

Forsee Power's 2023 annual results: strong commercial and financial performance

- > **Continued strong sales momentum with sales up 54% to €171.2 million**
 - Heavy Vehicles: another year of strong growth at €145.4 million, +65% vs. 2022
 - Light vehicles: sales up to €25.8 million, +11% vs. 2022
- > **Diversification of customer portfolio with the signing of new worldwide customers and extension of geographical coverage to new markets (Japan, Australia)**
- > **Significant profitability improvement: Adjusted EBITDA¹ up +48% to €-6.8 million vs. €-13.0 million in 2022**
- > **Outlook 2024: focus on profitability**
 - Breakeven: Adjusted EBITDA¹ at break-even point
 - Annual sales target of between €180 and €200 million
 - Launch of the production at the North American site at the end of the 1st half of 2024

Paris, April 23, 2024 – 5:45 pm CEST – Forsee Power (FR0014005SB3 - FORSEE - the "Company"), expert in smart battery systems for sustainable electromobility, today announces its financial results for 2023, approved by the Board of Directors on April 23, 2024.

Christophe Gurtner, Founder & CEO of Forsee Power states: *"Forsee Power succeeded in maintaining strong sales growth throughout 2023, benefiting from the excellent momentum in the heavy vehicles segment. With annual sales of over €170 million, we not only outperformed our €160 million target but also expanded our customer portfolio through strategic partnerships, notably in Japan and Australia. This diversification will begin to generate volume in early 2025. Another reason for satisfaction is the improvement in the Company's profitability profile, with Adjusted EBITDA¹ in 2023 rising sharply. At the same time with sales development, the Company's main focus will be to continue to keep costs under control to reach break-even by 2024. Finally, the North American site will start production by the end of June, in line with the Company's industrial roadmap. Profitable by 2024, and strengthened by market restructuring, Forsee Power continues to consolidate its position as a key player in the battery systems market."*

¹The Group changed its definition of Adjusted EBITDA in 2023 (see dedicated paragraph). Under the new definition, adjusted EBITDA for 2022 would be (13.0) million euros, compared with (13.9) million euros on a reported basis. Under the old definition, adjusted EBITDA for 2023 would be €(7.6) million.

Annual results 2023

Adjustment of Forsee Power's key performance indicators

In some specific cases, the Group is contractually obligated to take responsibility for the collection and recycling of batteries at the end of the warranty period. A provision is set aside to cover the estimated costs of future recycling of battery systems sold. This provision is calculated based on the number of systems sold covered by the take-back requirement and valued according to the external costs of recycling different types of batteries. Its calculation is therefore theoretical and its future impact is uncertain and uncontrollable due to market and technological developments. What's more, a second-life market is opening up, making it possible to turn an estimated potential cost into additional revenue for the Group.

Accordingly, the Group has changed its definition of Adjusted EBITDA² in 2023 by reclassifying the non-cash recycling provision to the current operating income. As a result, Adjusted EBITDA² now corresponds to the current operating income, restated:

- amortization and depreciation of intangible assets, amortization of rights of use on property, plant and equipment;
- depreciation and amortization of property, plant, and equipment, and net impairment of inventories and receivables;
- cost of share-based payments and related employer contributions;
- provision for battery recycling.

Simplified consolidated income statement

The audit procedures on the consolidated financial statements have been completed, and the certification report will be issued once the verification of the management report and the due diligence relating to the electronic ESEF format of the 2023 financial statements have been finalized.

En €m	2023	2022	Change (%)
Sales figures	171.2	111.0	+54%
Heavy vehicles	145.4	87.8	+65%
Light vehicles	25.8	23.2	+11%
Adjusted EBITDA²	(6.8)	(13.0)	+48%
Adjusted EBITDA margin ²	(4)%	(12)%	+8 pts
Current operating income	(23.2)	(30.1)	+23%
Financial result	(4.7)	(1.7)	-171%
Consolidated net income	(28.0)	(32.6)	+14%

Forsee Power reported 2023 sales of €171.2 million, up 54% from 2022. This good sales performance is the result of sustained overall demand, particularly in the heavy vehicles segment (+65% vs. 2022). Sales in the light vehicle segment are up by +11% vs. 2022.

The Group's Adjusted EBITDA² is also up sharply, from (13,0) million euros in 2022 to (6,8) million euros in 2023. Against this backdrop, the Adjusted EBITDA² margin fell from (12)% in 2022 to (4)% in 2023. This improvement is mainly due to :

- improved productivity due to both higher margins and higher sales volumes (+54%);
- greater capitalization of development costs;

However, it was affected by the cost of the structure in the United States (€1.7 million) and the opening of the office in Japan (€0.5 million).

