Société Anonyme à Conseil d'administration (A public limited company with a board of directors) with a share capital of €7,155,072.70

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

2023 Universal registration document

Including the annual financial report

This Universal Registration Document has been filed on April 30, 2024 with the Autorité des Marchés Financiers (AMF), as competent authority under regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said regulation.

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This Universal Registration Document including the Annual Financial Report is a reproduction of the official version which has been prepared in ESEF format and is available on the issuer's website www.forseepower.com.

This document is a free translation into English of the original 2023 Universal Registration Document issued in French language and is provided solely for information purposes. In case of discrepancy between the French and the English versions, the French language version of the Universal Registration Document shall prevail.

Detailed chapter contents can be found at the beginning of each chapter.

* This information forms an integral part of the Annual Financial Report as provided in the article L. 451-1-2 of the French Monetary and Financial Code

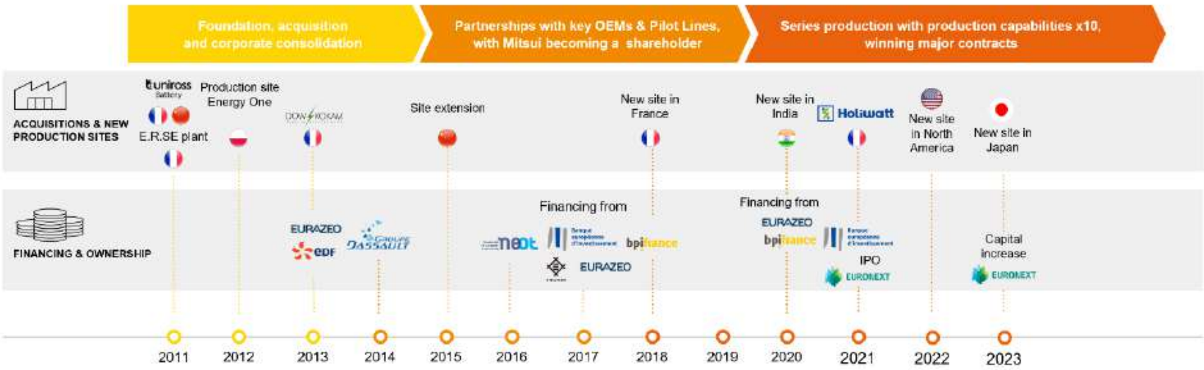
1
PRESENTATION

1.1 General overview

1.1.1 History and development of the Group

Growing rapidly since its creation, Forsee Power designs and manufactures intelligent battery systems for electromobility. These systems are developed from electrochemical cells and then integrated into vehicles for a first life of about ten years. From the outset, the Group has been developing battery systems with the aim of using them in a second life as stationary energy storage or grid back-up, combined with the production of renewable energy such as solar panels. The Company also aims to support its customers in managing the end-of-life and recovery of components, such as electrochemical cells or steel, in partnership with the recycling industry.

On the strength of this experience, the Group believes that the solutions it offers are among the most effective in the segments in which it operates (see section 1.4 “Research and Development activities” of this document).



1.1.2 Strategy

1.1.2.1 Increase industrial capacity to establish geographical presence

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

The Company seeks to benefit from the ability to expand its current production plants to increase its production capacity. In China for instance, it moved into an additional building in the same area of its operations in 2023 and plans to bring all its activities together in a new, larger building in the same area within 24 months.

As of the date of this document, the Company has achieved an installed capacity of around 3 GWh in order to track and anticipate the growth of its current customers’ markets and to acquire new customers.

The objective by the end of 2028 is to have an installed production capacity of approximately 13 GWh.

Develop industrial capacity in the United States

In June 2022, the Company announced its establishment in North America and the construction of a battery system plant in the USA, which will make it possible to target the growing commercial vehicle market, primarily buses, trucks, trains and off-highway vehicles. This would not only optimize costs and the supply chain, but it is also a requirement for certain key markets such as the city bus market, which requires a local presence to comply with the FAST Act (70% of value must be produced locally in public procurement).

Work on the site is underway and the first line equipment was installed at the end of 2023, with production due to start up in the second quarter of 2024.

The Group aims to achieve a production capacity of 3 GWh in the United States by 2028, which according to its estimates would involve initial investments of more than EUR 13 million over the period.

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

The Group has chosen to address very specific market segments, where the battery system represents high value added combined with attractive volumes.

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

The Group's commercial strategy is then to strengthen its presence in its current markets within which it has established a leading position, and gradually expand in emerging markets in parallel, which constitute powerful growth drivers.

Heavy vehicles

- ***Commercial vehicles: Buses, trucks and special vehicles***
  In the commercial vehicle market, the Company's strategy is to strengthen its position by:
  - expanding its range of products and services to support existing customers as they grow, for example via the "mobility as a service" offer which allows them to be more competitive and to conquer new markets;
  - expanding its customer base in its current markets;
  - diversifying, thanks to the development of its technologies, particularly in terms of energy density and flexibility, the types of vehicles fitted with its batteries (long-distance bus, trucks and special vehicles);
  - developing new markets, particularly in Asia Pacific, North America and South America, building on the Company's experience and credibility in Europe and the location of its production facilities.
- ***Off-highway vehicles***

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

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

This market, which is still being defined/validated, is expected to see a period of strong growth (see paragraph 1.2.3.2 "Heavy vehicles" of this Document).

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

- ***Rail***

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

With a view to this, in July 2021 Forsee Power has acquired the assets attached to the autonomous branch of the elements business of Holiwatt, enabling it to incorporate more than 20 years of railway know-how and a range of energy storage systems and power converters and auxiliary converters (CVS).

As a first step, the roll-out in this market is expected to take place primarily in Europe.

Light vehicles

In the light vehicle sector, the Group has a leading position in the light vehicles sector (2 to 4 wheels) with customers such as Piaggio and Peugeot Motocycle in Europe or Kawasaki and Omega Seiki in Asia.

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

The Group has also expanded the scope of its light vehicle segment, acquiring four-wheeled light urban or utility customers such as Mathieu Groupe Fayat and Toyota.

1.1.2.3 Enhancing the range of services

As a designer and manufacturer of high-value-added systems, the Group now generates almost all its revenue from selling systems.

As well as selling systems, the Company also assists its customers in the design phase of their vehicles: technological choices (sizing model, aging models, TCO model, etc.), integration of battery systems (mechanical studies, BMS interfacing), and interventions during the prototype development phase.

With the roll out of mass production, the Company offers in addition, preventive maintenance and repair services using remote diagnostic tools (Diagtool), training for its customers' staff and fleet operators, a network of local partners, a hotline and remote monitoring of battery/vehicles fleets.

Finally, the Company is developing electric vehicle financing services that can include not only the battery but also vehicles and the complete charging infrastructure, due to the company NeoT (see paragraph 2.3.1.6 of this Document), the support of Mitsui and an extensive banking and investor network with certain pre-negotiated financing agreements to facilitate and accelerate financing. The range of services on offer, including financing, helps to drive vehicle energy transition and boost customer retention.

Hence, the Company expands its service offering in order to support its customers throughout their vehicles' useful life and it intends to enrich this service offering, which constitutes a sales facilitator and enables customer loyalty.

1.1.2.4 Expand its customer portfolio

Throughout its development and the enhancement of its service offering, the Group aims to strengthen the long-term relationships built with its customers while expanding its customer base to commercial prospects. The Company's innovation capacity enables it to constantly develop solutions tailored to the new needs of its customers.

Hence, the current portfolio, centered around 10 customers that together represent about 91% of revenues in 2023, is set to diversify toward new customers, as the Group's activity expands in new business sectors. In 2028, the company predicts that about 50% of revenues will come from the current top 10 customers.

For further details on the Group's customers, please refer to paragraph 1.3.3 "Group’s Customers".

1.1.2.5 Strengthen its technological leadership and the performance of its batteries

Technological progress is one of the key growth drivers in the Group’s markets, that stands out by its ability to provide battery systems meeting the needs of each customer, both in terms of autonomy or operating time and emissions, absence of noise and vibration, and competitive total cost of ownership (TCO). The Group’s ambition is therefore to continuously improve the performance of its battery systems in order to support growth in the number of customers and vehicles equipped.

Promoting flexible formats

The Company puts emphasis on the modularity of its battery formats, to ensure the most flexible integration possible into customers’ vehicles. The Company is focusing its manufacturing approach on modular designs allowing for the same platforms of modules, BMS, cooling, etc., in different formats, in particular with its SLIM and PLUS ranges.

The Company is therefore developing several battery formats that can be installed in different orientations (horizontal or vertical) and/or combined in a flexible way to simplify and optimize their installation by its customers. This approach aims to optimize the use of available space, meeting the varied needs of customers with lines of vehicles with variable integration spaces.

Increase energy density (doubled by 2025 compared with 2014)

The Company has made energy density a core element of its technological progress, acknowledging its crucial importance in the choice of a battery system.

By selecting the cells, it considers most suitable for each system and developing the most efficient (in terms of new materials) and dense integration technologies without impacting life span and safety, the Company aims to continue to reduce the weight and volume of battery systems in order to meet the strict weight constraints imposed by the Group's customers.

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

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

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

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

Development of standardized product platforms that integrate artificial intelligence

By focusing on key innovative technologies, the Company develops a platform strategy offering a number of standard product ranges, allowing its customers to benefit from a significant reduction in their development time frames and engineering costs and a higher level of innovation and validation, as these technologies are developed for multiple customers and applications.

This strategy also optimizes their cross-use in different products and step up the rate of winning new customers and projects without increasing development efforts. By 2025, the Group plans to generate more than 90% of its revenues from its LIFE, GO, ZEN, FLEX, PULSE and SPIKE standard ranges.

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

1.1.2.6 Acquisitions

In addition to its organic growth, the Company intends to carry out targeted acquisitions to access products that have already been validated on the markets concerned and to technical and/or sales teams present in strategic countries. The criteria for these acquisitions will be the quality of products and teams, alignment and complementarity with the Company's strategy, and their financial valuation.

1.1.3 Competitive advantages

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

For more details on its position as a European leader in its principal markets in Europe and Asia, please refer to paragraph 1.2.4 "Competitive analysis". The Group has developed several partnerships:

- With Alstom, for the hybridization of the Alstom TER train;
- With SOCOFER, for maintenance locomotives, the Group's positioning in the rail market has been strengthened in July 2021 with the acquisition of Holiwatt;
- With one of the world's leading hydrogen bus companies, Wrightbus, as part of an exclusive partnership for equipping its standard and double-decker hydrogen buses. Wrightbus has therefore accumulated more than two million kilometres of experience with its Forsee Power battery-powered hydrogen buses that operate in cities across the UK;
- With Maxion, to optimize the integration of battery systems into the chassis and structural components in which the Brazilian group is a world leader;
- With Hyliko, a French specialist in hydrogen trucks;
- With Ballard, to successfully test the interface between their fuel cells and Forsee Power battery systems.

1.1.3.2 Local support to strengthen the momentum of the electromobility market

The Group has an overall production capacity of nearly 3 GWh in 2023 in Europe (France and Poland), in Asia (China and India), and in North America (Ohio, United States), localized to keep up with the growing momentum of electromobility worldwide (see section 1.2 of this Document).

The location of the production capacity is defined according to where the customers are located, using local supply chain and reducing the carbon footprint associated with transporting both supplies and deliveries to customers.

Since it was created, the Group has sought to establish an industrial network enabling it to meet the needs of its international customers and locate production as close to the markets as possible. For more details on the establishment of this industrial network, see paragraph 1.1.1 of this Document.

In 2023, the Group opened a site in Yokohama, Japan, to support its local customers in the development and maintenance of their battery systems.

1.1.3.3 Industrial and commercial capabilities to capture growth opportunities

The Group's plants are sized to allow production capacities to evolve and support growth in demand from its customers, with the target of an installed production base of more than 13 GWh by 2028. Production lines are designed by the Group's industrialization engineers, relying on R&D engineers who develop the battery systems in their entirety and thus understand the constraints associated with producing these systems and their components.

The current structure of the plants allows for a gradual increase in capacity (approximately doubling) by adding additional assembly lines, either by simple duplication or by installing new lines.

In addition, the production teams are calibrated to be able to produce in three teams, thus enabling the Group's factories to operate 24 hours a day to absorb any variations in demands.

Finally, an increase in capacity will be achieved by expanding the Group's plants and new locations. The Group has a great deal of experience in setting up production units.

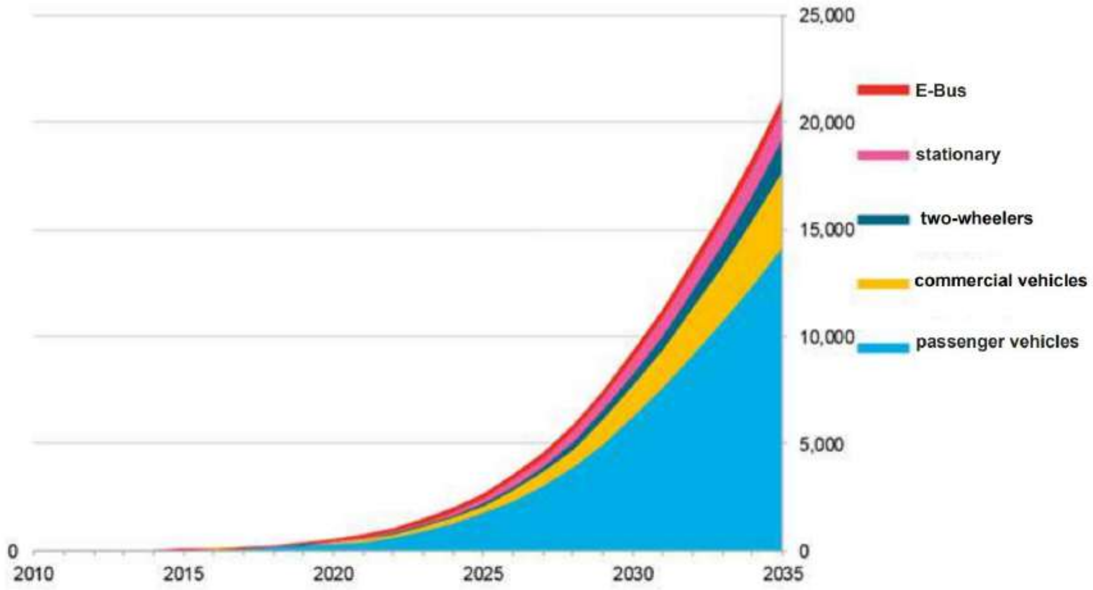
1.2 Description of the Group's target markets

1.2.1 A Strong growth in the rechargeable lithium-ion battery market

Most market research predicts very strong growth in the market over the next decades. With a growth from approximately 550 GWh in 2020 to more than approximately 9,400 GWh in 2030, Bloomberg[1] predicts an average compound annual growth rate (CAGR) of more than 30%.

