power was subject to a tax audit covering the period from January 1, 2020, to December 31, 2021. The conclusions of this audit have been sent to the company and relate to two points, one of which is not the subject of a tax reassessment. Management and its advisers are considering how to respond to the point contested by the tax authorities. The disputed point relates to the rejection of the deduction of a provision of €3 million, which would have an impact on the company's tax loss carryforwards, which totalled €175.9 million at December 31, 2022.

The company has sent the tax authorities the information requested as part of a customs inspection. This information is currently being processed by the tax authorities.

- **Dispute with Unu GmbH**

Note 7.11 provides details of the various disputes with Unu GmbH.

The emergency expertise and substantive legal proceedings opened in 2021 before the Paris Commercial Court did not change significantly in the first half of 2023. In its deliberations of June 22, 2023, the Court stayed the proceedings until the expert report had been submitted.

A new emergency expertise procedure was opened in 2022 before the Court of Justice of Lyon, and new legal proceedings were initiated in 2022 before civil courts in Germany.

Legal proceedings continued in the first half of 2023.

- **Impact of the 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 raw material costs exist, linked to the geopolitical situation in Ukraine and in the energy sector, but the Group is not directly exposed.

- **Uncertainties related to the current economic and political environment**

The current economic and political environment may create uncertainties regarding the Group's business activities (i.e. inflation, increases in the prices of certain raw materials and energy, a supply chain disruption or a shortage of electronic components, etc.). Nevertheless, the Group closely monitors and manages potential increases in its cost structures (raw material prices, wage inflation and supply chain inflation), and generally includes a price adjustment clause in customer contracts, so that it has only limited exposure to fluctuations in raw material prices.

Note 3. Standards accounting, terms and conditions of consolidation, methods and valuation rules

3.1 Basis of preparation of the interim consolidated financial statements

3.1.1 Accounting standards

The accounting policies used in the preparation of the condensed interim 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 June 30, 2023. This framework 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 consolidated financial statements presented at June 30, 2023, are condensed interim consolidated financial statements in accordance with IAS 34 relating on interim financial reporting. In accordance with IAS 34, only a selection of significant explanatory notes is included in these condensed financial statements at June 30, 2023. These notes do not contain all the information required for the complete annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022, included in the Universal Registration Document (URD) registered by the *Autorité des Marchés Financiers* on April 25, 2023, under number R.23-016.

The Group has applied the standards and interpretations published by the IASB and adopted by the European Union whose application is mandatory from January 1, 2023, such as the amendment to IAS 1 on disclosures of significant accounting policies, the amendment to IAS 8 on accounting estimates and the amendment to IAS 12 on assets and liabilities arising from a single transaction. The application of these standards and interpretations did not have impact on the financial statements or on the information to be presented at June 30, 2023.

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 at June 30, 2023.

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 June 30, 2023. The standards and interpretations likely to affect the Group are the amendments to IAS 1 relating to the presentation of current or non-current liabilities. The impact of applying these texts is currently being analysed.

The presentation currency for the consolidated financial statements and the notes to the financial statements is the euro.

3.1.2 Significant accounting estimates and judgements used by Management for the interim financial statements at June 30, 2023

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.

In preparing these condensed interim consolidated financial statements, the accounting estimates that require management to make assumptions are the same as those described in the consolidated financial statements for the year ended December 31, 2022.

Only the following assumptions have changed significantly at June 30, 2023:

(a) Research tax credit (CIR)

Management has estimated the income relating to the research tax credit at June 30, 2023, on the basis of eligible expenses incurred during the first half of the year. The income relating to the research tax credit in the first half of 2022 was not measured on eligible expenditure incurred in the period of June 30, 2022, but on eligible expenditure incurred in earlier periods.

In the absence of applicable standards or interpretations, the Group uses accounting policies 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 June 30, 2023, no judgments were made, except for the estimates presented above, that required specific treatment in the process of applying the accounting policies.

3.1.3 Going concern

The consolidated financial statements as of June 30, 2023, have been prepared on a going concern basis taking into account the following items:

- The level of available cash at June 30, 2023, which amounts to €46.6 million, mainly consisting of funds obtained during the capital increase in cash carried out on May 9, 2023, for approximately €49.3 million;
- The outlook for cash flows related to the Group's activities over the 12 coming months. The Group has an order book that gives it good visibility on its sales for the coming months. It also receives new orders each week from its main customers, which supplement its order book.

At June 30, 2023, the Group also had several financing instruments for its business:

- Two unused financing lines of €10 million each (tranche C and D) contracted with the EIB (European Investment Bank) and made available under the contract 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. Tranche C was not drawn down at June 30, 2023.

Tranche D of €10 million is conditional on a level of revenue and profitability that the Group plans to achieve in 2024 and is not currently available.

It should be noted that the financing lines drawn on the EIB were accompanied by 6,857 “EIB A” warrants and 3,500 “EIB C” warrants giving access to a maximum of 1,616,810 new shares⁵.

- In addition, the Group has several factoring programmes: HSBC capped at €2.1 million for receivables in euros and \$2.9 million for other receivables (see Note 3.3.10 of the condensed financial statements as of December 31, 2022), and a factoring contract included in a customer’s reverse factoring programme with the banking institution Banco Santander.

Given these factors, the Group believes that it currently has sufficient financial resources for the next 12 months.

Management is also studying options for financing its growth strategy, through debt (bank or non-bank), which could be deployed to increase its financial flexibility.

3.1.4 Consideration of climate change risks

The Group's current exposure to the consequences of climate change is limited.

The impacts of climate change in the consolidated financial statements were immaterial as of June 30, 2023.

3.2 Consolidation methods

The consolidation methods used to prepare the interim consolidated financial statements for the six months ended June 30, 2023, are identical to those used to prepare the annual consolidated financial statements for the year ended December 31, 2022, with the exception of the following points:

3.2.1 Closing date and interim financial statements of 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 these financial statements cover a period of 6 months.

The financial statements used for comparative information are those for the year ended December 31, 2022, for the statement of financial position and those for the 6-month period ended June 30, 2022, for the statement of income and cash flows statement.

The interim 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.

3.2.2 Foreign currency translation

The translation rates used to prepare the interim consolidated financial statements for the periods presented are as follows:

Currency	Currency code	Rate at June 30, 2023	Average rate 6 months June 2023	Rate at December 31, 2022	Average 12-month rate December 2022	Average 6-month rate at June 30, 2022
		1 € = currency	1 € = currency	1 € = currency	1 € = currency	1 € = currency
Hong Kong dollar	HKD	8.51570	8.47089	8.31630	8.24510	8.55911
Chinese yuan renminbi	CNY	7.89830	7.48943	7.35820	7.07880	7.08321
Polish zloty	PLN	4.43880	4.62441	4.68080	4.68611	4.63496
Indian rupee	INR	89.20650	88.84427	88.17100	82.68639	83.32744
Singapore dollar	SGD	1.47320	1.44403	1.43000	1.45116	1.49243
United States dollar	USD	1.08660	1.08066	1.06660	1.05305	1.09383
Japanese yen	JPY	157.16000	145.76039			

⁵ It should be noted that the number of shares to which the BSAs “EIB A” and “EIB C” warrants entitle their holders may be adjusted if certain adjustment events occur, in particular in the case of the issue of new shares by the Company.

3.3 Accounting methods and valuation rules

The accounting methods and valuation rules used to prepare the consolidated financial statements for the six months ended June 30, 2023, are identical to those used to prepare the annual consolidated financial statements for the year ended December 31, 2022.

Note 4. Information on the scope of consolidation

The scope of consolidation for the periods presented is as follows:

Company	Location	Currency	30.06.23			31.12.22		
			% 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	50%	50%	EM	50%	50%	EM
9 - Forsee Power North America Inc	United States	United States dollar	100%	100%	FC	100%	100%	FC
10 - Forsee Power Inc	United States	United States dollar	100%	100%	FC	100%	100%	FC
11 - Forsee Power Japan Limited Liability Co.	Japan	Japanese yen	100%	100%	FC			

The consolidation scope used by the Group's parent company (1) comprises nine companies that are fully consolidated (FC) and one company that is accounted for using the equity method (EM) at June 30, 2023.

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 U51909DL2020FTC365683 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;
- (9) Forsee Power North America Inc. a company incorporated under US law created in 2022, whose registered office is located at 1209 Orange Street, Wilmington, Delaware (19801), New Castle County, and registered under number EIN 88-2706910 with the Delaware Trade and Companies Register;
- (10) Forsee Power Inc. a company incorporated under US law created in 2022, whose registered office is located at 4555 Lyman Drive, Hilliard (43026), Ohio, and registered under number EIN 88-2794171 with the Columbus Trade and Companies Register;
- (11) Forsee Power Japan Limited Liability Co. a company incorporated under Japan law created in 2023, whose registered office is located at 3-7-1 Minatomirai, Nishi-ku, Yokohama, Japan, and registered under number 7020003023279 with the Yokohama 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 June 30, 2023, with the exception of the investment in NEoT Capital, which is consolidated using the equity method.