² The Group changed its definition of Adjusted EBITDA in 2023 (see dedicated paragraph). Under this new definition, Adjusted EBITDA for the 2022 financial year stands at (13,0) million euros, compared with (13,9) million euros on a reported basis. Under the old definition, adjusted EBITDA for 2023 would be €(7.6) million.

The rail business, which has a longer development cycle than the other sectors, accounts for €(2.1) million of EBITDA in 2023. The first significant sales are expected in 2025.

The current operating income amounted to €(23.2) million, a significant improvement compared to 2022 (+23%).

Taking into account all the items mentioned above, the company posted a net loss of €(28.0) million for 2023.

Simplified consolidated balance sheet

<i>In €m</i>	31/12/2023	31/12/2022	Change
Non-current assets	68.2	49.5	+38%
Current assets	119.3	97.0	+23%
Total assets	187.4	146.5	+28%
Shareholders' equity	59.2	39.7	+49%
Non-current liabilities	76.1	67.4	+13%
Current liabilities	52.1	39.4	+32%
Total liabilities	187.4	146.5	+28%

Simplified consolidated cash-flow statement

<i>In €m</i>	2023	2022	Change
Cash flow from operating activities	(27.3)	(24.5)	-2.8
Cash flow from investing activities	(24.5)	(9.1)	-15.4
Cash flow from financing activities	46.8	(6.0)	+52.8
Impact of conversion rates	(0.1)	(0.1)	
Change in cash and cash equivalents	(5.1)	(39.8)	+34.7

A solid financial structure

As of December 31, 2023, the Group had available cash of €25.9 million, compared with €31.0 million on December 31, 2022. As a reminder, the Company carried out a €49.3 million capital increase in May 2023.

Gross financial debt was relatively stable at €67.1 million on December 31, 2023, compared with €60.2 million on December 31, 2022. On December 31, 2023, Forsee Power had a solid balance sheet, with shareholders' equity of €59.2 million, compared with €39.7 million on December 31, 2022.

Given these factors and the implementation of working capital financing tools, the Group believes it has sufficient financial resources for the next 12 months.

Strategy and outlook

In 2024, Forsee Power intends to maintain dynamic activity by transforming its order book into sales in its high-value-added priority markets: buses, off-highway vehicles (agricultural, construction, and industrial vehicles), railways, and light vehicles.

In addition, sales in 2024 will benefit from the diversification of the customer portfolio across all geographies. However, the Company will be impacted in the short term by the progressive reduction of battery sales to its customer Iveco.

In addition, the battery industry is currently facing a sharp drop in material costs, which will impact on 2024 H2 sales. This drop in costs should also stimulate demand and accelerate certain programs in the coming months, against a backdrop of market consolidation that will benefit Forsee Power's position as a benchmark player in all the geographies where the Group operates.

Overall, the Company expects to generate annual sales of between €180 and €200 million.

Growth drivers, in particular the strong development with Japanese customers, in Australia and the effective launch of the North American industrial site planned over the next few months (the first batteries were assembled at the beginning of April 2024), will ensure continued diversification of customer references and further growth in 2025.

At the same time, Forsee Power will focus on continuing to improve its profitability metrics, favoring a healthy growth trajectory. The Company thus confirms its target to reach breakeven by 2024, thanks to rigorous management of its cost base and accelerated product development cycles.

Given the lack of maturity of markets still in the start-up phase, the Group has decided to suspend the targets for 2028 previously communicated³, without this calling into question the Company's growth prospects or the relevance of its strategy, which is focused on a profitable growth trajectory.

Next financial release: 1st quarter 2024 sales, on May 14, 2024, before the stock market opens. The Annual General Meeting will be held on June 21, 2024.

The Company's financial statements for the year ended 31 December 2023 will be disclosed in the Universal Registration Document, which will be available to shareholders on the Company's website by 30 April 2024 at the latest, in compliance with legal and regulatory requirements.

About Forsee Power

Forsee Power is a French industrial group specializing in smart battery systems for sustainable electric transport (light vehicles, off-highway vehicles, buses, trucks, and trains). A major player in Europe, Asia, and North America, the Group designs, assembles, and supplies energy management systems based on cells that are among the most robust in the market and provides installation, commissioning, and maintenance on site and remotely. More than 3,000 buses and 135,000 LEV have been equipped with Forsee Power's batteries. The Group also offers financing solutions (battery leasing) and second-life solutions for transport batteries. Forsee Power and its 750 employees are committed to sustainable development and the Group has obtained the Gold medal from leading sustainability rating agency EcoVadis. For more information: www.forseepower.com | @ForseePower

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³ As a reminder, in 2022 the Group has set the following medium-term targets for 2028: sales over €850 million and an adjusted EBITDA margin over 15%.