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

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



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

1.2.2 Growth drivers

1.2.2.1 Strong support from public authorities

Cities and regions

Most of the world's major cities are stepping up their rate of adoption of "zero emission" transport in urban areas; notable initiatives include the C40 Fossil Fuel Free Streets declaration, to which 36 cities representing 25% of global GDP have signed up. In this context, the city of Paris has announced ending diesel vehicles by 2024 and gas vehicles by 2023. Furthermore, financial incentives and accompanying measures have been put in place encouraging the installation of bicycle shelters and electric charging points.

In the United States, eight states (California, Connecticut, Maryland, Massachusetts, New York, Oregon, Rhode Island and Vermont) have set a target of reaching 3.3 million zero-emission vehicles by 2025.

Governments

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

- **The Paris Agreement:** international legally binding treaty on climate change adopted by 196 states at COP21 in Paris on December 12, 2015, which came into force on November 4, 2016.
- **China's Air Pollution Action Plan**: three-year action plan from 2018 to 2020 to combat air pollution. The key policies of the 2021 Action Plan include a 20% share of non-fossil fuels in 2025 and an 18% reduction in carbon intensity between 2021 and 2025[2].

[2] *Reuters, "China to cut energy intensity, but no consumption cap in new 5-year plan.", March 5, 2021.*

- **the European Green Deal**: a roadmap for making the European Union's economy sustainable by turning climate and environmental challenges into opportunities in all policy areas, announced in December 2019. This roadmap commits the European Union to reaching carbon neutrality by 2050.
- **National Clean Air Program**: a long-term national strategy to tackle India's air pollution. The objective is to reduce particle concentrations by 20–30% by 2024 relative to 2017.
- **Biden Plan**: whose aim is to build a modern and sustainable infrastructure and a clean and equitable energy future. The plan includes USD 174 billion in spending to stimulate the electric vehicle market. In July 2021, the Biden administration announced a plan to electrify 50,000 buses in the next eight years, or 70% of the country's fleet.
- **Inflation Reduction Act (IRA**): voted in 2022 in the United States, this plan is in favor of the climate to finance, over ten years, the country's energy transition in view of reducing greenhouse gas emissions by 50% in 2030 compared to 2005. 400 billion dollars are dedicated to the plan.

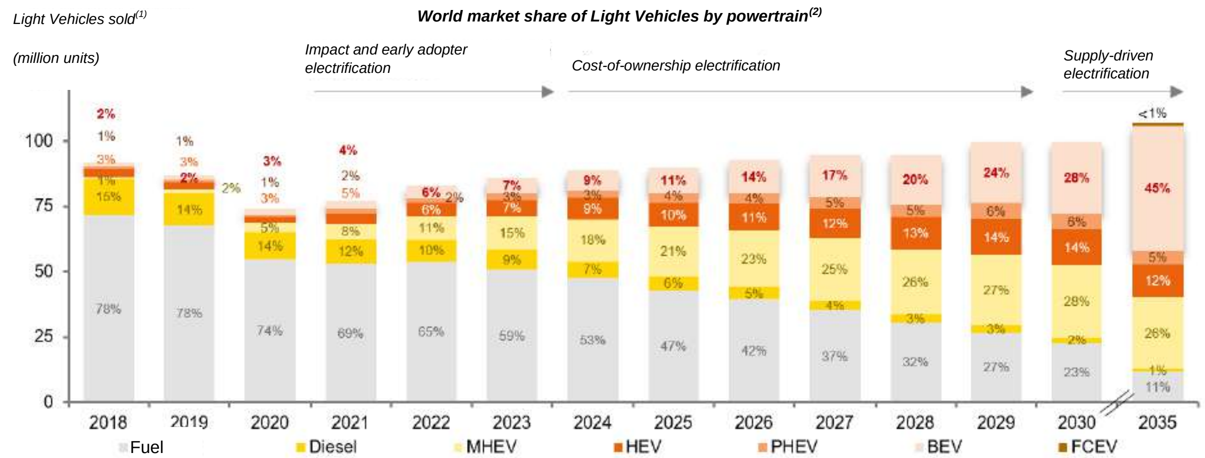
1.2.2.2 Maturity of the offering and of consumers

The electric vehicle market is experiencing strong and ongoing growth due to the sophistication of customers and the offering. As batteries become more efficient, range increases and the number of charging stations rises, sales of pure battery electric vehicles now exceed those of rechargeable hybrid electric vehicles[3]. Sales of electric vehicles have doubled each year in several markets, due in particular to numerous subsidies and regulations encouraging their adoption[4]. The proportion of electric vehicles and major components such as batteries and electric motors produced by original equipment manufacturers is increasing in most developed countries. China has the most established players.

A few figures and examples:

- Target of 80% of the bus fleet in Paris to be purely electric by 2025[5];
- Greater London zero-emission bus target of 100% by 2037[6];
- Target for Californian public transportation agencies to move to a zero-emission bus fleet by 2040[7];
- Target for almost all cars, light trucks, buses and heavy-duty vehicles to be "zero emissions" in Europe by 2050[8];
- Forecast of a 41% CAGR over the period 2019 – 2027 for electric scooters and motorcycles in Europe[9];
- Forecast of a 45% CAGR over the period 2020 – 2027 for the European commercial electric vehicles market[10].

[3] *Agence Internationale de l'Energie (IEA), Global EV Outlook 2021, April 2021.*
[4] *Agence Internationale de l'Energie (IEA), Global EV Outlook 2021, April 2021.*
[5] *Ile-de-France Mobilités, Press release, "The STIF and RATP present the new electric buses." May 2017.*
[6] *Mayor of London government, Press release, London's electric bus fleet becomes the largest in Europe – September 5, 2019.*
[7] *California Air Resource Board, 2018.*
[8] *European Commission, A fundamental transport transformation: Commission presents its plan for green, smart and affordable mobility – December 9, 2020.*
[9] *MarketsandMarkets, Electric scooter and motorcycle market – Global Forecast to 2027, 2019.*
[10] *MarketsandMarkets, Electric commercial vehicle market – Global Forecast to 2027, 2019.*



Notes: (1) Sales for 2018, 2019 and 2020 are actual data. Data from 2021 onward are BCG projections.

(2) Projections include cars, SUVs and all other light passenger vehicles, excluding heavy vans.

(3) FCEV = fuel cell electric vehicle, BEV = battery electric vehicle, PHEV = plug-in hybrid electric vehicle, HEV = hybrid electric vehicle, MHEV = mild hybrid electric vehicle. As a result of rounding, the percentage for a given year may not equal 100%.

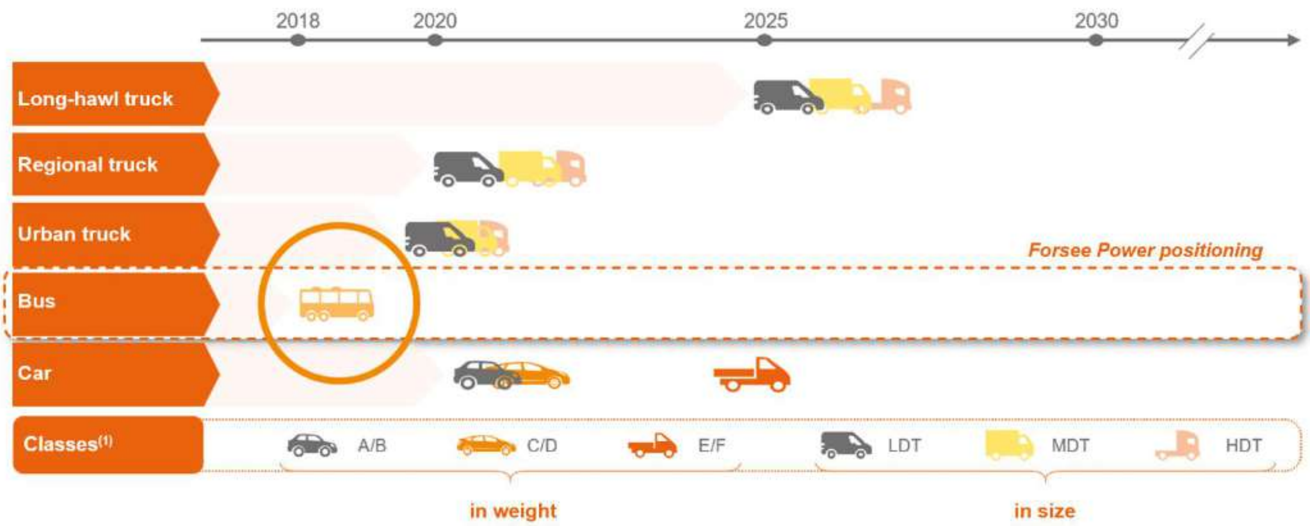
Source: BCG, Why Electric Cars Can't Come Fast Enough, April 20, 2021.

1.2.2.3 Economic parity

Electrification is driven by significant improvements in the economy of electric vehicles, including a reduction in battery costs, a considerable potential for battery pack rental, and state subsidies.

According to one study, electric vehicles are expected to become the cheapest option in the next 5–10 years in all market sectors[11]. "The timetable for total cost of ownership (TCO) parity in the United States and China is comparable to that in Europe. Parity occurs slightly earlier in China and slightly later in the United States, reflecting differences in fuel taxes and subsidies for electric vehicles"[12]. According to one study, the electric bus reached parity in 2018 in Europe[13]. This is due to intensive use of the vehicle throughout the day (up to 16 hours per day) and a battery size adapted exactly to the required use.

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



[11] *McKinsey Energy Insights' Global Energy Perspective, January 2019.*
[12] *McKinsey Energy Insights' Global Energy Perspective, January 2019.*
[13] *McKinsey Energy Insights' Global Energy Perspective, January 2019.*

[(1)] *Vehicle categories:*

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

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

1.2.3 Market structure

1.2.3.1 Light vehicles (urban and utility)

The light vehicle sector is experiencing strong growth in electrification, involving diverse categories such as scooters, three-wheeled, and recently four-wheeled light urban or utility vehicles. These markets are strongly supported by public policy aimed at developing alternative means of transport in cities (subsidies, traffic and parking facilities). The pleasant driving experience and convergence of TCOs also contribute to this growth.

Unlike the passenger car market, the light vehicle market has not opted for a strategy of verticalizing its battery systems production due to the small size and the variability of these systems from one vehicle to another.

The light vehicle and robotics market is expected to see an average compound annual growth rate (CAGR) of 17.2%, growing from €1.2 billion in 2020 to €3.8 billion in 2027[14].

Two/three wheelers

The technical and demanding scooter, motorcycle, and three-wheeler market (speed, vibration, safety) is promising for the Group. According to a study from MarketsandMarkets in 2019 "*Electric scooters and motorcycles market – Global Forecast to 2027*", the electric scooter and electric motorcycle market for lithium-ion batteries could grow by a maximum of 56% over the period 2019–2027.

India currently represents the largest market for two-wheeled vehicles, with 1.8 million out of a total of 4.5 million worldwide, and the number of three-wheeled vehicles equipped with lithium-ion batteries is expected to grow by 25.5% a year between 2021 and 2026 in the Asia-Pacific region[15], with a sharp rise of 27% in India.

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[14] *MarketsandMarkets Electric scooters and motorcycles market – Global Forecast to 2027, 2019 and Automated Guided Vehicle Market, Global Forecast to 2025, 2020 for the number of units and Company's estimates for battery capacities and values.*
[15] *MarketsandMarkets, Asia Pacific 3-wheeler market – Forecast to 2026, 2021.*

In this sense, the Group's facilities in Asia (China and India) are a major and differentiating strength compared with other European competitors, particularly in India, where local production is mandatory to benefit from the FAME II support programs.

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

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

Four-wheeled light vehicles

The four-wheeled light vehicle market is growing in Europe and North America, with three key applications: micro-vehicles for passenger transport, light utility vehicles, whether autonomous or not, for services to urban local authorities, or for "off-road" applications, and recreational vehicles (go-karts, snowmobiles, jet skis, various small sports vehicles).

1.2.3.2 Heavy vehicles

Buses

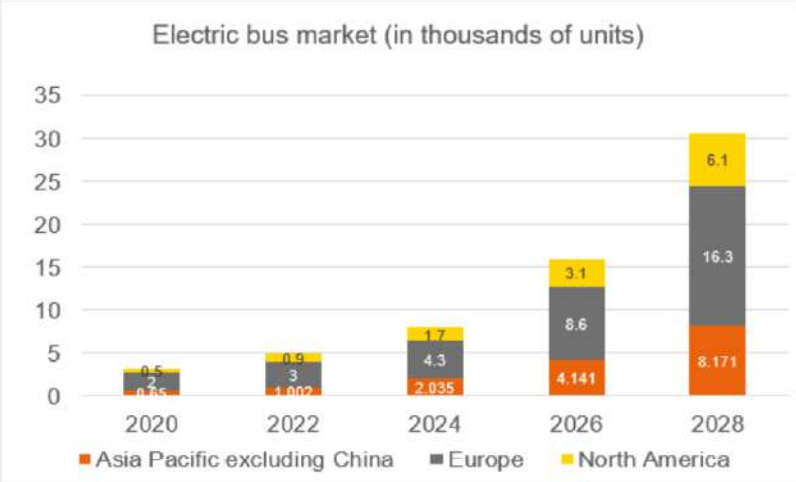
The commercial vehicles market, in particular city buses, is experiencing strong growth momentum and in 2030 is expected to be the second-largest market, after passenger vehicles, for lithium-ion batteries[16].