Note 5. Information about comparability of the financial statements

5.1 Change in the scope of consolidation for the period

The changes in the scope of consolidation for the first half of 2023 are as follows:

- **Creation of a company in Japan**

Forsee Power created Forsee Power Japan Limited Liability Co registered in Yokohama, Japan.

5.2 Change in the scope of consolidation in the previous period

- **Amendment of the partnership agreement in NEoT Capital**

Until December 31, 2021, Forsee Power had a 15% stake in NEoT Capital held since 2016 in partnership with Mitsubishi Corporation and the EDF Group (via EDF Pulse Holding).

In order to strengthen the implementation of the Group's strategy of offering a complete range of products and services for battery systems, Forsee Power signed a firm commitment on March 25, 2022 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 was finalised on May 31, 2022, following the EIB's approval, leading the Group to own 57.5% of the shares in NEoT Capital.

This stake was reduced to 50% following the collective and unanimous decision of the two partners Forsee Power and EDF taken on June 30, 2022, leading to the recapitalisation of NeoT Capital for an amount of €3,210 thousand, of which €710 thousand through a capital increase by converting a receivable and €2,500 thousand through a capital increase by subscription in cash.

In parallel with these transactions, a new shareholder' agreement was signed and the articles of association of NeoT Capital were modified to take into account the desire of both partners, Forsee Power and EDF, to have the same number of shares, the same number of votes and perfect equality between the two partners in the governance and decision-making of NeoT Capital.

An analysis of the legal and contractual provisions led to this stake being classified as an associate under IAS 28, resulting in NeoT Capital being consolidated using the equity method since June 30, 2022.

- **Creation of two companies in the United States**

On May 31, 2022, Forsee Power created Forsee Power North America Inc., a company registered in the state of Ohio.

On June 10, 2022, Forsee Power North America Inc. created a subsidiary, Forsee Power Inc., registered in the state of Ohio. This operating company is intended to receive the research and development, production and marketing activities for the Group's deployment on the American continent.

5.3 Changes in presentation and accounting methods

There were no changes in presentation or accounting policies for the period ended June 30, 2023, compared with the published financial statements for the year ended December 31, 2022.

Note 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 SA 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, connected objects, 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).

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 € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	30.06.2023
Total Revenue	13,324	65,432	78,756
Breakdown in %	16.9%	83.1%	100%

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	30.06.2022
Total Revenue	11,253	38,474	49,727
Breakdown in %	22.6%	77.4%	100%

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	Inter-sector and Other	30.06.2023
Non-current segment assets	2,400	36,402	13,283	52,085
Current segment assets	5,654	53,443	65,759	124,856
Non-current segment liabilities	(903)	(15,997)	(49,938)	(66,838)
Current segment liabilities	(1,164)	(16,320)	(21,640)	(39,124)
Total	5,987	57,528	7,464	70,979
Capitalisation of R&D costs		3,875		3,875
Acquisition of fixed assets	433	1,702	625	2,760
Other non-current capital expenditure			81	81,00
Total	433	5,577	706	6,716

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	Inter-sector and Other	31.12.2022
Non-current segment assets	18,285	34,466	(3,242)	49,509
Current segment assets	23,509	40,235	33,273	97,017
Non-current segment liabilities	(10,929)	(13,712)	(42,767)	(67,408)
Current segment liabilities	(7,571)	(15,077)	(16,820)	(39,468)
Total	23,293	45,912	(29,556)	39,650
Capitalisation of R&D costs		1,600		1,600
Acquisition of fixed assets	1,955		5,601	7,556
Other non-current capital expenditure				
Total	1,955	1,600	5,601	9,156

Revenues from customers who individually represent more than 10% of revenues are €61.7 million for the HeV (Heavy Vehicles) segment as of June 30, 2023.

Revenues from customers in the *LeV & Ind Tech (Light Vehicles and industrial tech)* segment individually represent less than 10% of revenues as of June 30, 2023.

Customers individually representing more than 10% of the Group's revenues are as follows:

in € thousands	Business segment concerned	30.06.2023	% of revenue	30.06.2022	% of revenue
Customer 1	HeV	32,536	41.3%	21,023	42.3%
Customer 2	HeV	29,155	37.0%	13,652	27.5%
Total		61,691	78.3%	34,675	69.7%

6.2 Information by geographical area

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	30.06.2023	% Breakdown
France	3,972	514	4,486	5.7%
Europe	3,459	63,235	66,694	84.7%
Asia	4,529	558	5,087	6.5%
United States	1,288	101	1,389	1.8%
Rest of the world	76	1,024	1,100	1.4%
Total Revenue	13,324	65,432	78,756	100%

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	30.06.2022	% Breakdown
France	3,488	22,288	25,775	51.8%
Europe	1,937	15,950	17,887	36.0%
Asia	4,499	88	4,587	9.2%
United States	1,329	146	1,475	3.0%
Rest of the world		3	3	0.0%
Total Revenue	11,253	38,474	49,727	100%

in € thousands	30.06.2023	31.12.2022
France	42,651	39,853
Europe	204	265
Asia	2,586	2,425
United States	6,644	6,966
Rest of the world		0
Total non-current assets	52,085	49,509

in € thousands	30.06.2023	31.12.2022
France	6,017	7,019
Europe	2	54
Asia	549	1,901
United States	148	182
Rest of the world	0	0
Total investments	6,716	9,156

Note 7. Information relating to items in the consolidated statement of financial position

7.1 Goodwill

Goodwill is presented in note 7.1 to the consolidated financial statements at December 31, 2022, and breaks down into the following CGUs:

in € thousands	30.06.2023	31.12.2022
Goodwill from Ersé activities in Poland in 2012	219	219
Light Vehicles and Industrial Tech CGU goodwill	219	219
Goodwill from the Dow Kokam activities in France in 2013	1,304	1,304
Heavy Vehicles CGU goodwill	1,304	1,304
Total	1,523	1,523

No indication of impairment was identified at June 30, 2023, in respect of these two cash-generating units to which goodwill is allocated.

7.2 Intangible assets

in € thousands	31.12.2022	Entries into the scope of consolidation	Increase Charges	Decrease Reversals	Reclassification	Currency translation effects	R&D grant	30.06.2023
Gross intangible assets								
Development costs	15,364		298		(503)			15,158
Development costs in progress	6,707				4,068			10,775
Software and patents	2,810		18					2,828
Other intangible assets	440		108	(5)		(32)		511
Intangible assets in progress	461		3,577		(3,565)			473
Total	25,781		4,001	(5)		(32)		29,745
Amortisation and impairment								
Development costs	(8,768)		(1,542)					(10,310)
Software	(1,867)		(175)					(2,042)
Other intangible assets	(191)		(53)	5		13	0	(225)
Total	(10,826)		(1,770)	5		13	0	(12,577)
Net intangible assets	14,955		2,231			(19)	0	17,168

No indication of impairment of intangible assets has been identified at June 30, 2023. Non-capitalised research and development costs amount to €1,709 thousand at June 30, 2023.

7.3 Property, plant and equipment

in € thousands	31.12.2022	Entries into the scope of consolidation	Increase Charges	Decrease Reversals	Reclassification	Currency translation effects	New leases	30.06.2023
Gross property, plant and equipment								
Buildings	167					(1)		166
Property rights (1)	18,702					(198)	714	19,218
Technical installations, equipment and tools	13,777		1,069		(511)	(138)		14,197
Other property, plant and equipment	5,363		1,322	(17)	(472)	(34)		6,161
Rights of use on other property, plant and equipment	593			(206)	10	3	205	603
Property, plant and equipment in progress	1,921		228		983	(7)		3,125
Advances and deposits on property, plant and equipment	748		17					765
Total	41,272		2,635	(224)	10	(376)	919	44,235
Amortisation and impairment								
Buildings	(47)		(12)			(0)		(60)
Right to use property	(4,300)		(894)			63		(5,132)
Technical installations, equipment and tools	(8,415)		(1,472)			75		(9,811)
Other property, plant and equipment	(2,210)		(305)	17		17		(2,480)
Rights of use on other property, plant and equipment	(321)		(104)	205	(10)	(1)	(1)	(232)
Total	(15,293)		(2,787)	222	(10)	153	(1)	(17,716)
Net property, plant and equipment	25,978		(152)	(2)	0	(222)	917	26,520

- 1) The new leases during the period related to the extension of industrial and storage premises at Zhongshan (China) by 3,500 sqm from February 1, 2023 for a period of 2 years, the extension of office premises at Ivry sur Seine from April 1, 2023, a new office in Pune (India) from April 1, 2023, office and 108 sqm warehouse in Yokohama (Japan) from June 1, 2023 for the subsidiary Forsee Power Japan Limited Liability Co, and new 1,992 sqm premises in Dardilly (Lyon) with effect from October 1, 2023 and availability of the premises on June 5, 2023 for the assets and business taken over from Holiwatt (formerly Centum Adetel Transportation).

No indication of impairment of property, plant and equipment has been identified at June 30, 2023.