The city bus market has the fastest electrification rate. According to one study, up to 60% of the world's bus fleet could be electric in 2040[17].

Its growth is driven by national and local regulations that encourage the rapid transition of fleets.

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

[16] *BloombergNEF, Hitting the EV Inflection Point, 2021.*
[17] *BloombergNEF, Electric Vehicle Outlook, 2020.*



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

The bus and heavy vehicles market is expected to achieve an average compound annual growth rate (CAGR) of 27.8% between 2020 and 2027[18]. The two main drivers of this market are:

- technical advances (energy density) that increase range, thereby gradually broadening the size of the market accessible to all-electric technologies and extending it to intercity buses;
- electrification plans for major cities and public operators that complement and strengthen national policies. For example, the Régie Autonome des Transports Parisiens (RATP) has set an electrification target of 80% for the Parisian bus fleet by 2025. More recently, the UK's "Zebra" (Zero Emission Buses Regional Area) program gives subsidies to local authorities to step up their transition to zero-emission buses.

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

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

Outside Europe, the North American and Asia-Pacific markets are also expected to see strong growth between 2022 and 2028[19].

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

In the Asia-Pacific region (India and Southeast Asia in particular), many countries are also taking the lead in the electrification of their fleets. Some manufacturers, eager to diversify their

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[18] *MarketsandMarkets, Electric Bus Market – Global Forecast to 2027, 2019 for the number of units and Company's estimates for battery capacities and values.*
[19] *MarketsandMarkets, 2020 and Company's estimates.*

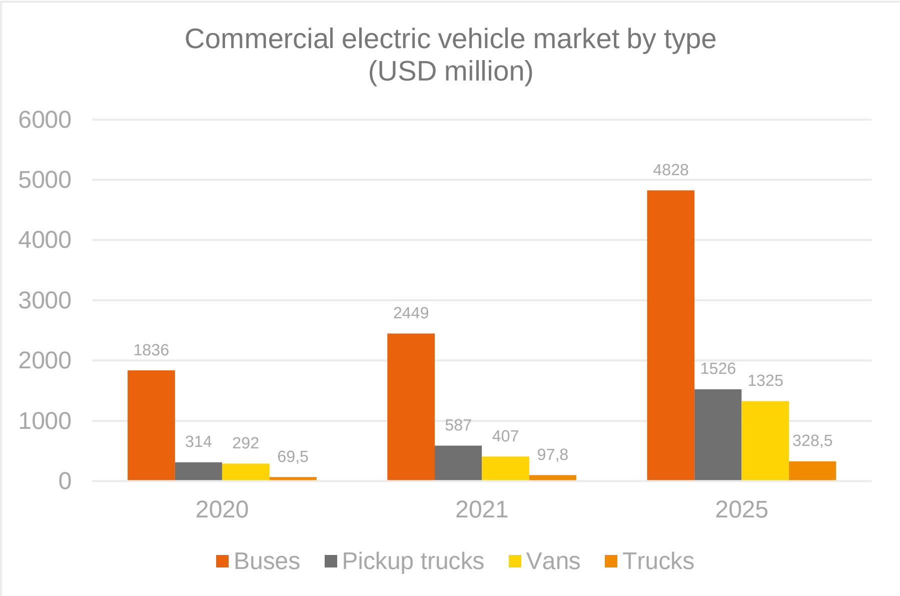
sources of battery technology in order to reduce their dependence on Chinese suppliers, are likely to choose to partner with leading European operators present in Asia.

Other commercial vehicles

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

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

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



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

According to MarketsandMarkets, "Electric commercial vehicle market, Global Forecast to 2027" study, the European market is expected to outstrip the North American market with strong growth in delivery vans (in 2028, more than 332,400 units in Europe, compared with 105,900 in North America). Growth in the North American market is expected primarily in pickups (in 2028, 284,700 units in North America, compared with 112,000 units in Europe)[20].

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

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

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

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

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

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

Off-highway market

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

This market, which is very diverse, has started the process of electrifying traction systems. The battery market for the off-highway segment is expected to achieve an average compound annual growth rate (CAGR) of 34.0% over the period 2020–2027, with the market growing from €0.1 billion in 2020 to €1.0 billion in 2027[21].

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

- a “zero-emission” policy and noise reduction in cities, which affect propulsion methods for construction or public garden maintenance equipment;
- the costs (installation and maintenance) of ventilation systems in underground mines to protect the health of personnel, as well as the costs of fuel delivery, coupled with mining companies’ willingness to develop a greener image under the pressure of ESG policies;
- engine pollution control regulations for agricultural vehicles that make an investment in hybridization profitable.

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

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

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

Rail

Among the various means of heavy transport, the rail market is also beginning to electrify its propulsion systems.

This trend affects both the transportation of people (trams, regional trains) and the transportation of goods. The rail market is expected to see an average compound annual growth rate (CAGR) of 21.3% over the period 2020–2027, with the market growing from €0.2 billion in 2020 to €0.8 billion in 2027[22].

[21] *MarketsandMarkets, Off-highway Vehicle Market – Global Forecast to 2027, 2019 for units and estimates, and Company’s estimates for battery capacities and values.*
[22] *MarketsandMarkets, Marine Battery Market – Global Forecast to 2030 to 2020 and Train Battery Market - Global Forecast to 2025, 2018 for the number of units and Company’s estimates for battery capacities and values.*

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

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

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

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

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

1.2.4 Competitive analysis

The Group believes that it is the market leader in Europe in the bus sector in terms of number of customers[23]. In the electric bus market (100% Battery Electric Vehicles and Fuel Cell Electric Vehicles), as of the date of this document, the Group has thirteen manufacturers as customers, including six European bus manufacturers: IVECO Heuliez, Wrightbus and Caetano, which use several Group technologies (ZEN, PULSE, FLEX).

The Group is also a leading supplier in the emerging market for off-highway vehicles (agriculture, construction, mining) and as of the date of this document has around ten customers in this segment. The Group recently signed a partnership agreement with Kubota, one of Japan's market leaders in off-highway vehicles, as well as with Iseki and Vensys.

The Group is also a leading player in the light vehicle market in Asia and Europe. Its customers include Piaggio, the European leader in the two-wheeler market, and Peugeot Motocycle. It also works with a number of manufacturers and equipment suppliers in China and India, including Omega Seiki, Znen and Kawasaki.

The Group believes that it is the only European manufacturer to benefit from this positioning in Asia, with industrial operations in both China and India. The Group's strength also lies in its ability to accompany the customer journey of manufacturers and equipment suppliers that export vehicles from China to Europe, where the Group can provide aftersales service at its site in Poland.

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

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

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[23] *This is a Company estimate based on 2022 market information from Chatrou CME Solutions.*

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

- BorgWarner (Akasol), Hoppecke and BMZ in Germany;
- CATL, Greenway and Sunwoda in China;
- Corvus in Canada;
- American Battery Solutions, (Komatsu), Cummins, Xalt Energy, Nikola (Romeo Power), Microvast (operator of Chinese origin) and Proterra (Volvo) in the United States;
- Exicom in India;
- Impact Clean Power Technology in Poland;
- Flash in Italy
- Leclanché in Switzerland;
- Saft in France.

1.3 Description of the Group's activities*

1.3.1 Activities and key figures

2011	5	3	713
START OF ACTIVITY	PRODUCTION AND MAINTENANCE SITES	R&D CENTRES	EMPLOYEES

In the lithium-ion battery market, which is expected to grow from €3.8 billion in 2020 to €18.1 billion in 2027[24], the Group has focused its strategy on two business segments:

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

- Light Vehicles (LeV); and
- Heavy Vehicles (HeV).

These business segments accounted for 15% and 85%, respectively, of the Group's activity for the year ended December 31, 2023. They are spread across five geographical areas. The breakdown of revenue by segment and geographical area is presented in paragraph 4.3.6.2 "Information by geographical area" and 2.3.2 "Results of operations".

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

Furthermore, The Group has five production plants in Europe (France, Poland), Asia (China, India) and North America (United States). The latter will be operational during the second semester of 2024. This strong industrial anchor, sized to meet the needs of its customers worldwide, allows the Group to locate its battery production as close to its customers' assembly plants as possible, significantly reducing the carbon footprint associated with transportation while also reducing costs and delivery times. The production plants also provide battery maintenance services in addition to remote diagnostic devices.

1.3.2 Technologies and Products

1.3.2.1 Technologies

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

The Group selects a range of technologies in designing its battery systems to optimally address the requirements of each application it targets.

The battery modules are comprised of cells provided by reputable suppliers (Toshiba, LG and Panasonic in particular) for quality, performance and especially for their safety requirements. The battery also contains a Battery Management System (BMS), which ensures safety, optimizes battery life and enables communication with the host system. Everything is integrated into a mechanical structure for protection and interfacing with the vehicle.

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

1.3.2.2 Products

(I) Battery systems for heavy vehicles

100% battery vehicles

- Overnight/depot charge: This application requires high-energy batteries. The charging time varies between three and six hours.
- End-of-the-line charge: This application requires energy and power batteries. Charging takes approximately 15 minutes.
- Quick charge: This application requires high-power batteries. Charging takes place for a few minutes at certain stops.
- Ultra-fast charging: This application requires very high-power batteries. Charging takes place for a few seconds at each stop (or almost).

Hydrogen vehicles

Hydrogen vehicles require a power battery system to operate with the fuel cell. In the bus, the fuel cell, powered by the hydrogen tanks in the vehicle, produces electricity that supplies the electric motor. Hydrogen is the vehicle’s main power source, while the batteries, charged by the electricity from the battery, provide complementary energy during sudden changes in load, allowing the vehicle to move thanks to the battery, or the fuel cell or by both to deliver more power.

Hybrid diesel/battery vehicles

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

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

(II) Battery systems for light vehicles

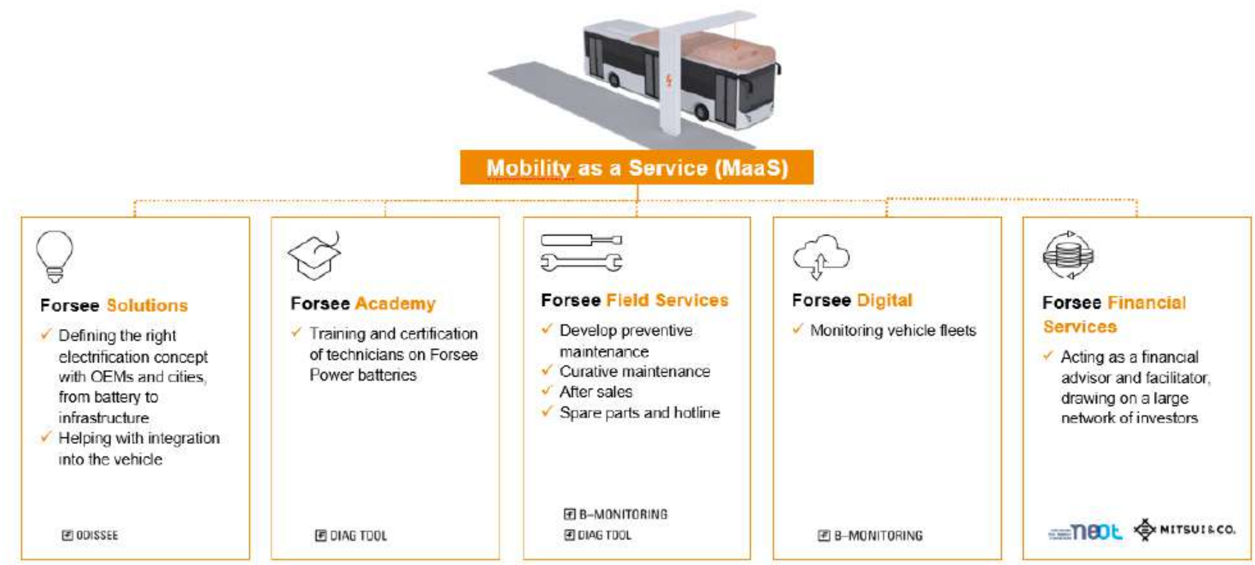
The battery in this sector is mostly used in single traction mode.

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

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

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

1.3.2.2.1 Service offering



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

System design

Among the first to develop electromobility in many sectors, Forsee Power teams have accumulated strong experience, covering the battery, the associated vehicle and its charging infrastructure.

Financing

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

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

The goal of NEoT Capital is to facilitate the transition to “zero-emission” mobility and access to off-grid energy solutions.

From prototype to large series

Beyond the definition of the solution, Forsee Power Solution and Forsee Power Field Services support their customers in the integration of battery systems into vehicles, in providing a technical assistance and a support via Forsee Power Digital.

Large series deployment

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

- remote maintenance provided by a dedicated tool (Diagtool) for its systems; allowing the remote monitoring of the battery fleet developed by the Group’s teams, with the aim of preventive and corrective maintenance. It is suitable for battery systems for heavy vehicles and is widely used for bus fleet management;
- training and certification for maintenance and design offices through its Forsee Power Academy centre;
- preventive and corrective maintenance services through remote diagnostic tools, flying doctors, a network of local partners and a hotline via Forsee Power Field Services;
- remote monitoring of battery/vehicle fleets via Forsee Power Digital;
- structuring and financing services from the battery to the complete infrastructure, due to its subsidiary NeoT, the support of its partner Mitsui and a vast network of banks and investors with certain pre-negotiated financing agreements, via Forsee Power Financial Services.

Second life and recycling

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

It has therefore conducted several second-life pilot projects to anticipate the return in a few years’ time (starting in 2025) of the first series of products in accordance with applicable regulations.

The Group started mass production of its battery systems for heavy vehicles in 2018. Given that the first life of batteries can extend from 8 to 15 years depending on the technology (see section 1.5 “Regulatory environment” of this Document), it anticipates a gradual return of some batteries currently in service in the heavy vehicles of its European customers. Through partnerships with manufacturers and start-ups, the Group wishes to be able to offer either a second life or a recycling solution for all its customers. From 2015 to 2017, Forsee Power, EDF, Mitsubishi Motors Corporation, Mitsubishi Corporation and PSA Peugeot Citroën tested an energy storage solution from used lithium-ion batteries from electric vehicles as part of a demonstrator installed in Moissy-Cramayel. Thus, the technical solution exists; it is now necessary for the second-life market to develop following the first life of batteries supplied by the Group.

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

1.3.3 Group's Customers

(I) Light Vehicles

Even if the customer portfolio relies on major references as Piaggio and Omega, it remains diversified for this business.

- **Piaggio:** multi-year partnership established in 2017, with a multi-year contract and renewed in 2020, in respect of which Forsee Power developed several batteries for the electric version of the iconic Vespa scooter, and the new Piaggio One scooter, designed for younger customers, at an affordable price.

- **Omega Seiki:** partnership established in 2021 to supply lithium-ion batteries to Omega Seiki Mobility's entire commercial vehicle lines. OSM commercial electric vehicles equipped with the Forsee Power GO 10 - 48 V, 10 kWh - Li-Ion battery system will offer a battery range of 120 km. The batteries are produced at Forsee Power's Indian site. In 2022, the Group has started to deliver 5,000 GO10 batteries to Omega Seiki for the RAGE+ three-wheeler.

- **Kawasaki:** in 2023, Forsee Power and Kawasaki have signed a contract to supply GO 1. swappable power batteries to equip the electric version of the legendary Ninja and Z models.

- **Toyota:** partnership established in 2023 to supply FORSEE ZEN 8 SLIM batteries, enabling a zero-emission mobility during the major world sport event held in Paris in the 2024 summer.

- **Sodikart:** in 2015, Forsee Power assisted the launch of its electric go-karts entertainment and competition range.

For more details, the reader is invited to refer to paragraph 1.2.3.1 "light vehicles".

(II) Heavy vehicles

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

- **Iveco/Heuliez (CNHi Group)**: customer of the Group since 2012. As early as 2016, as part of a long-term partnership, the Group launched the development of the Zen range. Heuliez set a track record for battery life with this system, reaching 527 km in October 2019. Iveco/Heuliez has also capitalized on the Group's wide range and developed 18-meter articulated buses and fast-load systems for the Dutch market, due to the Group's Flex and Pulse product ranges. Iveco/Heuliez is also the first Forsee Power customer to have benefited from the Group's battery financing offer. At the beginning of 2022, IVECO France renewed its partnership with Forsee Power to supply batteries for its electric buses for a period of two years.

- **Wrightbus (Bamford Group):** Since 2012, Forsee Power has been supplying Wrightbus with its full range of products (Flex, Pulse, Zen). The relationship with Wrightbus is full of pioneering projects: Deployment of the first bus line with induction opportunity charges in 2013, first double-decker fuel-cell buses in 2016 and first double-decker buses incorporating battery packs into the chassis in 2021. The depth of the Group's offering allows Wrightbus to optimize its vehicle designs, including adoption of the "roof" battery pack formats on its single-decker buses and Slim on its double-decker buses.

- **Alstom:** Forsee Power has been Alstom's partner since 2016. Forsee Power has been selected in 2018 to supply the high-energy batteries of the serial version for the RATP markets (Alstom being among the three selected suppliers). Forsee Power is also Alstom's supplier for its regional hybrid express train project, which consists of replacing half of the diesel-hybrid engines with a very high-power battery system developed according to railway standards. After a successful test, a first train started operating in December 2023 and a mass production of battery systems is planned for 2025. Designed with the SNCF and in partnership with the Occitanie, Grand Est, Nouvelle-Aquitaine and Centre-Val-de-Loire regions, this new hybrid TER called "Régiolis Hybride" is manufactured by Alstom with a goal of 20% energy savings and reducing greenhouse gas emissions. Régiolis Hybride will benefit in particular from regenerative braking on arrival at the station, allowing charging of the batteries and use of this energy in traction phases. At the end of the tests, Alstom plans to convert between 100 and 200 trains in its fleet to hybrid mode.

- **Skoda:** Forsee Power was selected by the railway manufacturer to supply the systems necessary for its trains operating 100% with batteries and benefiting from an autonomy of nearly 80 km.

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

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

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1.3.4 Important contracts

Except the contracts described below, the Group has not entered into any significant contracts other than those signed in the normal course of its business.

(I) Cooperating agreement signed with Mitsui & Co. Ltd.

Under an agreement signed on December 21, 2020, amended on April 28, 2021, the Company authorized Mitsui & Co. Ltd. to perform business development, sales and marketing activities on behalf of the Company as an exclusive agent in the territory of Japan ("the Cooperation Agreement").

This authorisation does not exclude the Company's ability to collaborate directly with potential customers in Japan and applies only to business development and sales and marketing activities. The Company retains the right at any time to promote its products in Japan and to establish business relationships directly with potential customers in Japan. However, under said Cooperation Agreement, the Company must refrain from dealing with other business partners that may compete with Mitsui & Co. Ltd. and must not designate any third party as agent or distributor in Japan; the Company may deal directly with customers in Japan while respecting the principle under which, if the project is implemented or if the contractual relationship is signed in Japan, Mitsui & Co. Ltd. has the right to receive the success fee (see below) on all Company sales in Japan.

In addition, this authorization does not exclude the possibility for Mitsui & Co. Ltd. of collaborating directly with other companies and suppliers in Japan; said Cooperation Agreement applies only to the business development and sales and marketing activities of the Company. Mitsui & Co. Ltd. retains at all times the rights to promote its products in Japan and establish business relationships directly with potential customers offering other products in Japan.

Under this Cooperation Agreement, the Company and Mitsui & Co. Ltd. will communicate regularly via telephone conference in order to discuss the market for battery systems, the prospects to contact and the meetings with customers planned in Japan. Moreover, Mitsui & Co. Ltd. has the right to obtain from the Company a monthly report indicating all orders, sales and payments from Japan.

Remuneration: In consideration for the performance of its contractual obligations by Mitsui & Co. Ltd., the Company shall pay, at the end of each month during which it received payment from any customer located in Japan, a success fee based on the sales invoiced by the Company to any customer with its registered office in Japan.

If the Company does not pay, in whole or in part, the success fee owed to Mitsui & Co. Ltd. on the date due, it will be required to pay a late payment penalty for damages and interest at the rate of 2.6% per year from the due date of said payment until the effective payment date.

In addition, Mitsui & Co. Ltd. pays all travel costs to promote and sell the Company's products in Japan.

Term of the agreement: The Cooperation Agreement entered into effect on October 1st, 2020 for a term of one year and is renewable by tacit agreement for successive one-year periods.

In the event said Cooperation Agreement expires and is cancelled, the Company will be required to continue to pay the success fee to Mitsui & Co. Ltd., the amount of which will then be based on the sales invoiced by the Company to any customer located in Japan for the nine months following the expiration or cancellation, and shall be equal to 50% of the amount of the success fee that would have been paid under the agreement.

(II) Services agreement signed with Mitsui & Co. India PVT. Ltd.

Forsee Power India Private Limited and Mitsui & Co. India PVT. Ltd., signed a services agreement on April 16, 2021, under which Mitsui & Co. India PVT. Ltd. provides support to Forsee Power India Private Limited in order to expand the Group's business activities in India in exchange for a fixed compensation equal to INR 1,100,000 (the "Services Agreement").

Pursuant to the Services Agreement, Mitsui & Co. India PVT. Ltd. must:

- assist the departments of Forsee Power India Private Limited responsible for sales and marketing, including the expansion in India;
- conduct prospecting in order to recommend and acquire new customers for Forsee Power India Private Limited, particularly in the automobile, marine, rail, agribusiness, industry, mines, construction and robotics sectors;
- provide information and data on the Indian market for automobile electric mobility and conduct market studies on the marketing and sales possibilities for companies that specialize in electric vehicles/Original Equipment Manufacturers in the Indian market, at the express request of Forsee Power India Private Limited;
- support Forsee Power India Private Limited with companies specializing in electric vehicles/Original Equipment Manufacturers in India for their electrifications that have an interest in the business activities of Forsee Power India Private Limited, and deal with them to discuss potential commercial opportunities;
- provide suggestions and advice if necessary/on request from Forsee Power India Private Limited to improve the operation of the Forsee Power India Private Limited plant in Pune;
- support Forsee Power India Private Limited in management functions;
- provide support to due diligence operations and to the internal approval process related to the new commercial opportunities sought by Forsee Power India Private Limited;

- maintain the existing relationships and develop new relations and networks with the Indian industry, including customers and equipment manufacturers, for the expansion of the business activities of Forsee Power India Private Limited in India;
- provide the advice and assistance necessary to Forsee Power India Private Limited so that it complies with regulatory changes concerning foreign investments, foreign currencies, taxes and duties and other laws and regulations in India;
- at the request of Forsee Power India Private Limited, provide legal and tax advice to Forsee Power India Private Limited, to the partners of joint ventures and to the commercial partners of Forsee Power India Private Limited;
- provide administrative support, such as visa requests, travel and hotel reservations, and similar to the designated personnel of Forsee Power India Private Limited;
- at the request of Forsee Power India Private Limited, and in accordance with business requirements, organize and attend meetings with Forsee Power India Private Limited, the commercial partners of Forsee Power India Private Limited, or any potential commercial partner.

Term of the agreement: The Services Agreement entered into effect on April 1st, 2021, and until March 31, 2022. Therefore, the Services Agreement has been automatically renewed, on an annual basis. As of the date of this Document, the agreement has ended.

(III) Collaboration agreement with Mitsui & Co. Ltd.

Under an agreement signed on September 27, 2021 (the "Collaboration Agreement"), the Company and Mitsui & Co. Ltd. agreed on the following items:

- Creation of a cooperation committee
    - This committee acts as the main interface between the Company and Mitsui & Co. Ltd. in order to pursue joint cooperation and deploy reasonable efforts to promote close and frequent business communication, provided that this complies with applicable law, in order to:
        - exchange information on the battery market;
        - offer each other business contacts and new business opportunities;
        - identify opportunities for business collaboration in the mobility segment, particularly within the framework of a "battery as a service" offering, battery monitoring and the forecasts for battery energy consumption;
        - promote new projects, particularly in battery financing or leasing, and battery exchange, in particular for specific sites such as airports, mines, ports, etc.
    - This committee is composed of seven members, four of whom are appointed by the Company and three members appointed by Mitsui & Co. Ltd.
    - This committee will meet at least four times a year, primarily in the month after finalization of the quarterly financial reporting.
- Business development
    - Mitsui & Co. Ltd. may second two full-time employees to the Group to develop business activities with the latter in order to accelerate its growth and to hold certain positions within the Group or its subsidiaries in order to achieve this goal. These two employees will remain employed by Mitsui & Co. Ltd. and must sign commitments (binding during their secondment and for two years after its completion) to not share any confidential information, to which they have access during their secondment, with the Mitsui & Co. Ltd. sales departments that (i) are

present in the same markets as the Group, or (ii) have signed partnerships with companies that are present in the same markets as the Group.

- Marketing activities
  - Mitsui & Co. Ltd. provides strategic support to the Group to allow the latter to achieve its future business growth, in particular through the development of new products and services and its expansion to new markets.
  - The business activity of Mitsui & Co. Ltd. as a representative of the Group in Japan will continue from the admission of the Company's shares for trading on the regulated market of Euronext Paris for a minimum period of five (5) years from the date of the Collaboration Agreement.
  - If Mitsui & Co. Ltd. finds an opportunity to sell the Company's products to a new customer in a business sector such as mining production, marine or rail (the "New Sector") other than those sectors stipulated in the Cooperation Agreement or the Services Agreement, Mitsui & Co. Ltd. will be able to notify the Company of this opportunity. If this New Sector is of interest to the Company (if this New Sector presents no interest for the Company, it will not be required to accept this opportunity), the Company will be able to notify Mitsui & Co. Ltd., and the parties to the Collaboration Agreement must either (i) amend the Cooperating Agreement or the Services Agreement to include the New Sector, or (ii) enter into a new cooperating agreement (exclusive or non-exclusive) under which Mitsui & Co. Ltd. contributes to the marketing of the Company's products with a new customer in the New Sector and, in consideration for which, Mitsui & Co. Ltd. will be entitled to success fees.