7.4 Financial assets

in € thousands	31.12.2022	Increase Charges	Decrease Reversals	Reclassification	Currency translation and discounting effects	30.06.2023
Financial assets						
Financial instruments not held for trading	0				(0)	
Other fixed assets	0			6	(6)	
Assets and securities held under the liquidity contract (1)	142	14		0	5	161
Guarantee deposits and sureties paid	632	81	(328)	(32)	1	353
Pledge on cash (2)	977				(1)	976
Total	1,751	95	(328)	(26)	(2)	1,490
<i>Of which</i>						
<i>Current</i>						
<i>Non-current</i>	1,751	95	(328)	(26)	(2)	1,490

- 1) On November 26, 2021, the Company signed a liquidity and stabilisation contract with an independent investment services provider (ISP) to trade on the Euronext Paris market with a view to ensure the liquidity of transactions and regular trading of Forsee Power shares.

The breakdown and changes in the liquidity contract in 2023 is as follows:

in € thousands	Number of shares	30.06.2023	31.12.2022
Total liquidity portion presented in Financial assets at beginning of period	74,081	147	333
Purchases of Forsee Power shares	103,834	(318)	(918)
Sales of Forsee Power shares	(105,893)	333	733
Total liquidity portion presented in Financial assets at end of period		161	147
Forsee Power shares held under the liquidity contract	72,022	220	249
Change in fair value		17	(3)
Total portion of shares held presented as a deduction from shareholders' equity		237	246
Total liquidity agreement		399	394

- 2) Interest-bearing cash pledge of €1 million from July 25, 2022 to July 25, 2027 under the SBLC (stand-by letter of credit) for a maximum amount of US\$ 1 million in favour of the owner of the industrial building leased in Hilliard in the United States. This cash pledge has been discounted to June 30, 2023, for the non-interest-bearing portion, amounting to €(24) thousand.

Non-current non-interest-bearing financial assets were discounted by €48 thousand at June 30, 2023, based on the maturity of the asset (1 year or 5 years).

7.5 Stakes in equity-accounted companies

The item "Equity-accounted investments" only includes NEoT Capital, in which Forsee Power holds 50% of the share capital as of June 30, 2023, in partnership with the EDF Group (see Note 3.2.2.2 to the consolidated financial statements for the year ended December 31, 2022).

Changes in the NEEoT Capital stake over the first half of 2023 were as follows:

in € thousands	NEoT CAPITAL
Stake as January 1, 2022	842
Acquisition on May 31, 2022, of the stake held by Mitsubishi Corporation	2,292
Capital increase in cash by collective decision of the shareholders of June 30, 2022	1,058
Capital increase through conversion of receivable by collective decision of shareholders of June 30, 2022	185
Share in net income over 2022	(331)
Share in comprehensive income (OCI)	(3)
Stake as at December 31, 2022	4,043
Share in net income	(226)
Share in comprehensive income (OCI)	(8)
Total equity-accounted investment at June 30, 2023	3,811

NEoT Capital's summarised financial statements at June 30, 2023, are as follows:

in € thousands	30.06.2023
Fixed assets	71
Trade receivables	261
Other receivables	251
Cash and cash equivalents	1,125
Total assets (A)	1,707
Financial liabilities	583
Provision for risks and charges	46
Trade payables	241
Other liabilities	473
Total liabilities (B)	1,343
Equity (A) – (B) = (C)	364
Share of equity € x 50% = (D)	182
Goodwi€(E)	3,629
Total equity accounted investment € + (E)	3,811

The share of profit or loss of the equity-accounted investment in NEEoT Capital was an expense of €(226) thousand at June 30, 2023.

There is no impairment recognised on the NEEoT Capital investment at June 30, 2023.

7.6 Inventories

in € thousands	30.06.2023	31.12.2022
Inventories of raw materials (1)	21,471	19,216
Inventories of products in production (2)	7,298	4,756
Inventories of finished products (3)	21,044	19,845
Impairment of inventories (4)	(8,600)	(6,341)
Net inventories	41,212	37,476

- 1) Including €14,942 thousand in France and €5,445 thousand in China at June 30, 2023, compared with €11,841 thousand in France and €7,139 thousand in China at December 31, 2022;
- 2) Including €6,848 thousand in France and €530 thousand in China at June 30, 2023, compared with €3,610 thousand in France and €1,146 thousand in China at December 31, 2022;
- 3) Including €20,120 thousand in France and €922 thousand in China at June 30, 2023, compared with €19,653 thousand in France and €192 thousand in China at December 31, 2022;
- 4) Including €1,505 thousand of impairment charges recognised in 2023 in France and €834 thousand of impairment charges recognised in 2023 in China.

The gross value of inventory at June 30, 2023, was €49.8 million, with an impairment amount of €8.6 million.

7.7 Trade receivables

in € thousands	30.06.2023	31.12.2022
Trade receivables	21,571	17,483
Impairment of trade receivables	(278)	(1,522)
Trade receivables	21,293	15,960

The Group has set up programs to assign operating receivables to banks:

- The amount of receivables assigned without recourse (HSBC contract) and which are no longer presented on the statement of financial position, amount to €5,278 thousand as of June 30, 2023, (€2,563 thousand as of December 31, 2022);
- Under the factoring contract included in a customer's reverse factoring programme, the Group has as of June 30, 2023, discounted with Banco Santander receivables totalling €11,405 thousand with a maturity date later than June 30, 2023, compared with €5,354 thousand of receivables assigned as at December 31, 2022, and whose maturity date was later than December 31, 2022.

The amount of expected credit losses is not material and was not recognised at June 30, 2023.

The schedule of trade receivables is as follows:

in € thousands	30.06.2023	31.12.2022
Trade receivables	21,571	17,483
Not yet due	15,566	5,485
Past due	6,005	11,998

Past due receivables do not present any particular risk of non-recovery or of an increase in the level of expected credit losses.

7.8 Other assets

in € thousands	30.06.2023	31.12.2022
Trade payables – Advances and deposits paid	4,278	3,870
Social security receivables	110	21
Tax receivables	4,619	4,221
Current accounts	4	5
Miscellaneous debtors (1)	2,210	1,046
Prepaid expenses (2)	2,043	1,521
Impairment of other current assets	(121)	(121)
Other receivables included in WCR	13,143	10,562
Trade payables – Advances paid on fixed assets	0	0
Corporation tax receivables (3)	3,487	2,939
Other assets	16,630	13,501
<i>Of which</i>		
<i>Current</i>	15,697	12,566
<i>Non-current</i>	932	935

- 1) Including €2,089 thousand at June 30, 2023, in current accounts and holdbacks on receivables assigned to the HSBC factoring company for non-recourse factoring (€425 thousand at December 31, 2022);
- 2) Including €904 thousand in lease liabilities at June 30, 2023, compared with €906 thousand at December 31, 2022;
- 3) Including €3,487 thousand in discounted CIR receivables relating to the 2019 financial year (€868 thousand), the 2020 financial year (€525 thousand), the 2021 financial year (€623 thousand) and the 2022 financial year (€1,019 thousand) and the 2023 financial year (€378 thousand).

CIR receivables have been discounted for a total amount of €785 thousand at the Euribor rate depending on the maturity of the repayment of the receivable.

7.9 Cash and cash equivalents

in € thousands	30.06.2023	31.12.2022
Cash equivalents	0	0
Cash	46,654	31,014
Cash and cash equivalents	46,654	31,014

in € thousands	30.06.2023	31.12.2022
Cash and cash equivalents	46,654	31,014
Bank overdrafts (cash liability)	0	0
Net cash and cash equivalents presented in the consolidated statement of cash flows	46,654	31,014

Cash and cash equivalents consist of sight deposits in euros (€), US dollars (\$) and the local currency of subsidiaries (Chinese yuan, Indian rupee, Polish zloty, Japanese yen) and break down as follows:

in € thousands	30.06.2023	31.12.2022
Cash and cash equivalents in euros (€)	35,950	15,078
Cash and cash equivalents denominated in US dollars (\$)	8,308	13,095
Cash and cash equivalents denominated in other currencies (Chinese yuan, Indian rupee, Polish zloty, etc.)	2,396	2,841
	46,654	31,014

7.10 Equity

7.10.1 Share capital and issue premium

Changes in share capital and issue premium during the year were as follows:

in € thousands	Number of shares and units	Nominal value	Amount of the share capital	Amount of issue premium net of expenses
At December 31, 2021	53,210,003	0.10 €	5,321	132,949
Capital increase of September 15, 2022	362,000	0.10 €	36	(36)
At December 31, 2022	53,572,003	0.10 €	5,357	132,913
Capital increase of May 9, 2023	17,664,108	0.10 €	1,766	44,819
Capital increase of June 20, 2023	32,000	0.10 €	3	(3)
At June 30, 2023	71,268,111	0.10 €	7,127	177,729

The number of outstanding Forsee Power SA shares as of June 30, 2023, is 71,268,111 with a par value of €0.10, giving a total amount of share capital of €7,126,811.1.