    When an amendment is signed under option (i) above, if no contract is signed for new sales of the Company's products to a new customer in the New Sector in question in the twelve (12) months after the date of the amendment, either of the parties to the Collaboration Agreement may choose to modify the amendment again to remove the New Sector in question from this agreement by providing three months' notice to the other party. When a new agreement is signed under option (ii) above, if no contract is signed for new sales of the Company's products to a new customer in the New Sector in question in the twelve (12) months after the date the new agreement was signed, each party may choose to terminate this new agreement, with three months' notice to the other party.
  - If Mitsui & Co. Ltd. finds an opportunity to sell the Company's products to a new customer in a country such as Australia, Russia, the countries of Southeast Asia or the United States (the "New Country") other than those stipulated by the Cooperating Agreement or the Services Agreement, Mitsui & Co. Ltd. will be able to notify the Company of this opportunity. If this New Country is of interest to the Company (if this New Country presents no interest for the Company, it will not be required to accept this opportunity), the Company will be able to notify Mitsui & Co. Ltd., and the parties to the Collaboration Agreement must either (i) amend the Cooperating Agreement or the Services Agreement to include the New Country, or (ii) enter into a new cooperating agreement (exclusive or non-exclusive) under which Mitsui & Co. Ltd. contributes to the marketing of the Company's products with a customer in the New Country and, in consideration for which, Mitsui & Co. Ltd. will be entitled to success fees.
  - When an amendment is signed under option (i) above, if no contract is signed for new sales of the Company's products to a new customer in the New Country in question in the twelve (12) months after the date of the amendment, either of the parties to the Collaboration Agreement may choose to modify the amendment again to remove the New Country in question from this agreement by providing three

months’ notice to the other party. When a new agreement is signed under option (ii) above, if no contract is signed for new sales of the Company’s products to a new customer in the New Country in question in the twelve (12) months after the date the new agreement was signed, each party may choose to terminate this new agreement by providing three months’ notice to the other party.

- The success fee of Mitsui & Co. Ltd. will be discussed with the Group on a case-by-case basis for each project, taking into consideration the financial impact for the Group.
- The Company is free to develop and sell its products itself and/or through a third party, in a New Sector and/or in a New Country, without the authorization of Mitsui & Co. Ltd. and without any right for Mitsui & Co. Ltd. to a commission on the revenue received by the Company, provided that, if the Company decides to take measures to develop and sell its products through a third party in a New Sector and/or in a New Country (the “Marketing by a Third Party”), the Company has notified Mitsui & Co. Ltd. in writing after making this decision in order to allow the Company and Mitsui & Co. Ltd. to discuss and negotiate the possibility of Mitsui & Co. Ltd. undertaking this Marketing by a Third Party on an exclusive basis for a period of at least 60 days from the date of receipt of this notification. After the expiration of this 60-day period (or, if applicable, after an earlier date on which Mitsui & Co. Ltd. confirms that it is not interested in the Marketing by a Third Party), unless the Company and Mitsui & Co. Ltd. have reached an agreement on the Marketing by a Third Party by Mitsui & Co. Ltd., the Company will be free to discuss the Marketing by a Third Party with any person during the following 180 days. After the expiration of this period of 180 days, any offer concerning the Marketing by a Third Party shall again be subject to the right of first refusal of Mitsui & Co. Ltd.

Term of the Agreement: The Collaboration Agreement shall enter into effect as of the admission of the Company’s shares for trading on the regulated market of Euronext Paris for a minimum period of five (5) years from the date of the Collaboration Agreement. It will be automatically renewed at the expiration of the initial term or any extension thereof for additional periods of two years each unless it is terminated early.

1.4 Research and Development activities*

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

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

- electrochemistry, including material physics and physico-chemical kinetics: advanced analysis of ageing phenomena throughout the life cycle (storage, recycling, etc.);
- functional analysis of the system and overall electrical sizing;
- complete multi-scale thermomechanical design (cells, modules, packs, vehicle system);
- wiring systems (power and control-command);
- the cooling system;
- analog and digital electronic design;
- electromagnetic compatibility according to applicable standards and customer specifications;

- resistance to vibrations, shocks and any other environmental conditions specific to vehicles;
- software development as a whole (on-board software, diagnostic and maintenance software, test software, etc.).

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

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

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

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

R&D cycles include:

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

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

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

1.5 Regulatory environment

1.5.1 Regulations relating to batteries and accumulators as well as waste batteries and accumulators

Directive 2006/66/EC of the European Parliament and of the Council of 6 September 2006, on batteries and accumulators and waste batteries and accumulators prohibits the placing on the market of batteries and accumulators containing substances deemed hazardous, and contains specific rules for the collection, treatment, recycling and disposal of waste batteries and accumulators. This Directive requires an "extended producer responsibility" for batteries and accumulators.

In addition, Regulations on Waste Electrical and Electronic Equipment (WEEE), stemming from Directive 2012/19/EU of July 4, 2012, concerns certain electrical and electronic components used to make batteries and marketed by the Group. It requires a system of extended producer liability for electrical and electronic equipment, including batteries. This system requires a separate collection of batteries and accumulators for end-of-life treatment.

The regulations distinguish between automotive batteries and accumulators; industrial batteries and accumulators; and portable batteries and accumulators. Producers of batteries and accumulators must be entered on a register maintained by the French agency for the environment and energy management ("ADEME").

In particular, regarding waste removal and treatment, the regulation should consider that waste removal and treatment could be carried out by either an approved eco-agency paid for by the producers, or by setting up an individual system which must be approved by the authorities. In order to meet its declaration obligations with ADEME, the Group has set up partnerships with different companies specializing in the recycling of the batteries and accumulators integrated into the batteries, such as the French eco-organization SCRELEC.

This European Directive 2006/66/EC is due to be superseded by new European regulations as part of the European Green Deal. On December 10, 2020, the European Commission proposed a package of measures that sets out a new batteries regulation with the aim of modernizing current legislation and implementing an action plan for a circular system. At the date of this document, the new text has been published in August 2023 and includes the following main measures:

- New classification of batteries to include batteries from emerging technologies.
- Labeling: Batteries will have to be labelled in a visible, legible and indelible manner, to provide some information (characteristics, lifetime, charging capacity, requirement to collect separately, presence of hazardous substances, etc.).
- Battery management system for electric vehicles for storing the information and data needed to determine the state of health and expected lifetime of the batteries.
- End-of-life management: provisions on registration, extended producer responsibility, collection, treatment and recycling, including recycling efficiency, end-of-life information, repurposing of batteries and reporting. These regulations replace the equivalent ones in Directive 2006/66/EC.
- New collection rate target for portable batteries: Collection rates will gradually increase so as to ensure that 65% of waste portable batteries are collected by the end of 2025 and that 70% of such waste is collected by the end of 2030.
- Battery passport: By January 1, 2026, industrial batteries and electric vehicle batteries will have to be recorded for each battery placed on the market.
- Creation of a reporting system for automotive and industrial batteries.

- Recycling efficiency targets: New recycling efficiency and material recovery targets will be set out for lead-acid batteries, nickel-cadmium batteries and lithium batteries. The target for lithium batteries will be set at 65% starting in 2025.
- Obligation to report the carbon footprint associated with the overall life cycle: Ultimately, batteries will need to comply with maximum life cycle carbon footprint thresholds.
- Performance and durability: This information must be made available online in a battery database and/or in the battery passport.
- Quantity of content recycled: The technical documentation for industrial and electric vehicle batteries with internal storage that contain cobalt, lead, lithium or nickel in active materials must contain information about the amount of the above materials that have been recovered.
- Reasonable supply chain diligence for raw materials in industrial and electric vehicle batteries: Reasonable due diligence policies will be established for rechargeable industrial and electric vehicle batteries placed on the single market. The European Commission will be empowered to review the list of substances and risk categories.
- Third-party verification is required, for the provisions on the carbon footprint and recycled content declarations, and on the reasonable due diligence policy for the responsible sourcing of raw materials.

In China, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution provides, among other things, that the management and disposal of hazardous and/or toxic waste must be carried out by the company responsible for their creation.

In addition, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution also requires companies working with these substances to establish preventive measures as well as contingency plans in case of accidents and to submit these plans for registration to the relevant authorities.

Moreover, the Group is subject to standard environmental, safety and recycling regulations in China and India.

1.5.2 Regulations on the transportation of dangerous goods

Batteries are identified as dangerous goods by international regulations. As such, their transportation is subject to the French laws known as the TMD (*Transport de Matières Dangereuses* — Transportation of Dangerous Goods) regulation, consisting of several sets of regulations adopted by the United Nations framework that each govern a different mode of transportation: road, rail, inland waterway, maritime and air carriage. Furthermore, within the European Union, Directive 2008/68/EC of the European Parliament and of the Council of 24 September 2008, on the inland transport of dangerous goods provides for the compulsory application of the regulations relating to road, rail and inland waterway modes of transportation between two European Union Member States.

The obligations of these regulations include labelling measures for dangerous goods, safety-related obligations—notably to prevent malicious acts—and a procedure for accidents occurring during the transportation of dangerous goods.

In China, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution provides that local and national regulations governing monitoring, control, ventilation, sun protection, temperature control, fire prevention, fire extinguishing, decompression, poisoning prevention, moisture proofing, lightning protection, static electricity prevention, and corrosion prevention must be observed.

In addition, this law also requires that hazardous materials be stored in separate warehouses and comply with special storage conditions.

1.5.3 Regulations relating to chemical substances

The Regulation 1907/2006 of the European Parliament and of the Council of 18 December 2006—known as the REACH (Registration, Evaluation and Authorization of Chemicals) regulation—concerning the registration, evaluation and authorization of chemical substances, and the restrictions applicable to these substances (the "REACH Regulation"), requires manufacturers, importers and downstream users to ensure that they manufacture, place on the market or use substances that do not adversely affect human health or the environment (above annual quantities of one ton). These provisions are underpinned by the precautionary principle.

The chemical substances of highest concern, which may cause significant irreversible adverse effects on health and the environment, are subject to authorization. Where substances are included in Annex XIV of the REACH Regulation, these substances may no longer be manufactured, imported or used after scheduled dates for each of these operations without authorization from the European Commission.

Additionally, restrictions or even a ban may be placed on certain substances that pose an unacceptable risk to human health or the environment. In practice, this requires users of such substances to identify and ensure the safety of their supply of substitution substances or to change their manufacturing processes.

Besides, Europe is considering restricting the use of PFASs (per- and polyfluoroalkyl substances), chemical substances that are highly persistent but essential to battery production. A dialogue is currently underway with the battery industry to define future regulations.

1.5.4 Facilities Classified for Environmental Protection (*Installation Classée pour la Protection de l'Environnement*)

Under French law, Facilities Classified for Environmental Protection (*Installations Classées pour la Protection de l'Environnement* (ICPEs)) are activities that may be harmful to health, environment, and other interests protected by Article L. 511-1 of the Environment Code. Depending on the level of danger they represent, the commissioning is subject to a declaration, registration or authorization procedure by the local prefect authority. The procedure for acquiring authorization to operate implies the submission of a file describing the technical and financial capabilities of the operator and a public survey. As of the date of this document, operations at the Chasseneuil-du-Poitou production plant are subject to declaration under the ICPE regulations, given the threshold levels of lithium per square meter.

While an ICPE is in operation, the operator must respect the environmental regulation and the technical requirements issued either by ministerial decree or by an order that has been adopted by the local prefect.

When operations on a site subject to ICPE regulations are stopped, the operator has to restore the site to its original condition, regarding the site's future use. The liability of the final operator lasts 30 years after notice is given regarding the halt in the operations, during which time the prefect may require restoration work.

1.5.5 Standards applicable to Group products

- **The ECE R100 standard**

Group batteries for Heavy Vehicles are ECE R100-certified. ECE R100 standard is an international standard for electric vehicles that includes a section specifically for electric buses and trucks, covering a series of nine tests:

- a vibration test;
- a thermal shock and cycling test;

- a mechanical shock test;
- a mechanical integrity test;
- a fire resistance test;
- an external short circuit protection test;
- an overcharge protection test;
- an over-discharge protection test;
- an over-temperature protection test.

Fire resistance testing is not compulsory for buses and trucks in which the batteries are positioned at a height higher than 1.5 meters (e.g., on bus roofs). However, in accordance with the ECE R100 standard, the Group tests all its batteries for fire resistance, since they may be placed at the back of buses, on the roof or in the floor depending on the vehicle.

- **The ECE R10 standard (Heavy Vehicles)**

The ECE Regulation R10 (uniform provisions concerning the approval of vehicles with regard to electromagnetic compatibility) applies to motor vehicles with less than four wheels (but also to two-wheeled and three-wheeled vehicles), cars, trucks, coaches and also to electric and electronic vehicles (including batteries and motors of electric vehicles). This regulation involves various tests, in particular immunity and radiofrequency emissions, transient immunity and emissions. It also includes a requirement for explosions, ripples, harmonics and vibrations, as well as recommendations and requirements for electric vehicles. Group batteries for Heavy Vehicles are ECE R10-certified.

- **The ECE R136 standard (Light Vehicles)**

The ECE Regulation R136 (uniform provisions concerning the approval of vehicles of category L (as defined in the Consolidated Resolution on the Construction of Vehicles, or RE3) with regard to specific requirements for the electric power train) applies to:

- The electric power trains of category L vehicles with a maximum design speed exceeding 6 km/h, equipped with one or more traction motor(s) driven by electric power and not permanently connected to the grid, as well as their high voltage components and systems that are galvanically connected to the high voltage bus of the electric power train;
- Rechargeable Electric Energy Storage Systems (SRSEEs) of category L vehicles with a maximum design speed exceeding 6 km/h, equipped with one or more traction motor(s) driven by electric power and not permanently connected to the grid.

This regulation includes the rules for approval and the various tests associated with the type of approval. It also includes requirements for fire resistance, explosions, ripples, thermal cycles, water resistance, harmonics and vibrations, as well as recommendations and requirements for category L electric vehicles. Group batteries for Heavy Vehicles are ECE R136-certified.

- **The UN38.3 standard**

The UN38.3 standard refers to Section 38.3 of Part III of the United Nations Manual of Tests and Criteria for the Transport of Dangerous Goods, which requires altitude simulation, thermal cycle testing, vibration testing, shock testing, external short circuit testing to 55°C, impact testing, overcharge testing before the lithium battery is transported and forced discharge testing to ensure the lithium battery can be transported safely. These tests must be carried out by an independent laboratory, which will issue a certificate. The UN38.3 certificate guarantees the quality of the batteries and their safety during transport. This certificate must be obtained when transporting batteries, regardless of the mode of transport used (land, sea or air). These high safety standards comply with the rules of the IATA (International Air Transport Association).

2

COMMENTS ON THE FINANCIAL YEAR*

The following information regarding the financial position and results of Forsee Power should be read in conjunction with the Group's consolidated financial statements as of December 31, 2023, included in this document.

Forsee Power's annual consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union ("EU-IFRS") and have been certified by the Company's auditors and are set out in full in Chapter 4 of this document.

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%.

2.1 General presentation

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 paragraph 3.1.5 "market risks" of this document.

2.1.1. Key figures

In € thousands	**FY 2023**	**FY 2022**	**Change**	**Change (as a %)**
Revenue	171,238	**111,018**	+ 60,220	+ 54%
Of which Heavy Vehicles (HeV)	145,405	87,844	+ 57,561	+ 66%
Of which Light Vehicles and Industrial Tech (LeV & Ind Tech)	25,831	23,175	+ 2,656	+ 11%
Adjusted EBITDA[a]	(6,800)	**(13,013)**[b]	+ 6,213	+ 48%
Adjusted EBITDA margin	(4)%	(12)%		
Current operating income[c]	(23,155)	**(30,113)**	+ 6,958	+ 23%
Operating income (loss)[c]	(23,155)	**(30,113)**	+ 6,958	+ 23%
Net financial income (expense)[c]	(4,684)	**(1,726)**	- 2,958	- 171%
Consolidated net income[c]	**(27,962)**	**(32,568)**	**+ 4,606**	**+ 14%**

a) *Adjusted EBITDA is defined and described in section 2.1.3 of this document.*
b) *The definition of adjusted EBITDA was changed by the Group in 2023 (see paragraph 2.1.3 of this document). Under this new definition, adjusted EBITDA for the 2022 financial year came to €(13,013) thousand, compared with €(13,901) thousand previously reported.*
c) *These items are analysed in section 2.3.2 of this document.*

In the 2023 financial year, Forsee Power recorded a robust sales performance, in an environment of major pressure on supplies, with consolidated revenues of €171,238 thousand, up +54%, outperforming its initial target of €160 million. This solid growth was driven by the heavy vehicles segment, which grew by +66% and benefited from continuing very favourable *momentum*. The light vehicle segment also recorded growth of +11%.

There are now more than 3,000 buses and over 135,000 light vehicles around the world equipped with Forsee Power batteries.

The Group’s adjusted EBITDA[25] improved from €(13,013) thousand in 2022 to €(6,800) thousand in 2023. In this context, the adjusted EBITDA margin went from (12)% in 2022 to (4)% in 2023. This improvement is mainly due to:

- the improved productivity due to both higher margins and higher sales volume (+ 54%);
- the greater capitalisation of development costs;
- these effects are offset by the impact of the investment in the United States for €(1,673) thousand and the opening of the Japan office for €(525) thousand.

2.1.2. Main factors influencing the Group's business, financial condition and results of operations

The following factors have recently affected, and may continue to affect, the Group's business, financial condition and results of operations.

(i) <u>The ability to retain existing customers</u>

The proportion of existing customers was 94% of the Group's consolidated revenues at December 31, 2023 and 98% at December 31, 2022.

A significant portion of the Group's revenues was generated with a limited number of strategic customers. The contribution of the top ten customers to the Group's revenues was 91% at December 31, 2023 and 92% at December 31, 2022. The customer with which the Group recorded the largest revenues for the year ended December 31, 2023 accounts for 40% of the Group’s consolidated revenues and the second largest 35%. The customer with whom the Group recorded the largest revenues for the year ended December 31, 2022 accounted for 36% of the Group's consolidated revenues and the second largest 31%.

Thus, the Group's relationships with its key customers are central to its business plan and have a significant impact on the Group's revenue. Not all of these commercial relationships are formalised by framework contracts and where this is the case, these contracts include clauses allowing each party, in certain circumstances and according to specific terms and conditions, not to continue the relationship.

The level of business that the company conducts with its key customers is significant, and any changes in the relationship with these entities therefore affect the Group's financial condition, results of operations and prospects.

The Group's success also depends on the willingness of its existing customers to continue to use its battery systems and the integration of its batteries into their product lines. As the Group's customers expand their product ranges, the Group hopes to become the leading supplier to their fleets. To ensure the acceptance of its products, the Group must constantly develop and introduce more powerful batteries with a longer range.

[25] *Please refer to the definition of adjusted EBITDA in section 2.1.3 of this document.*

For more details on the importance of strategic customers, the reader is referred to paragraph 1.3.3 of this document.

(ii) The ability to win new customers

The share of new customers was 6% at December 31, 2023 and 2% at December 31, 2022 of the Group's consolidated revenue.

The Group's success and its ability to increase revenues and subsequently become profitable depends in part on its ability to identify target customers, attract new customers through its strategy and convert these contacts into significant orders or develop its relationships with existing customers. Accordingly, the Group expects, based on its current estimated order book, to gradually diversify its customer base.

For more details, the reader is invited to refer to the paragraph below.

(iii) Evolution of the order book

The Company's order book is an important indicator. Indeed, its achievement and development have a significant impact on the Group's activity and performance.

At December 31, 2023, €133,346 thousand of the order book was contracted compared to €117,031 thousand as of December 31, 2022.

(iv) Changes in exchange rates

Changes in exchange rates may have an impact on the euro value of the Group's revenue, expenses and results.

See paragraph 3.1.5 "credit and/or counterparty risk" note 3.3.20 of the consolidated financial statements – section 4.3 of this document.

(v) External growth transactions

The Group was formed as a result of several acquisitions of the businesses of Uniross Batteries (formerly Alcatel Saft) in 2011, Ersé in 2012, and Dow Kokam France (formerly Société de Véhicules Electriques - SVE) in 2013. In recent years, the Group has carried out targeted start-ups that have contributed significantly to the growth of its activities (see in particular section 2.11 "investments" of this document). In July 2021, Forsee Power integrated the assets of Holiwatt (formerly Centum Adetel Transportation), which was in legal recovery. This acquisition allows Forsee Power to integrate more than 20 years of know-how in the railway sector and an offer of energy storage systems and power converters and auxiliary converters (CVS).

The Group intends to continue its development in the future by making targeted strategic acquisitions in order to enrich its offer, which could have a favourable effect on the Group's business, financial situation, results and prospects.

Conversely, the expected benefits of future or completed acquisitions may not materialise within the expected timeframe and at the expected levels, which could have a material adverse effect on the Group's business, financial condition, results and prospects.

(vi) Provisions

Charges to (and possible reversals of) provisions have affected and will structurally continue to affect the Group's results. Provisions are detailed in section 4.3 of this document, in note 7.11 of the consolidated financial statements.

(vii) <u>Price trends and structural cost control</u>

If the Group were unable to pass on price increases while controlling its cost plan and structural costs, these price changes could have a negative impact on its profitability.

For more details, the reader is invited to refer to paragraph 3.1.3 of this document.

2.1.3. Key performance indicators

The Group uses revenues 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.

Definition of adjusted EBITDA

The Group considers adjusted EBITDA, a non-GAAP measure, as a performance measure. This measure has no standardised definition. Consequently, the definition used by the Group may not correspond to the definitions given to the same term by other companies. This measure should not be used to the exclusion of, or as a substitute for, IFRS measures.

Contractually, the Group must take responsibility for recycling batteries at the end of the guarantee period. A provision, recorded in the current operating income, is formed to cover the estimated future costs of recycling battery systems sold, for which the Group has a commitment to take back and recycle batteries in the event are returned by customers.

This provision is calculated on the basis of the number of systems sold covered by the take-back commitment and valued according to the external cost of recycling the various types of batteries (see note 7.11 to the consolidated financial statements). Its calculation is therefore theoretical, and the future impact undetermined and uncontrollable due to changes in the market and technologies. In addition, a second life market is opening up, turning an estimated potential cost into a source of revenues for the Group.

Therefore, in 2023, the Group has decided to change the definition of the adjusted EBITDA by restating the provision for recycling (which has no cash impact) from current operating income. Consequently, the concept of adjusted EBITDA corresponds henceforth to the current operating income, restated from:

- amortization and impairment of intangible assets, depreciation of right-of-use assets for property, plant and equipment;
- depreciation and impairment of property, plant and equipment and net impairment of inventories and receivables;
- expenses related to share based payments and the corresponding employer contributions;
- the provision for battery recycling, following the Group's change of definition of adjusted EBITDA.

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

In € thousands	FY 2023	FY 2022
Current operating income	**(23,155)**	**(30,113)**
- Amortisation and impairment of intangible assets	(3,765)	(4,271)
- Depreciation of right-of-use assets for property, plant and equipment	(2,350)	(1,312)
- Depreciation and impairment of property, plant and equipment	(3,873)	(3,507)
- Net impairment on inventories and receivables	(4,301)	(3,599)
- Share-based payment expenses	(1,092)	(3,389)
- Employer's contributions for share-based payments	(174)	(134)
- Provision for battery recycling	(800)	(888)
Adjusted EBITDA[(a)]	**(6,800)**	**(13,013)**

(a) *The Group changed the definition of the adjusted EBITDA in 2023 (refer to the preceding paragraph). In 2022, according to this new definition, the adjusted EBITDA amounted to €(13,013) thousand compared with €(13,901) thousand previously reported.*

2.1.4. Sectoral 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, Internet of Things, home automation, robotics and professional tools).

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

2.2 Outlook

The forecasts for the year ending December 31, 2024 presented below are based on data, assumptions and estimates that the Group considers reasonable at the date of this document.

However, these data, assumptions and estimates may change or be modified due to uncertainties related in particular to the economic, financial, accounting, competitive, regulatory and tax environment or as a result of other factors or risks of which the Group is unaware at the date of this document.

In addition, the materialisation of certain risks described in Chapter 3 “risk factors” of this document could have an impact on the Group’s activities, financial position, results or prospects and therefore call into question these forecasts.

Moreover, the achievement of these forecasts assumes that the Group's strategy is successful (refer to paragraph 1.1.2 of this document).

Accordingly, the Group does not make any commitment or give any guarantee that the forecasts in this section will be achieved.

The forecasts for the year ending December 31, 2024 presented below, and the assumptions underlying them, have been established pursuant to the provisions of the Delegated Regulation (EU) No. 2019/980 supplementing Regulation (EU) 2017/1129 and the ESMA recommendations on forecasts.

Underlying assumptions

The forecasts for the year ending December 31, 2024, set out below have been prepared on a basis comparable to historical financial information and in accordance with the accounting policies applied in the Group's consolidated financial statements for the year ended December 31, 2023. They have been prepared on the basis of the scope of consolidation and activity existing as of December 31, 2023.

They are mainly based on the following assumptions:

- ***Assumptions internal to Forsee Power***

The forecast for the year ending December 31, 2024, is based on an increase in revenues and adjusted EBITDA as defined in paragraph 2.1.3 compared to the 2023 financial year, which will mainly come from:

- the growth in sales of battery systems in the Heavy Vehicles ("HeV") segment;
- the steady growth of sales in the Light Vehicles and Industrial Tech ("Lev & Ind Tech") segment
- a strong ability to retain existing customers and support them during their ramp-up, with a complete range of products and services for the entire lifetime of the vehicle;
- the continued implementation of the Group's strategy described in paragraph 2.1.2.

Macroeconomic and market assumptions:

The 2024 forecasts are also based on the following assumptions:

- No lasting worsening of supply conditions that may create a shortfall in revenues and a deterioration in profitability;
- Growth in the Group's target markets as presented in section 1.2.3 of this document, and continued market share gains;
- No significant change in the regulatory environment (including interpretations that may be adopted by certain national regulators) and tax environment existing as of the date of this document.
- Use of the European Central Bank's average annual rates for exchange rates. It should be noted that the exchange rates used are the closing rates at December 31, 2023 and the average rates for 2023.

Note that as of the date of this document, the Company does not anticipate any significant impact of climate change on the Group's operations or financial statements. Similarly, the Company anticipates that most of the impact of the Russian-Ukrainian conflict on its business is already known and that its continuation will not have a major impact in 2024.

2024 forecasts

For the year ending December 31, 2024, the Group expects to generate revenues between €180 and €200 million.

Adjusted EBITDA, for the year ending December 31, 2024, will also improve significantly compared with 2023 and should break even.

The North American site is expected to start production at the end of the first semester 2024 in accordance with the Company's industrial roadmap.

Faced with markets in their early phase, even though the Group is confident about its growth prospects and the soundness of its strategy, it is withdrawing its previously communicated 2028 targets[26].

2.3 Analysis of the business and results

2.3.1. Highlights

2.3.1.1 Capital increase

On May 9, 2023, Forsee Power successfully completed a capital increase through a public offering with a priority subscription period granted on an irreducible basis to shareholders, launched on April 25, 2023. The gross amount of this capital increase (including issue premium) was €49.3 million, resulting in the issue of 17,664,108 new ordinary shares at a subscription price of €2.79 per new share. The proceeds of this capital increase are intended to finance the acceleration of the Group's business, industrial and technological development.