Forsee Power's share capital changed during the first half of 2023 as a result of the following transactions:

- A capital increase of €49,283 thousand by issuing 17,664,108 new ordinary shares was carried out on May 9, 2023.
- A capital increase of €3 thousand by capitalisation of reserves was carried out on June 20, 2023, following the exercise of 32,000 free shares (AGA 2022).

A capital increase by issuing 362,000 new ordinary shares was carried out on September 15, 2022, following a decision by the Board of Directors on September 14, 2022, recording the definitive vesting and exercise of 362,000 free shares by the beneficiaries (see Note 7.10.3.2). This capital increase was carried out by drawing from the issue premium of Forsee Power SA.

7.10.2 Dividends

Forsee Power SA did not pay any dividend in the first half of 2023 in respect of the financial year ended December 31, 2022, nor in respect of the two previous financial years.

The Company does not intend to distribute a dividend in respect of the financial year ended December 31, 2023.

7.10.3 Share-based payments

7.10.3.1 Share subscription warrants

Forsee Power has issued share subscription warrants (BSA) to the European Investment Bank (EIB) (see Notes 7.13 and 7.14).

With regard to the terms and conditions of the BSA EIB Warrant A and the BSA EIB Warrant C, the number of ordinary shares to be issued has been adjusted to take into account the definitive grant in 2023 of 282,616 free shares (AGA R 2021) approved by the Ordinary General Meeting of June 24, 2022, and the grant of 64,000 free shares (AGA 2022) by the Board of Directors' meeting of September 14, 2022:

- 6,857 BSA EIB Warrant A giving access to 1,119,998 ordinary shares (AO) issued on March 18, 2018, in addition to the €20 million financing;
- 3,500 BSA EIB Warrant C giving access to 496,812 ordinary shares (AO), issued on June 4, 2021, in addition to the €21.5 million financing.

No new BSA were awarded during the 2023 financial year. However, in its resolution of June 23, 2023, the Extraordinary General Meeting authorized the Board of Directors to carry out a capital increase by issuing 1,000 BSA EIB Warrant E to the European Investment Bank (EIB), the terms and conditions of which were set out in the financing agreement of October 14, 2021 and amended to July 27, 2022.

7.10.3.2 Stock options and free shares

At June 30, 2023, the table below shows the stock options (SO) granted in previous financial years:

	Grant date	Number of SO granted	Number of SO cancelled	Number of SO outstanding	Number of shares subscribed when SO are exercised	Vesting period	Maturity
Stock options (SO 2018) (1) (3)	April 02, 2019	600,000	0	600,000	600,000	4 years	April 2, 2023
Stock options (SO 2018) (1) (3)	January 28, 2020	180,000	(75,000)	105,000	105,000	4 years	January 28, 2024
Stock options (SO 2018) (1) (3)	November 13, 2020	75,000	0	75,000	75,000	4 years	November 13, 2024
Stock options (SO 2021) (2) (3)	August 12, 2021	1,500,000	0	1,500,000	1,500,000	2 months	August 5, 2036
Total Stock Options (SO)		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 Soss 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 lock-in period of 2 years ending on August 12, 2023 and can be exercised over a period extending from the 2nd year to the 15th year following the date of grant. At the date of grant, Management estimated the expected exercise schedule for these 1,500,000 options, which is 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.

The table below shows the Free Shares (AGAs) granted at June 30, 2023, and in previous financial years:

	Grant date	Number of AGA granted	Number of AGA cancelled	Number of outstanding AGA	Number of shares subscribed when the AGA are exercised	Vesting period	Maturity
Free shares (AGA 2021) (1) (3)	September 14, 2021	382,000	(20,000)	362,000	362,000	1 year	September 14, 2022
Free shares (AGA R 2021) (2)	October 15, 2021	282,616	0	282,616	282,616	2 years	October 15, 2023
Free shares (AGA 2022) (1) (4) (5)	September 14, 2022	64,000	0	64,000	64,000	1 year	September 14, 2023
Total Free shares (AGA)		728,616	(20,000)	708,616	708,616		

- 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.

On September 14, 2022, the Board of Directors recorded the definitive vesting of 362,000 free shares for beneficiaries, and authorised a capital increase on September 15, 2022, by issuing 362,000 new ordinary shares deducted from issue premiums.

- 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 free shares is recognised in the financial statements for the 2021 and 2022 financial years, pro rata to the beneficiary's attendance requirement.
- 3) The number of free 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.
- 4) The Board of Directors awarded 64,000 free shares (AGA 2022) on September 14, 2022, to members of the Executive Committee of Forsee Power SA. These 2022 free share awards have a one-year vesting period and an attendance requirement that ends on September 14, 2023.
- 5) 32,000 vested AGA 2022 were exercised on June 20, 2023, through the issue of 32,000 new ordinary shares.

The expense recognised over the periods presented in respect of share-based transactions is as follows:

in € thousands	30.06.2023	31.12.2022
Costs recognised as a specific reserve at the start of the period	7,165	6,232
Expenses recognised in profit or loss for the period (services rendered)	720	3,389
Cancellation of past costs of options that lapsed over the period: forfeit linked to the presence condition	0	(103)
Costs of options exercised during the period: vested related to the exercise of options	(135)	(2,353)
Costs in specific reserve at end of period	7,750	7,165
Expense to be recognised in future financial years	431	1,151
Total probable cost of grants estimated at the reporting date	8,181	8,316

The IFRS 2 expense recognised in the income statement over the 2023 and 2022 financial years breaks down as follows:

in € thousands	30.06.2023	31.12.2022
Stock options (SO 2018)	145	469
Stock options (SO 2021)	0	0
Free shares (2021 free share grant)	0	1,721
Free shares (2021 R free share grant)	508	1,024
Free shares (2022 free share grant)	67	175
Total	720	3,389

The IFRS 2 expense to be recognised in future financial years breaks down as follows:

in € thousands	30.06.2023	31.12.2022
2023	384	1,104
2024	47	47
2025	0	0
Total	431	1,151

The expense to be recognised in future financial years by stock options and free shares plan breaks down as follows:

in € thousands	30.06.2023	31.12.2022
Stock options (SO 2018)	103	248
Stock options (SO 2021)	0	0
Free shares (AGA 2021)	0	0
Free shares (AGA R 2021)	300	808
Free shares (AGA 2022)	28	95
Total	431	1,151

The table below summarises the data used in the stock option valuation model.

	Grant date	Assumptions used to determine fair value at PER under IFRS 2 (Black & Scholes)				IFRS 2 unit valuation (1)	IFRS 2 probable cost at grant date in € thousands	Residual probable cost at 30.06.2023 in € thousands
		Strike price in € (1)	Risk-free rate	Risk premium	Expected volatility			
Stock options (SO 2018)	April 2, 2019	3.40 €	-0.44%	10.0%	69.6%	2.39 €	1,432	1,432
Stock options (SO 2018)	January 28, 2020	3.40 €	-0.59%	10.0%	70.8%	2.40 €	252	252
Stock options (SO 2018)	November 13, 2020	3.40 €	-0.74%	10.0%	80.4%	2.56 €	192	192
Stock options (SO 2021) (2)	August 12, 2021	6.50 €	-0.72%	0.0%	71.7%	2.94 €	4,122	4,122
		6.50 €	-0.71%	0.0%	68.5%	2.87 €		
		6.50 €	-0.60%	0.0%	65.7%	3.14 €		
Free shares (AGA 2021) (4)	September 14, 2021	- €	-0.68%	0.0%	65.9%	6.50 €	2,353	
Free shares (AGA R 2021) (3)	October 15, 2021	- €	-0.67%	0.0%	71.5%	7.25 €	2,049	2,049
		- €	-0.58%	0.0%	69.0%	7.25 €		
		- €	-0.38%	0.0%	65.6%	7.25 €		
Free shares (AGA 2022) (5)	September 14, 2022	- €	1.31%	0.0%	52.9%	4.21 €	270	135
Total							10,669	8,181

- 1) 100-fold split of the nominal value of the share decided by the Extraordinary Shareholders' 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.
- 4) The 2021 free share awards were definitively vested on September 14, 2022, and were exercised on September 15, 2022, by the issue of 362,000 new ordinary shares.
- 5) 32,000 vested AGA 2022 were exercised on June 20, 2023, through the issue of 32,000 new ordinary shares.

Employer social security contributions recognised on grants of stock options or free shares breaks down as follows:

in € thousands	30.06.2023	31.12.2022
Employer contribution recognised in previous years	1,925	1,791
Employer contribution recognised during the year	19	134
Total employer contribution recognised	1,944	1,925

The employer contribution is paid on grant for stock options and on the vesting of rights for free shares.

The estimated amount of the employer's contribution in respect of the 2021 and 2022 Free Share allocations in progress at the end of 2022 is €134 thousand, of which €55 thousand remains to be recognised in future financial years and breaks down as follows:

in € thousands	30.06.2023	31.12.2022
Employer contribution to AGA to be recognised in 2022	0	0
Employer contribution to AGA to be recognised in 2023	55	74
Total estimated employer contribution to AGA to be recognised over the next financial years	55	74

7.10.4 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 to the consolidated financial statements for the year ended December 31, 2022, and 7.4).