Please refer to section 4.3 - note 2 of this document for further details on the following other highlights:

- Launch of new range of products;
- Business development;
- €10 million drawdown of Tranche C of the financing agreement with the EIB;
- Search for financing;
- The Group's development in Japan;
- Change in the NEoT Capital stake;
- Tax and customs audit;
- Dispute with Unu GmbH;
- Impact of the situation in Ukraine and Russia;
- Uncertainties related to the current economic and political environment

[26] *As a reminder, the Group has set the following medium-term targets for 2022 (to 2028): sales to exceed €850m and an adjusted EBITDA margin to exceed 15%.*

2.3.2. Results of operations

Revenues

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

In € thousands	FY 2023	FY 2022	Change
France			
Heavy Vehicles (HeV)	2,026[(a)]	42,447[(a)]	- 40,421
Light Vehicles and Industrial Tech (LeV & Ind Tech)	8,534	8,826	- 292
Total	**10,560**	**51,273**	**- 40,713**
As a %	***6%***	***46%***	
Europe			
Heavy Vehicles (HeV)	137,703[(a)]	44,771[(a)]	+ 92,932
Light Vehicles and Industrial Tech (LeV & Ind Tech)	6,075	4,369	+ 1,706
Total	**143,779**	**49,140**	**+ 94,639**
As a %	***84%***	***44%***	
Asia			
Heavy Vehicles (HeV)	4,367	253	+ 4,114
Light Vehicles and Industrial Tech (LeV & Ind Tech)	9,170	7,793	+ 1,377
Total	**13,537**	**8,046**	**+ 5,491**
As a %	***8%***	***7%***	
United States			
Heavy Vehicles (HeV)	199	146	+ 53
Light Vehicles and Industrial Tech (LeV & Ind Tech)	1,977	2,186	- 209
Total	**2,176**	**2,332**	**- 156**
As a %	***1%***	***2%***	
Rest of the world			
Heavy Vehicles (HeV)	1,110	227	+ 883
Light Vehicles and Industrial Tech (LeV & Ind Tech)	76	-	+ 76
Total	**1,185**	**227**	**+ 958**
As a %	***1%***	***0%***	
TOTAL	**171,238**	**111,018**	**+ 60,220**
Heavy Vehicles (HeV)	**145,405**	**87,844**	+ 57,561
Light Vehicles and Industrial Tech (LeV & Ind Tech)	**25,831**	**23,175**	+ 2,656

(a) In 2023, a customer was reclassified from the France geographical area to the Europe geographical area following the relocation of its decision-making centre.

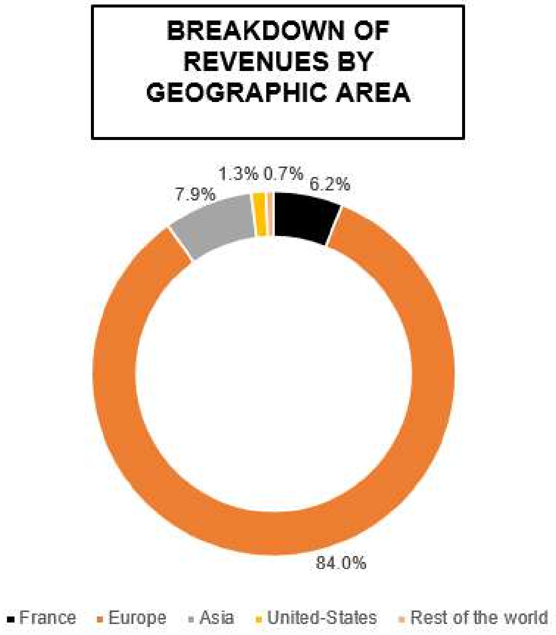
The Group's consolidated revenues amounted to €171,238 thousand in 2023 compared with €111,018 thousand in 2022, an increase of +€60,220 thousand or +54%. This growth was mainly due to the strong business recovery in the heavy vehicle market (+66%) and continued growth in the light vehicle segment (+11%). During the 2023 financial year, Forsee Power continued to assert its position as a leader in smart battery systems for high-value-added segments by diversifying its customer portfolio through a number of partnerships with leading global players, particularly in Japan and Australia. Thus, the order book[27] for 2024 is already equivalent to 73% of the 2023 revenues, which bodes well for the Forsee Power's business.

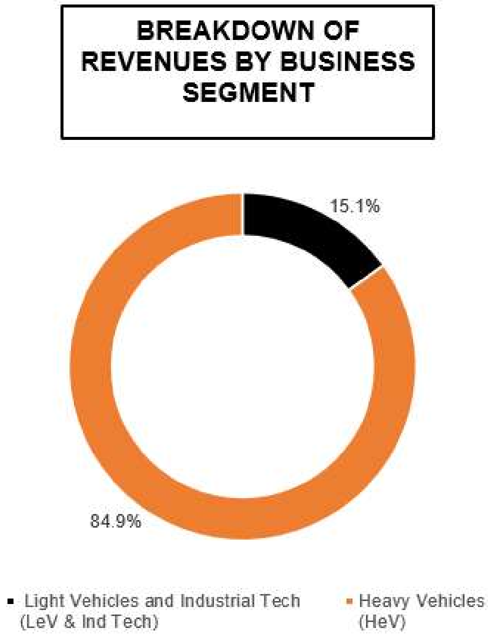
The Heavy Vehicles (HeV) business segment remained the largest contributor to the Group's consolidated revenues (85% in 2023 compared with 79% in 2022).

Revenues for this segment stood at €145.4 million in 2023, up + €57.6 million, or +66% compared with 2022. This mainly results from the increase in revenues with the Group's long-standing customers, whose business continued to grow strongly in 2023, as well as the start of the contract with a first customer in Australia.

The Light Vehicles and Industrial Tech (LeV & Ind Tech) segment accounted for 15% of the Group's revenues in 2023 (compared with 21% in 2022).

Revenues for this segment stood at €25,831 thousand, an increase of + €2,657 thousand, or +11% compared with 2022. This increase is the result of the development of new generations of products in 2022 for Forsee Power's key account customers, marketed in mass production from 2023, as well as the development of contracts with new customers.





[27] *For more information, please refer to note 8.1 to the consolidated financial statements.*

Current operating income

	Financial year				
	2023		2022		
	€ thousands	% of revenues	€ thousands	% of revenues	% change
Revenues	**171,238**	**-**	**111,018**	**-**	**+ 54%**
Other operating income and expenses	850	0.5	(430)	- 0.4	NA
External services and purchases consumed	(147,651)	- 86.2	(95,302)	- 85.8	+ 55%
Personnel costs	(29,837)	- 17.4	(30,086)	- 27.1	- 1%
Taxes and duties	(1,086)	- 0.6	(771)	- 0.7	+ 41%
Depreciation and amortisation	(9,988)	- 5.8	(9,090)	- 8.2	+ 10%
Provisions and impairment	(6,681)	- 3.9	(5,453)	- 4.9	+ 23%
Current operating income	**(23,155)**	**- 13.5**	**(30,113)**	**- 27.1**	**+ 23%**

- ***Revenues***

  Refer to the analysis above.

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

Other operating income and expenses amount to an income of €850 thousand for the year ended December 31, 2023, corresponding mainly to a compensation receivable on a customer protocol for the newly developed business in India for a total of €698 thousand, to gains on disposal of fixed asset for €270 thousand and to Director's fees for the members of the Board of Directors for €(373) thousand.

In 2022, it amounted to an expense of €(430) thousand, essentially attributable to Directors' fees for €(285) thousand.

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

The increase in external services and purchases consumed of +€52,349 thousand, or +55% in 2023 compared to 2022, is mainly due to the increase in purchases consumed of +€46,695 thousand (+56% compared with 2022), mainly due to the increase in activity and partly explained by the rise in the prices of certain components (mainly the price of cells due to market conditions).

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

- ***Personnel costs***

The -€249 thousand decrease in personnel costs, or - 1% compared with 2022, is mainly due to the decrease in share-based payments costs. This effect is partially offset by the increase in employees (713 for the year ending 2023 compared with 638 for the year ending 2022).

- ***Taxes and duties***

Taxes and duties increased by +€315 thousand between 2023 and 2022 and amounted to €1,086 thousand as of December 31, 2023. As a percentage of revenues, taxes and duties remained stable compared to December 31, 2022, at 0.6%.

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

The item breaks down as follows:

In € thousands	FY 2023	FY 2022
Amortisation and impairment of intangible assets	(3,765)	(4,271)
Depreciation of right-of-use assets for property, plant and equipment	(2,350)	(1,312)
Depreciation and impairment of property, plant and equipment	(3,873)	(3,507)
Provisions for risks and charges	(2,380)	(1,854)
Net impairment of inventories and receivables[a]	(4,301)	(3,599)
Net charges	**(16,669)**	**(14,543)**

(a) *Including €1,358 thousand of impairment of inventories identified as surplus or obsolete at the end of 2023.*

The item increased from €(14,543) thousand in 2022 to €(16,669) thousand in 2023. Its contribution as a percentage of revenues decreased to 10% of revenues in 2023 compared with 13% in 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 improved by +€6,958 thousand to €(23,155) thousand in 2023 (compared with €(30,113) thousand in 2022).

Net financial income (expense)

The Group's net financial expense increased from €(1,726) thousand at December 31, 2022 to €(4,684) thousand at December 31, 2023, a decrease of -€2,958 thousand. This is mainly due to the variation in other net financial income and expenses, resulting in a financial expense of €(2,195) thousand in 2023, compared with an income of €(1,254) thousand in 2022. This change is mainly due to:

- the change in the fair value of the BSA Warrant A and C derivative, which in 2023 generated a financial charge with a negative impact on financial income of €(52) thousand and €(6) thousand, respectively. In 2022, the change in fair value of the BSA Warrant A and C derivative resulted in a positive impact of €1,975 thousand and €893 thousand, respectively.
- the increase in bank commission expenses (€(1,428) thousand in 2023 compared with €(232) thousand in 2022), mainly due to financing search costs of €(637) thousand, higher factoring commissions (in connection with the increase in business) and other bank charges relating to various banking and treasury transactions.
- the decrease in the expense calculated using the effective interest rate method on financial liabilities (€(162) thousand in 2023 compared with €(1,293) thousand in 2022).

This change is also explained by a decrease in the cost of gross financial debt (€2,721 thousand in 2023 compared with €(2,982) thousand in 2022), explained by the overall reduction in the Group's debt (please refer to the analysis of the Group's debt in section 2.8 of this document and to note 8.8 of the consolidated financial statements.

Tax expense

The tax expense was €(411) thousand as of December 31, 2023 compared with €(398) thousand as of December 31, 2022. Theoretical tax income was €6,888 thousand as of December 31, 2023, compared with €8,043 thousand as of December 31, 2022. The change in the tax expense is due to deferred taxes.

The differences (i.e. tax income of €7,299 thousand in 2023 and €8,440 thousand in 2022) between the theoretical tax charge and the actual tax charge, result mainly from the impact of the change in the tax charge concerning tax losses not recognised on the statement of financial position (€6,517 thousand in 2023 and €8,890 thousand in 2022), and permanent tax differences (€1,435 thousand in 2023 and €805 thousand in 2022). Details of the tax expense are provided in note 8.9 to the consolidated financial statements in section 4.3 of this document.

Net income

Given the factors set out above, the consolidated net loss amounts to €(27,962) thousand as of December 31, 2023, compared with €(32,568) thousand as of December 31, 2022, i.e. an improvement of +€4,606 thousand.

2.4 Group cash and equity

The following information regarding the Group's equity, liquidity, funding sources and cash flows should be read in conjunction with the Group's consolidated financial statements as of December 31, 2023, included in section 4.3 of this document.

2.4.1. Financing and cash management policy

The Group uses its cash and cash equivalents to finance its current operating needs, its working capital requirements and also its capital expenditure on tangible and intangible assets, in particular for the development of innovative battery systems and, to a lesser extent, research costs. The majority of the Group's cash is denominated in euros.

The Group's ability to generate cash in the future from its operating activities will depend on its future operating performance, which in turn will depend to some extent on economic, financial, competitive, market, regulatory and other factors, many of which are beyond the Group's control.

2.4.2. Information on the Group's capital, liquidity and funding sources

Please refer to notes 3.1.3, 7.13 and 7.15.2 to the consolidated financial statements in this document.

2.4.3. Financial resources and liabilities

2.4.3.1 Cash and financial debt

Cash and financial debt are detailed in sections 2.7 and 2.8 below.

2.4.3.2 Off-balance sheet commitments and contractual obligations

See note 10.3 to the Group's consolidated financial statements in Section 4.3 of this document.

2.4.4. Shareholders' equity

The equity attributable to owners of the Group's parent company amounted to €59,238 thousand at December 31, 2023 and €39,650 thousand at December 31, 2022.

The increase in equity between 2022 and 2023 (+€19,588 thousand) was due mainly to the capital increase carried out on May 9, 2023, for a gross amount of €49,282 thousand, partially offset by the recognition of the net loss for the year (€(27,962) thousand) and the attribution of the expenses related to the capital increase on the issue premium (€(2,737) thousand).

The change in equity is detailed in the Company's consolidated financial statements in section 4.3 of this document.