Under this liquidity contract, the Group held 72,022 Forsee Power SA shares at June 30, 2023, representing a value of €220 thousand.

Treasury shares held under the liquidity contract are deducted from consolidated shareholders' equity.

7.10.5 Translation reserves

The translation reserve by currency is as follows:

in € thousands		30.06.2023	31.12.2022
Hong Kong dollar	HKD	16	13
Chinese yuan renminbi	CNY	(77)	(202)
Polish zloty	PLN	(14)	5
Indian rupee	INR	(118)	(113)
Singapore dollar	SGD	2	(1)
United States dollar	USD	9	1
Japanese yen	JPY	(35)	0
Translation reserve - Group share		(218)	(296)

7.10.6 Earnings per share

	30.06.2023	30.06.2022
Consolidated net income	(16,022)	(9,834)
Weighted average number of shares outstanding	58,650,937	53,210,003
Earnings per share	(0.27) €	(0.18) €

Under IAS 33, diluted earnings per share are equal to earnings per share in the event of a loss.

7.11 Provisions for risks and charges

The changes over the 2023 and 2022 financial years are as follows:

in € thousands	31.12.2022	Change in consolidation scope	Additions	Reversals	Of which used	Translation adjustments	30.06.2023
Provisions for after-sales guarantees	4,884		1,963	(1,069)	(1,069)	(0)	5,778
Provisions for recycling	1,597		134	(89)			1,642
Provisions for litigation	249		185	(101)	(101)		333
Provision for litigation with Unu GmbH	441			(142)	(142)		299
Provisions	7,170		2,282	(1,401)	(1,312)	(0)	8,052
<i>Of which</i>							
<i>Current</i>							
<i>Non-current</i>	7,170		2,282	(1,401)	(1,312)	(0)	8,052

The main provisions for risks and charges are detailed below:

- The provision for the after-sales service guarantee** recognised at June 30, 2023, was €5,778 thousand, compared with €4,884 thousand at December 31, 2022. 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 provision for recycling** of €1,642 thousand at June 30, 2023, (€1,597 thousand at December 31, 2022), was established to cover the estimated future costs of recycling battery systems sold for which the Group has a commitment to take back and recycle in the event of return of batteries by customers. This provision is calculated according to the number of systems sold concerned by the recovery commitment, and valued on the basis of the external recycling cost of the different types of batteries. The Group regularly updates these external recycling costs in order to take into account improvements in the treatment costs of this relatively recent channel.
- Provisions for litigation** represent a total amount of €333 thousand at June 30, 2023, (€249 thousand at December 31, 2022), and correspond to the valuation of other risks, such as risks of customer penalties and litigation, excluding the dispute with Unu GmbH presented separately below for €299 thousand.

Disputes with Unu GmbH:

The referral procedure in Paris:

On March 12, 2021, Unu GmbH filed an application for a 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 specifications 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.

The Judge in chambers of the Paris Commercial Court declared, in a ruling dated March 18, 2022, that it had no jurisdiction in Unu GmbH's request to replace the court-appointed expert in April 2021.

The supervisory Judge retained the court-appointed expert and appointed a joint court-appointed expert. The next meeting of the panel of judicial experts is expected in second quarter 2023 (date not decided).

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.

At the procedural hearing on September 28, 2022, the Court adjourned the case to April 12, 2023. In its deliberations of June 22, 2023, the Court stayed the proceedings until the expert report had been filed.

Expert assessment summary proceedings in Lyon:

On May 25, 2022, Unu GmbH summoned Forsee Power to appear before the Lyon Court as part of a request for a judicial expert appraisal made by the insurer and the family of an individual who died in a house fire in August 2021.

The circumstances of this fire have not been established: the fire started, according to the insurer, at the garage door and the garage contained a Piaggio thermal scooter and an Unu electric scooter. Against this background, the insurer summoned Unu GmbH to appoint a legal expert to determine the cause of the fire.

Investigations have not begun and at this stage no cause is preferred. The judge in summary proceedings ordered the extension of the expert assignment on August 1, 2022. An initial expert meeting took place on October 18, 2022. The expert is waiting to continue his investigations given the multiple possible causes at the origin of the fire.

Assuming that the incident is due to the scooter, this claim would not be covered by the Company's new insurer since it is in principle a new serial incident related to Unu batteries, for which the risk was identified in 2019. It therefore falls under the policy taken out with the Company's former insurer.

At the same time, an investigation was carried out by the Lyon Public Prosecutor's Office but it was closed, with no further action taken. This does not preclude the possibility of the victim's family lodging a civil party petition with an investigating judge at a later date.

Proceedings opened before civil courts in Germany:

On September 15 and 29 and November 9, 2022, Forsee Power received summons for a compulsory intervention before three civil courts in Germany (Landgericht in Flensburg, Munich and Coburg) by Unu GmbH in proceedings initiated by the victims of the various claims.

Forsee Power made the same arguments as those developed in the proceedings opened in France, and asked for a stay of proceedings pending the results of the legal expert appraisal opened in France.

Provision retained in the financial statements:

The provision recorded in the consolidated financial statements for the period ended June 30, 2023, in the amount of €298 thousand (€441 thousand as at December 31, 2022) 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. As of June 30, 2022, a reversal of €142 thousand was made on the provision corresponding to the expenses recognised during the financial year, mainly expert and legal fees.

The company considers the claims of Unu GmbH to be unfounded and intends to assert its rights and legal arguments, which at this stage of the proceedings justifies the absence of a provision for risks in excess of the mentioned legal costs.

7.12 Post-employment benefits and long-service awards

7.12.1 Defined contribution plan

An expense of €831 thousand was recognised at June 30, 2023, (€1,450 thousand at December 31, 2022) in respect of defined contribution plans in France.

7.12.2 Defined benefit plan

The Group does not have any defined benefit plans other than retirement benefits for French employees, the details of which are as follows:

in € thousands	30.06.2023	31.12.2022
Retirement benefits	400	379
Long-service awards	0	0
Total	400	379

in € thousands	30.06.2023	31.12.2022
Commitments at beginning of period	379	181
Costs of services rendered	(54)	54
Interest on debt	15	2
Actuarial gains and losses on changes in financial and demographic assumptions (experience gains)	60	142
Actuarial gains/losses on retirement of plan participants	0	0
Benefits paid on retirement	0	0
Commitments at end of period	400	379

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:

	30.06.2023	31.12.2022
Financial assumptions		
Discount rate	3.80%	3.86%
Rate of salary increases	2.15%	1.60%
Rate of social security charges, management	47.57%	49.00%
Rate of social security charges, non-management	36.98%	37.30%
Demographic assumptions		
Employee turnover under the age of 35	7.50%	7.50%
Employee turnover aged between 36 and 45	5.00%	5.00%
Employee turnover aged over 46	2.50%	2.50%
Retirement age for managers	64 years	64 years
Retirement age for non-management	64 years	64 years
Mortality table	INSEE 2022	INSEE 2021

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, which is approximately ten years. The rate was determined based on market indices for AA-rated bonds available at end-June 2023.

The sensitivity analyses of the commitment were performed at June 30, 2023, based on the following key assumptions:

	Gross impact on commitments at June 30, 2023	% of total commitments at June 30, 2023
Discount rate		
-0.25% change in discount rate	12	2.91%
+0.25% change in discount rate	(11)	(2.81)%
Employee turnover rate		
-1.00% change in employee turnover	(46)	(11.51)%
+1.00% change in employee turnover	54	13.46%
Rate of salary increase		
+1.00% change	49	12.22%
+1.50% change	70	17.42%
Retirement age		
Retirement at 63	47	11.67%
Retirement at 65	(9)	(2.35)%

7.13 Borrowings and financial debts

in € thousands	31.12.2022	Issues	Repay- ments	Loan issue expenses	Interest presented in respect of zero- interest loans	Reclassific- ations	Translation adjustments	EIR effect	Net change	Capitalised interest	Fair value	Loan issues IFRS 16	30.06.202 3
Loans from the EIB (1)	22,581		(0)			0		666		1,009			24,256
Atout loan from BPI (3)	2,188					(938)							1,251
State-guaranteed loan from BPI (2)	3,438					(938)							2,501
State-guaranteed loan from BNP (2)	4,209				119	(938)							3,391
State-guaranteed loan from HSBC (2)	4,156				133	(934)							3,355
Right-of-use liability - non-current	14,194		0			(748)	(117)					917	14,246
Related-party liabilities	691								288				979
Long-term financial debt	51,455		0		252	(4,494)	(117)	666	288	1,009		917	49,977
Atout loan from BPI (3)	1,250		(938)			938							1,250
State-guaranteed loan from BPI (2)	1,250		(938)			938							1,250
State-guaranteed loan from BNP (2)	1,875		(938)			938							1,875
State-guaranteed loan from HSBC (2)	1,875		(934)			934							1,875
Accrued interest on financial liabilities	1,065	890	(802)			(26)	(1)		(0)	(1,009)			117
Right-of-use liability - current	1,390		(609)			748	(15)						1,515
Accrued interest on rights-of-use		222	(73)			26	(1)					0	174
Fair value hedges related to foreign exchange risk (4)	6								(6)				
Accrued interest not yet due													
Short-term financial debt	8,711	1,113	(5,231)			4,494	(16)		(6)	(1,009)		0	8,056
Gross financial debt and similar	60,167	1,113	(5,231)		252	0	(133)	666	282			917	58,034
<i>Of which</i>													
<i>Current</i>	8,711	1,113	(5,231)			4,494	(16)		(5)	(1,009)		0	8,056
<i>Non-current</i>	51,455		0		252	(4,494)	(117)	666	287	1,009		917	49,977

1) EIB financing

An 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, leading in the event of exercise to the issuance of 388,761 ordinary shares.

The derivative financial instruments on the EIB loans (BSA EIB Warrant A and BSA EIB Warrant C) are presented below in Note 7.14.

- 2) The State-guaranteed loans (PGE) from 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 State-guaranteed loan from BNP is repaid quarterly from September 4, 2022, until June 4, 2026. The State-guaranteed loan from HSBC is repaid quarterly from September 11, 2022, until June 11, 2025.

In June 2020, Forsee Power SA also took out a “PGE – soutien Innovation” loan with BPI for €5 million at a rate of 2.35%. The State-guaranteed loan from BPI is repaid quarterly from September 30, 2022, until June 30, 2026.

- 3) In June 2020, Forsee Power took out an “Atout” loan with BPI of €5 million at a rate of 5%. This loan is repaid quarterly over 4 years until June 30, 2025 after a one-year grace period that ended on August 31, 2021.
- 4) Currency forwards hedging trade payables in Japanese yen (¥). At June 30, 2023, the Group no longer had currency forwards hedge trade payables in dollar (\$).

The financial debt maturity schedule is as follows:

in € thousands	30.06.2023	1 year	1 to 5 years	more than 5 years	Covenant
EIB loans	24,256		24,256		yes
Atout loan from the BPI	1,251		1,251		no
State-guaranteed loan from BPI	2,501		2,501		no
State-guaranteed loan from BNP	3,391		3,391		no
State-guaranteed loan from HSBC	3,355		3,355		no
Debts on leased real estate	14,246		5,681	8,565	no
Related-party liabilities	979		979		no
Long-term financial debt	49,977		41,413	8,564	
Atout loan from BPI	1,250	1,250			no
State-guaranteed loan from BPI	1,250	1,250			no
State-guaranteed loan from BNP	1,875	1,875			no
State-guaranteed loan from HSBC	1,875	1,875			no
Accrued interest on financial liabilities	117	117			no
Debts on leased real estate	1,515	1,515			no
Accrued interest on rights-of-use	174	174			no
Short-term financial debt	8,056	8,056			
Gross financial debt and equivalent	58,034	8,056	41,413	8,564	

7.14 Derivatives on financial instruments

in € thousands	Date of issue	Expiry date	Number of BSA instruments	Number of shares subscribed if the BSA are exercised	30.06.2023	31.12.2022
BSA Warrant A for EIB (1)	March 18, 2018	March 15, 2028	6,857	1,119,998	3,629	2,817
BSA Warrant C for EIB (1)	June 4, 2021	June 4, 2041	3,500	496,812	1,632	1,291
Total			10,357	1,616,810	5,261	4,108

1) The company has issued several warrants to the European Investment Bank (EIB):

- 6,857 BSA EIB Warrant A giving access to 1,119,998 ordinary shares (AO) issued on March 18, 2018, in addition of the €20 million financing;
- 3,500 BSA EIB Warrant A giving access to 496,812 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 instruments 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 were updated following the capital increase of May 9, 2023. The number of ordinary shares for the 6,857 BEI Warrant A BSAs has been increased from 859,263 ordinary shares to 1,119,998, and for the 3,500 BEI Warrant B BSAs from 388,761 ordinary shares to 496,812.

The maturity schedule of the derivative financial instruments is as follows:

in €thousands	1 year	1 to 5years	more than 5 years	Total
BSA Warrant A for BEI		3,629		3,629
BSA Warrant C for BEI			1,632	1,632
Total	0	3,629	1,632	5,261

Changes in the fair value of derivatives based on the key assumption of the Forsee Power share price would have the following impact on the financial statements:

	BSA Warrant A pour BEI	BSA Warrant C pour BEI	Gross impact on fair value as of 30.06.2023
Forsee Power share price down by (25)%	2,706	1,223	3,929
Forsee Power share price up by 10%	3,997	1,796	5,793

7.15 Risk management of financial assets and liabilities

7.15.1 Credit risk management

Credit risk management is presented in note 7.15.1 to the consolidated financial statements at December 31, 2022.

There were no significant changes in credit risk in the first half of 2023 compared with December 31, 2022.

The Group is exposed to limited credit risk at June 30, 2023, given the financial quality of its main customers.

7.15.2 Liquidity risk management

Liquidity risk management is presented in note 7.15.2 to the consolidated financial statements for the year ended December 31, 2022.

There were no significant changes in liquidity risk in the first half of 2023 compared with December 31, 2022.

At June 30, 2023, Forsee Power has several financing instruments to ensure continuity of its liquidity:

- 1) A financing agreement with the EIB signed in December 2020, makes available a loan of €21.5 million (Tranche A), of €8.5 million (Tranche B) and two new financing lines (Tranches C and D), both with bullet repayment of the principal five years after the drawdown date.

Tranche A and B of the financing agreement were used and repaid for Tranche B only.

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. Tranche C has not been drawn yet as of June 30, 2023.

Tranche D of €10 million is conditional on a level of revenue and profitability that the Group still expects to achieve in the medium term.

- 2) The Group has factoring programs with banks Santander and HSBC (see Note 3.3.10 to the consolidated financial statements for the year ended December 31, 2022).
- 3) By experience, the banks and financial partners have consistently supported the Group in its organic growth and financing needs.
- 4) The company's shareholders have always provided financial support for its financing. It has thus benefited from several current account injections and financial recapitalisations in previous years.

The Group thus always ensures that it has the necessary funds to repay its debts when they fall due.

in € thousands	30.06.2023	31.12.2022
Overdraft facilities	0	0
Sub-total credit facilities (a)	0	0
Cash and cash equivalents	46,654	31,014
Bank overdrafts – cash liability	0	0
Net liquidity (b)	46,654	31,014
Total liquidity position (a) + (b)	46,654	31,014

7.15.3 Market risk management

The Group is exposed to the increase in prices of raw materials and energy on the international market. However, the Group took countermeasures presented in Note 2 “Main events” to limit this risk.

Over the period, the Group had a balanced volume of purchases of goods and sales of batteries in US dollars. As a result, there was no need to implement a foreign currency hedge in the period. Management is studying the implementation of currency forward contracts based on purchasing and sales forecasts, and the expected change in the exchange rate between the euro and the US dollar.

7.15.4 Capital management

Capital management is presented in note 7.15.4 to the consolidated financial statements for the year ended December 31, 2022.

Capital management has not changed in the first half of 2023 compared with December 31, 2022.

7.16 Information on the fair value of financial assets and liabilities

7.16.1 Cash and cash equivalents, loans and receivables

The Group considers that the carrying amount of cash and cash equivalents, trade receivables, other receivables, trade payables, other payables and various deposits and guarantees is a good approximation of market value at June 30, 2023, given the high degree of liquidity of these items and their maturity of less than one year.

7.16.2 Assets at fair value

The Group does not hold any marketable securities at June 30, 2023.

7.16.3 Derivative and hedging financial instruments

The Group does not hold any trading derivatives as of June 30, 2023.

At June 30, 2023, the Group had a currency hedge in Japanese yen (¥) using three currency forward contracts in the amount of €2.4 million (¥339 million) to hedge payments from a foreign supplier in the first quarter of 2023 and a hedge in Chinese Yuan Renminbi (CNY) for €0.5 million (CNY3.5 million).

There is no currency hedges as of June 30, 2023.

7.16.4 Financial liabilities at amortised 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.

7.16.5 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 recognised 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 € thousands	30.06.2023	Fair value	Prices and unadjusted rates	Level 1 Observable data	Level 2 Unobservable data	Level 3 Unobservable data
Cash and cash equivalents	46,654	46,654		46,654		
Financial instruments not held for trading						
Financial assets at fair value	46,654	46,654		46,654		
Deposits and guarantees paid	353	353				353
Other financial assets	976	976				976
Trade receivables	21,293	21,293				21,293
Other assets	16,630	16,630				16,630
Assets at amortised cost	39,251	39,251				39,251
Derivatives on financial instruments	5,261	5,261			5,261	
Currency hedge derivatives						
Financial liabilities at fair value	5,261	5,261			5,261	
Long-term financial debt	49,977	49,977				49,977
Short-term financial debt	8,056	8,056				8,056
Trade payables included in WCR	13,948	13,948				13,948
Other liabilities	20,239	20,239				20,239
Liabilities at amortised cost	92,220	92,220				92,220

The methods and assumptions used to estimate the fair value of financial assets and liabilities are presented in Note 3.3.7 to the consolidated financial statements at December 31, 2022.

7.17 Trade payables

in € thousands	30.06.2023	31.12.2022
Payables	13,948	20,152
Trade payables included in WCR	13,948	20,152
Trade payables	13,948	20,152

7.18 Other liabilities

in € thousands	30.06.2023	31.12.2022
Customers - Advances and deposits received	5,717	3,391
Social security liabilities (1)	5,841	5,487
Tax liabilities	3,025	973
Customer contract liabilities (2)	2,971	2,668
Other sundry current liabilities (3)	317	972
Benefits granted on PGE loans with off-market rates	773	1,025
Other liabilities included in WCR	18,643	14,517
Corporation tax liability	105	205
Liabilities for capital increase costs (4)	1,491	0
Payables on acquisition of fixed assets	0	0
Other liabilities	20,239	14,722
<i>Of which</i>		
<i>Current</i>	17,120	10,606
<i>Non-current</i>	3,120	4,116

1) Including €56 thousand employer contribution on free shares at June 30, 2023;

2) Including €2,295 thousand at June 30, 2023, in deferred income on specific battery guarantee extensions (€2,285 thousand at December 31, 2022);

The change in contract liabilities is as follows:

in € thousands	30.06.2023	31.12.2022
Contract liabilities at the beginning of the period	2,668	1,530
- Liabilities on contracts assumed following fulfilment of performance obligations during the period		
- Liabilities on cancelled contracts following cancellation of the contract		
+ Unfulfilled performance obligations on new contracts during the period	259	1,202
+/- Discounting and translation effects	44	(63)
Contract liabilities at end of period	2,971	2,668

The performance obligations mainly correspond to extensions of guarantees and are carried out over a period of between 1 and 8 years.

3) Including €276 thousand at Zhongshan Forsee Industry Ltd (compared with €699 thousand at December 31, 2022) and €7 thousand at Zhongshan Forsee Development (compared with €260 thousand at December 31, 2022).

4) Issue costs relating to the capital increase carried out on May 9, 2023, amounted to €2,697 thousand, of which €1,206 thousand was paid during the period.

Other liabilities have a maturity of less than 12 months with the exception of the benefit granted on zero-rate state-guaranteed loans maturing between 1 and 5 years and contract liabilities. Non-current liabilities are discounted.

7.19 Deferred taxes

Deferred taxes breaks down by timing differences as follows:

in € thousands	30.06.2023	31.12.2022
Temporary tax differences	18	(90)
Provisions for retirement benefits	107	102
Restatement of IFRS 16 - Leases	170	134
Capital increase costs	0	0
Borrowing costs at EIR	11	8
Internal margins on inventory	59	91
Other temporary differences	248	(100)
Recognition of tax loss carryforwards	0	0
Total net deferred taxes	613	146

Deferred taxes have been valued for the French companies at the tax rate applicable in the year of reversal of the timing differences, taking into account the 25% tax rate as from January 1, 2023, and for subsequent years.

Since December 31, 2021, the Group has limited the recognition of deferred tax assets (DTA) on tax loss carry forwards of tax entities, based on recovery prospects over a three-year horizon. The Group previously limited the recognition of DTAs on tax loss carryforwards based on the probability of recovery over a five-year horizon.

Forsee Power's tax loss carryforwards not recognised in the financial statements amounted to €189,237 thousand (i.e. €47,309 thousand of unrecognised DTA) at June 30, 2023, compared with 175,910 thousand (i.e. €43,977 thousand of unrecognised DTA) at December 31, 2022.

The change in deferred tax recognised in profit or loss and equity is as follows:

in € thousands	30.06.2023	31.12.2022
Deferred tax assets at beginning of year	323	373
Expense recognised in comprehensive income	417	(209)
Deferred tax asset on capitalised leases	36	0
Deferred tax asset/Deferred liability offset by tax entity	(149)	173
Other	14	(13)
Deferred tax assets at end of the period	641	323
Deferred tax liabilities at beginning of year	178	5
Expense recognised in comprehensive income	(149)	0
Deferred tax asset/Deferred liability offset by tax entity	(149)	173
Other	149	0
Deferred tax liabilities at end of the period	29	178

Note 8. Information relating to items in the consolidated statement of comprehensive income

8.1 Revenue

in € thousands	30.06.2023	30.06.2022
Sales of goods	77,961	48,382
Services delivery	619	829
Other activities	176	515
Total	78,756	49,727

The amount of the order book (firm orders not fulfilled) and the projected schedule for completion of unfulfilled performance obligations is as follows:

in € thousands	30.06.2023	30.06.2022
Order book at beginning of period	102,481	54,601
- Opening commitments whose services were performed over the period and recognised as revenue	(78,756)	(49,167)
- Opening commitments for which the services were not provided during the period as they were cancelled (cancellation of order)		
+ Firm offers signed during the period	97,100	73,238
- Firm offers signed during the period recognised as revenue		(560)
Order book at end of period	120,825	78,112
Forecast timetable for recognition of revenue		
Expected to be completed in 2022		66,464
Expected to be completed in 2023	107,917	11,648
Expected to be completed in 2024 and beyond	12,908	
Total order book at end of period	120,825	78,112

8.2 Other operating income and expenses

in € thousands	30.06.2023	30.06.2022
Stored production	0	17
Operating grants	0	2
Gains or losses on disposals of fixed assets	(2)	(41)
Directors' fees	(226)	(225)
Other management income and expenses (1)	1,425	(119)
Other operating income and expenses	1,198	(366)

1) Including €698 thousand in indemnities receivable in respect of a customer protocol for the newly developed business in India.

8.3 External services and purchases consumed

in € thousands	30.06.2023	30.06.2022
Purchases consumed, including foreign exchange gains and losses on purchases (1)	(59,942)	(36,008)
Fees, external services	(2,728)	(1,917)
Leases, maintenance and insurance	(1,398)	(793)
Transport, travel and conference expenses	(1,841)	(1,381)
Study and research costs	(1,093)	(689)
Post and telecommunications expenses	(148)	(114)
Subcontracting (1)	(294)	(365)
Other	(141)	(117)
External services and purchases consumed	(67,585)	(41,384)

- 1) Part of the Research Tax Credit (CIR) income is presented as a deduction from subcontracting expenses for €14 thousand and as a deduction from purchases consumed for €165 thousand at June 30, 2023.

8.4 Personnel costs and headcount

in € thousands	30.06.2023	30.06.2022
Personnel costs		
Remuneration (1)	(11,156)	(9,824)
Social security contributions (1)	(3,533)	(3,458)
Other short-term benefits	(143)	(158)
Defined benefit plan service costs	45	0
Costs of share-based payments	(720)	(1,976)
Employer contributions on share-based payments	0	(26)
Employee profit-sharing	0	0
Total	(15,507)	(15,442)

- 1) Part of the Research Tax Credit (CIR) income is presented as a deduction from remuneration expenses for €379 thousand and as a deduction from social security contributions for €292 thousand at June 30, 2023.

The average full-time equivalent workforce is as follows:

	30.06.2023	30.06.2022
Management	228	209
Non-executives	493	421
Total	722	630

8.5 Taxes and duties

in € thousands	30.06.2023	30.06.2022
Taxes based on salaries	(241)	(196)
Other taxes	(281)	(166)
Taxes and duties	(522)	(361)

8.6 Depreciation, amortisation and provisions allocations and reversals

in € thousands	30.06.2023	30.06.2022
Amortisation and impairment of intangible assets	(1,739)	(1,475)
Amortisation of rights of use of property, plant and equipment	(998)	(598)
Amortisation and impairment of property, plant and equipment	(1,770)	(1,215)
Provisions for risks and charges	(881)	(374)
Net impairment of inventories and receivables (1)	(3,272)	(690)
Net charges	(8,661)	(4,352)

1) Including €1,358 thousand in depreciation on inventories identified as surplus or obsolete at the end of the first half of 2023.

8.7 Non-current operating income

There were no non-current operating recorded in the first half of 2023 and 2022.

8.8 Net financial income (expenses)

in € thousands	30.06.2023	30.06.2022
Financial income received on financial assets	90	2
Financial income not received	7	0
Financial income	97	2
Interest expense on borrowings (1)	(1,334)	(1,441)
Cost of gross financial debt	(1,334)	(1,441)
Foreign exchange gains and losses	(203)	592
Net impairment of financial assets measured at amortised cost	0	0
Change in fair value of derivatives (2)	(1,153)	3,904
Discounting expense on non-current assets and liabilities or over 12 months	(35)	0
Charge for effective interest rate on financial liabilities (EIR) (3)	(715)	(591)
Interest expense on debt on leased liabilities	(312)	(161)
Bank fees and commissions	(452)	(106)
Other financial income	68	19
Benefits granted on State-guaranteed loans with off-market rates	252	288
Other net financial income and expenses	(2,551)	3,944
Net financial income (expenses)	(3,787)	2,504

- 1) Including €(841) thousand of interest on the EIB loan at June 30, 2023. Part of the interest was paid in June 2023, to the EIB for €671 thousand.
- 2) Including €(812) thousand change in the fair value of the BSA BEI Warrant A derivative and €(341) thousand change in the fair value of the BSA BEI Warrant C derivative at June 30, 2023, (see Note 7.14), and €2,687 thousand change in the fair value of the BSA BEI Warrant A derivative and €1,217 thousand change in the fair value of the BSA BEI Warrant C derivative at June 30, 2022.
- 3) Including financial charges of €(666) thousand at June 30, 2023, relating to the impact of the original EIB Tranche A effective interest rate.

8.9 Corporate income tax

In €thousands	30.06.2023	30.06.2022
Current taxes	(141)	(1)
Deferred taxes	453	(160)
Tax expense	313	(161)

The tax proof for the periods presented is as follows:

in €thousands	30.06.2023	30.06.2022
Theoretical tax expense (at current rate)	4,084	2,418
Actual tax expense	313	(161)
Difference	3,771	2,580
Permanent differences on share-based payments	180	28
Other permanent differences	18	0
Research tax credits (CIR)	(125)	(182)
Derivatives on financial instruments	447	(976)
Share-based payments	0	494
Non-deductible and unrecognised financial expenses	0	0
Tax loss for the period and not recognised on the balance sheet	3,176	3,097
Use of prior tax losses not recognised on the balance sheet	0	0
Difference in rates between countries	83	0
Initial public offering and other capital increase costs	0	0
Other differences	(8)	118
Total	3,771	2,580

Note 9. Information relating to items in the consolidated statement of cash flows

9.1 Allowances for depreciation, provisions and impairment

in €thousands	30.06.2023	30.06.2022
Net depreciation allowance to fixed assets	3,509	2,690
Net depreciation allowance on rights of use for property, plant and equipment	998	598
Net allowance to provisions for risks and charges	881	374
Allowance to current service cost of defined benefit plans	(45)	0
Net impairment of financial assets	0	0
Net charges	5,344	3,662

9.2 Working capital requirement

in € thousands	Notes	31.12.2022	WCR	Discounting effects and other non-cash effects in WCR	Translation effects	30.06.2023
Net inventories	7.6	37,476	4,187		(451)	41,212
Net trade receivables	7.7	15,960	4,448		885	21,293
Other assets	7.8	10,563	2,961	1	(380)	13,145
Trade payables	7.17	(20,152)	6,029	(0)	175	(13,948)
Other liabilities	7.18	(14,517)	(4,185)	18	40	(18,643)
Total		29,332	13,440	18	269	43,059

in € thousands	Notes	31.12.2022	Change and impact on income	Discounting effects and other non-cash effects in WCR	Translation adjustments	30.06.2023
Change in deferred tax	7.19	146	453	13	1	613
Change in corporation tax receivables and payables (1)	7.8 and 7.18	2,734	664	(25)	9	3,382
<i>of which CIR</i>		2,939	500	48		3,487
Recognised tax expenses	8.9	(398)	(313)			313
Total change in tax			305	(60)	10	

- 1) Including €3,487 thousand in research tax credits receivables (2019, 2020, 2021, 2022 and 2023) at June 30, 2023. The CIR receivable relating to 2018 financial year was received in June 2022 for an amount of €725 thousand.

9.3 Cash flow from acquisitions of fixed assets

in € thousands	30.06.2023	30.06.2022
Acquisition of intangible assets	(4,001)	(2,140)
Acquisitions of property, plant and equipment net of advance and prepayments	(2,635)	(1,988)
Acquisition of financial assets	(81)	(98)
Total investments	(6,716)	(4,226)
Debt on acquisition of fixed assets	0	1,058
Net cash flows used in acquisition of fixed assets	(6,716)	(3,168)

9.4 Capital gains/(losses) on disposals of fixed assets

in € thousands	30.06.2023	30.06.2022
Proceeds from the disposal of intangible assets	0	0
Proceeds from the disposal of property, plant and equipment	0	0
Proceeds from the disposal of financial assets	0	0
Net carrying amount of intangible assets assigned	0	0
Net carrying amount of property, plant and equipment assigned	2	50
Capital gains/(losses) on disposals of fixed assets	2	50

9.5 Cash flows on disposals of fixed assets

in € thousands	30.06.2023	30.06.2022
Disposals of intangible assets	0	0
Disposals of property, plant and equipment	0	0
Disposals of financial assets	0	0
Receivable on disposal of fixed assets	0	0
Net cash flows on disposal of fixed assets	0	0

9.6 Cash flows from changes in consolidation scope

in € thousands	30.06.2023	30.06.2022
Acquisition on May 31, 2022, of NeoT Capital shares from Mitsubishi Corporation	0	(2,292)
Net cash flows from changes in the scope of consolidation	0	(2,292)

Note 10. Other information

10.1 Events subsequent to June 30, 2023

There are no significant events after June 30, 2023.

10.2 Relations with related parties

10.2.1 Compensation paid to management

Remuneration paid to management is disclosed in note 10.2.1 to the consolidated financial statements for the year ended December 31, 2022.

At its meeting on June 23, 2023, the Ordinary General Meeting approved the compensation policy for corporate officers, including an annual remuneration package for corporate officers of €456 thousand for the 2023 financial year.

10.2.2 Related party transactions

The main related parties and related party transactions are defined and presented in notes 3.3.32 and 10.2.2 to the consolidated financial statements at December 31, 2022.

The note below sets out the main transactions and balances for the first half of 2023:

in € thousands	30.06.2023	30.06.2022
Receivables to NeoT CAPITAL	0	359
Trade receivables with shareholders	71	239
Financial debt to shareholders	(979)	(324)
Total statement of financial position items	(908)	274
Salaries and other short-term benefits	(1,810)	(1,684)
Share-based payments	(710)	(1,516)
Fees	(162)	(60)
Other expenses	(226)	(225)
Revenue	87	1,017
Purchases	0	(30)
Interest income on receivables to NeoT CAPITAL	67	13
Total income statement items	(2,754)	(2,485)

10.3 Off-balance sheet commitments

The commitments at June 30, 2023, are as follows:

- **Signing of the rental contract in the United States**

On July 25, 2022, Forsee Power Inc. signed a lease agreement for a 12,820 sqm industrial building located in Hilliard on the outskirts of the city of Columbus, Ohio. This lease is for an initial term of November 1, 2022 to January 31, 2033 and may be renewed twice for a period of 5 years.

This lease is secured by a SBLC letter of credit in the amount of \$1 million.

- **SBLC letter of credit to a real estate lessor and cash pledge**

On 25 July 2022, Forsee Power obtained an SBLC (stand-by letter of credit) credit letter from a French bank for a maximum amount of \$1 million in favour of the owner of the industrial building leased in Hilliard in the United States. The amount guaranteed by this SBLC declines annually by 10% until November 1, 2032.

This SBLC is accompanied by a cash pledge for an amount of €1 million from July 25, 2022, to July 25, 2027.

- **Precarious lease in Ecully**

The tenancy-at-will lease on the site occupied in Ecully following the takeover on July 21, 2021 of part of the business and assets taken over from Holiwatt (formerly Centum Adetel Transportation) has been extended until October 31, 2022, then until August 2023.

- **Commercial lease Dardilly (Lyon)**

A commercial lease in future state of completion was signed on May 11, 2023 for a new building of 1,992 sqm located in Dardilly (Lyon) to house the activities and assets of the company taken over from Holiwatt. The lease in future state of completion takes effect on October 1, 2023 for a minimum term of 9 years, with the premises being made available on June 5, 2023.

- **Commercial lease NEoT Capital**

A commercial lease for offices in Paris was signed on June 26, 2022, by NeoT Capital.

- **Pledge of the business to the EIB**

A pledge of purchased goodwill in favour of the EIB was granted at the time of the drawdown of the €21.5 million Tranche A in June 2021.

- **Guarantees granted to Mitsui & Co**

Pursuant to a contract called the Investment Agreement entered into on December 18, 2017, Forsee Power SA has granted guarantees in favour 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 BSA_G held by Mitsui (up to a maximum of 52,748 new shares). Following the cancellation of the BSA_G by decision of the Shareholders' Meeting of September 28, 2021, Mitsui & Co, Ltd. Could only seek compensation for any damage caused through the payment by the Company of an indemnity to its benefit. No such claim has been received by Forsee Power SA as of the date of approval of the half-yearly financial statements on September 14, 2023. The maximum amount of compensation that could be due by Forsee Power SA is capped at €4.5 million. However, this cap 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).

3.2 Statutory auditors' limited review report

For the period from January 1 to June 30, 2023

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders of Forsee Power SA,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of the company, for the period from January 1 to June 30, 2023,
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on the financial statements

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRS on Interim Financial Reporting issued by the International Accounting Standard Board (IASB) as adopted in the European Union.

2. Specific verification

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

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

Paris-La Défense and Sarcelles, 14 September 2023

The Statutory Auditors French original signed by

Deloitte & Associés

Thierry QUERON

Jean LEBIT