2.5 Comments on the main statement of financial position items

(In € millions)	31.12.2023	31.12.2022	Change	Change (as a %)
Non-current assets	**68,175**	**49,509**	**+ 18,666**	**+ 38%**
Of which property, plant and equipment[a]	35,433	25,978	+ 9,455	+ 36%
Of which intangible assets[b]	23,024	14,955	+ 8,069	+ 54%
Of which investments in equity-accounted companies[c]	4,328	4,043	+ 285	+ 7%
Of which non-current financial assets[d]	2,089	1,751	+ 338	+ 19%
Current assets	**119,265**	**97,017**	**+ 22,248**	**+ 23%**
Of which inventories [e]	44,481	37,476	+ 7,005	+ 19%
Of which cash and cash equivalents[f]	25,902	31,014	- 5,112	- 16%
Of which trade receivables[g]	27,633	15,960	+ 11,673	+ 73%
Of which other current assets[h]	21,248	12,566	+ 8,682	+ 69%
Total assets	**187,440**	**146,526**	**+ 40,914**	**+ 28%**
Of which Equity[i]	**59,238**	**39,650**	**+ 19,588**	**+ 49%**
Of which borrowings and financial liabilities[j]	**67,104**	**60,167**	**+ 6,937**	**+ 12%**
Of which loans from the EIB	32,324	22,581	+ 9,743	+ 43%
Of which State-guaranteed loans	12,961	16,803	- 3,842	- 23%
Of which right-of-use liabilities	17,687	15,584	+ 2,103	+ 13%
Of which Atout loan from BPI	2,188	3,438	- 1,250	- 36%
Of which accrued interest on financial liabilities	1,069	1,065	+ 4	NA
Of which related-party liabilities	694	691	+ 3	NA
Of which derivative financial instruments[k]	**4,835**	**4,108**	**+ 727**	**+ 18%**
Of which Provisions for risks and charges[l]	**9,550**	**7,170**	**+ 2,380**	**+ 33%**
Of which Trade payables[m]	**23,588**	**20,152**	**+ 3,436**	**+ 17%**
Of which other liabilities[n]	**22,315**	**14,722**	**+ 7,593**	**+ 52%**
Total liabilities	**187,440**	**146,526**	**+ 40,914**	**+ 28%**

a) *Property, plant and equipment are detailed in Note 7.3 to the consolidated financial statements - section 4.3 of this document.*

b) *The increase in this item is mainly due to the capitalisation of research and development costs (+€11,450 thousand). This effect was partially offset by the increase in amortisation and impairment related to the increase in intangible assets (-€3,854 thousand). Intangible assets are detailed in Note 7.2 to the consolidated financial statements - section 4.3 of this document.*

c) *Investments accounted for using the equity method relate exclusively to the stake in NEoT Capital, in which the Group holds a 33.21% stake as of December 31, 2023, in partnership with the EDF Group and Mitsui (see note 7.5 to the consolidated financial statements – section 4.3 of this document).*

d) *Other non-current financial assets consist mainly of a cash pledge for €1,610 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 €407 thousand and guarantee deposits on liquidity contracts for €72 thousand (see Note 7.4 to the consolidated financial statements – section 4.3 of this document).*

e) *The +€7,005 thousand increase in inventories is mainly due to the increase in inventories of raw materials at the end of the year to meet the production needs of orders in progress, the increase in products in production due to be delivered in the first quarter of 2024, partially offset by a decrease in inventory of finished goods and an increase in inventory impairment due to the Group's increased efforts in quality control and the lack of outlets for certain older products (see note 7.6 to the consolidated financial statements – section 4.3 of this document).*

f) *As of December 31, 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) as well as of a term deposit in Indian rupee amounting to €435 thousand. Cash flows are analysed in section 2.7 of this document.*

g) *The +€11,673 thousand increase in trade receivables is mainly due to the growth in the Group's activity and a sustained level of invoicing over the last few months of the financial year, and which were not due or assigned at the end of the financial year (see note 7.7 to the consolidated financial statements – section 4.3 of this document).*

h) *See note 7.8 to the consolidated financial statements – section 4.3 of this document.*

i) *Movements affecting the Group's equity in 2022 and 2023 are detailed in the consolidated statement of changes in equity and the related note (see section 2.4 of this document and in the consolidated financial statements, table "Consolidated statement of changes in equity").*

j) *Borrowings and debts are detailed in section 2.8 and in note 7.13 of the consolidated financial statements - section 4.3 of this document.*

k) *See Note 7.14 to the consolidated financial statements - section 4.3 of this document.*

l) *They consist mainly of the provisions for:*

- *after-sales service, intended to cover the risk of future after-sales service costs arising from Forsee Power's liability for products sold (€6,633 thousand at December 2023 compared with €4,884 thousand at December 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 (€2,397 thousand at the end of 2023, compared with €1,597 thousand at the end of December 2022). Provisions for risks and charges are detailed in note 7.11 – section 4.3 of this document.*

m) *The increase in trade payables is mainly due to an increase in the Group's activity.*

n) *The non-current portion came to €3,396 thousand as of December 31, 2023 (€4,116 thousand as of December 31, 2022) and the current portion came to €18,919 thousand as of December 31, 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, current liabilities to subsidiaries in China and benefits granted on state guaranteed loans with off-market rates. Other liabilities are detailed in Note 7.18 to the consolidated financial statements in section 4.3 of this document.*

2.6 Working capital requirement

As a percentage of revenue, the working capital requirement balance[28] in the 2023 closing statement of financial position is stable compared to 2022 and represents 26%. WCR increased by +€17,218 thousand in 2023, due to the increase in trade receivables (+€11,754 thousand), the increase in other assets (+€9,453 thousand) and higher inventories in 2023 (+€7,222 thousand). These effects were partially offset by the increase in other liabilities (+€7,811 thousand) and trade payables (+€3,400 thousand).

These items are detailed in the paragraph above "Comments on the main statement of financial position items".

[28] For further details, please refer to note 9.2 of the consolidated financial statements.

2.7 Group consolidated cash flows

in € thousands	FY 2023	FY 2022	Change
Cash flow from operating activities	(27,278)	(24,491)	- 2,787
Cash flow from investing activities	(24,481)	(9,116)	- 15,365
Cash flow from financing activities	46,789	(6,021)	+ 52,810
Impact of currency translation	(141)	(126)	- 15
Change in cash and cash equivalents	**(5,112)**	**(39,756)**	**+ 34,644**

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

in € thousands	**FY 2023**	**FY 2022**	**Change**
Cash flow from operations before cost of net financial debt and tax [(a)]	(10,210)	(17,737)	+ 7,527
Tax expense paid (income received) [(b)]	152	812	- 660
Change in working capital requirements [(c)]	(17,218)	(7,567)	- 9,651
Cash flow from operating activities	**(27,278)**	**(24,491)**	**- 2,787**

a) *The improvement in cash flow from operations before cost of net financial debt and tax is mainly explained by the increase in operating result (refer to paragraph 2.3.2 supra).*

b) *At December 31, 2022, this flow corresponded mainly to the 2018 CIR net receivable collected in June 2022 for €725 thousand. See the consolidated cash flow statement and notes 9.2 and 7.8 to the Group's consolidated financial statements in section 4.3 of this document.*

c) *The change in the operating working capital requirement (WCR) amounted to €(17,218) thousand, compared with €(7,567) thousand in 2022. This decrease (-€9,651 thousand) results from the effect of:*

- *the increase in other assets (contribution to the change in WCR of +€9,453 thousand in 2023 compared with €(6,526) thousand in 2022), particularly explained by the increase in advances and deposits paid to suppliers.*
- *the increase in trade receivables (contribution to the change in WCR of +€11,754 thousand in 2023 compared with +€5,496 thousand in 2022), resulting from a higher level of activity and and a sustained level of invoicing over the last few months of the financial year (refer to note 7.7 of the consolidated financial statements – section 4.3 of this document).*
- *the increase in trade payables (contribution to the change in WCR of €(3,400) thousand in 2023 compared with €(2,374) thousand in 2022), which is explained by the increase in activity and longer payment terms.*
- *the lesser increase in the level of inventories (contribution to the change in WCR of +€7,222 thousand in 2023 compared with €9,288 thousand in 2022). In 2022, supply and transportation conditions led the Company to build up a higher inventory to avoid supply shortages.*
- *the increase in other liabilities (contribution to the change in WCR of (€7,811) thousand in 2023 compared with +€1,683 thousand in 2022), which is explained in particular by the increase in advances and deposits received from customers and in social security liabilities.*

The reduction in cash flow from operating activities (-€2,787 thousand) is mainly attributable to the shift in the change in working capital requirement of -€9,651 thousand explained above, partially offset by an improvement of the cash flow from operations before cost of net financial debt and tax (+€7,527 thousand).

- ***Cash flow from investing activities***

in € thousands	FY 2023	FY 2022	Change
Acquisition of fixed assets (net of liabilities and advances paid)[(a)]	(24,621)	(9,156)	- 15,465
Set-up of cash pledge[(b)]	(650)	(1,000)	+ 350
Repayment of cash pledge[(b)]	0	4,305	- 4,305
Assets managed under liquidity contract	75	186	- 111
Realised gains (losses) on liquidity contract	38	(101)	+ 139
Disposals of fixed assets (net of receivables)[(c)]	370	0	+ 370
Proceeds from financial assets	306	0	+ 306
Change in scope of consolidation[(d)]	0	(2,292)	+ 2,292
Cash subscription to the NeoT capital increase[(e)]	0	(1,058)	+ 1,058
Cash flow from investing activities	**(24,481)**	**(9,116)**	**- 15,365**

a) *These flows 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. In 2023, these mainly relate to capitalised development costs and the construction of a factory in the United States (see the consolidated cash flow statement and Note 9.3 to the consolidated financial statements - section 4.3 of this document).*

b) *On July 11, 2023, Forsee Power obtained a standby letter of credit (SBLC) from a French bank in favour of the Indian bank ICICI Bank on behalf of the subsidiary Forsee Power India Private Limited to guarantee an overdraft facility and customs guarantee for an amount of 45 million Indian rupees (€490 thousand). This SBLC is accompanied by an interest-bearing cash pledge in the amount of €650 thousand covering the period from July 10, 2023 to July 10, 2025 (see notes 3.3.10 and 7.4 to the consolidated financial statements – section 4.3 of this document).*

In 2022, Forsee Power obtained an SBLC (stand-by letter of credit) 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 (see Note 3.3.10 and 7.4 to the consolidated financial statements – section 4.3 of this document).

c) *In 2023, the Group sold 4.01% of its stake in NeoT Capital as part of its refinancing (see note 5.1 to the consolidated financial statements – section 4.3 of this document).*

d) *In 2022, the flow corresponded to the acquisition of NEoT shares from Mitsubishi Corporation.*

e) *In 2022, the flow corresponded to the cash subscription to the NeoT capital increase by the collective decision of the shareholders on June 30, 2022.*

The evolution of cash flow from investing activities is the result of the acceleration of the Group's business, industrial and technological development.

- ***Cash flow from financing activities***

in € thousands	FY 2023	FY 2022	Change
Cash capital increase[(a)]	49,283	0	+ 49,283
Payment of capital increase or IPO expenses[(b)]	(2,737)	(1,230)	- 1,507
Change in other financial liabilities	0	(18)	+ 18
New borrowings[(c)]	10,000	0	+ 10,000
Repayment of borrowings[(c)]	(5,092)	(3,120)	- 1,972
Debt repayments on leased real estate	(1,622)	(1,126)	- 496
Factoring financing[(c)]	1	1	+ 0
Issue of repayable advances	45	0	+ 45
Change in financial liabilities with related parties	23	340	- 317
Bank charges paid	(1,428)	(232)	- 1,196
Financial expenses paid[(c)]	(1,683)	(637)	- 1,046
Cash flow from financing activities	**46,789**	**(6,021)**	**+ 52,810**

a) *The Group carried out on May 9, 2023, a capital increase amounting €49.3 million (see paragraph 7.10 – section 4.3 of this document).*

b) *In 2023, the flow corresponds to the issue costs relating to the capital increase carried out on May 9, 2023, fully paid up in 2023. In 2022, these flows corresponded to the disbursement in IPO issuance costs corresponding to the settlement of the residual amounts provisioned as of December 31, 2021.*

c) *On December 4, 2023, Forsee Power drew down €10 million of Tranche C under the financing agreement signed with the EIB in December 2020. See the financial debt analysis in section 2.8 of this document.*

d) *The increase in bank commission expenses is mainly due to higher factoring commissions (in connection with the increase in business) and other bank charges relating to various banking and treasury transactions.*

The increase in cash flow from financing activities is mainly due to the capital increase carried out on May 9, 2023, and the drawdown of Tranche C of the financing agreement with the EIB.

2.8 Financial debt

The schedule of financial debts is detailed in the table below and in note 7.13 to the consolidated financial statements in section 4.3 of this document.

in € thousands	December 31, 2022	Issuance	Repayments	Debt issuance costs	Interest recognised in respect of interest free loans	Reclassification	Currency translation effects	Effective interest method impact	Net change	Capitalized interest	Fair value	IFRS 16 loan issuance	December 31, 2023
Loan from the EIB	22,581	10,000						471	(0)		(728)		32,324
Atout loan from BPI	2,188					(1,250)							938
State-guaranteed loan from BPI	3,438					(1,250)							2,188
State-guaranteed loan from BNP	4,209					(1,246)							2,963
State-guaranteed loan from HSBC	4,156					(1,427)							2,729
Right-of-use liability - non-current	14,194		(110)			(2,255)	(202)					3,952	15,578
Deposits and guarantees received		(0)				20							20
Repayable advances – non-current		45											45
Related-party liabilities	691					(20)			23				694
Long-term financial debt	51,455	10,045	(110)			(7,428)	(202)	471	23		(728)	3,952	57,477
Atout loan from BPI	1,250		(1,250)			1,250							1,250
State-guaranteed loan from BPI	1,250		(1,250)			1,250							1,250
State-guaranteed loan from BNP	1,875		(1,165)			1,246							1,956
State-guaranteed loan from HSBC	1,875		(1,427)			1,427							1,875
Accrued interest on financial liabilities	1,065	2,080	(1,064)			(1,009)	(2)						1,069
Right-of-use liability - current	1,390		(1,512)			2,256	(26)						2,109
Accrued interests on right of use			40				(1)						39
Fair value hedges related to foreign exchange risk	6								70				77
Short-term financial debt	8,711	2,079	(7,628)			6,420	(28)		70				9,626
Gross financial debt	60,167	12,124	(7,738)			(1,008)	(230)	471	93		(728)	3,952	67,104
Of which													
Current	*8,711*	2,080	(7,628)			6,420	(28)		71				9,626
Non-current	*51,455*	10,045	(110)			(7,428)	(202)	471	22		(728)	3,952	57,477

- ***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 accompanied by 6,857 BSA $_{\text{EIB Warrant A}}$ issued on March 15, 2018, still outstanding, and leading in the event of exercise to the issuance of 1,127,387 ordinary shares (OS)[29].

[29] *It is specified that the number of ordinary shares to which the BSA $_{\text{EIB Warrant A}}$ and BSA $_{\text{EIB Warrant C}}$ 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*

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 term of 5 years. This tranche was accompanied by 3,500 BSA $_{\text{EIB Warrant C}}$ issued on June 4, 2021, leading in the event of exercise to the issuance of 500,090 ordinary shares. On September 28, 2021, the Company obtained a prior approval requested by 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 dated September 28, 2021, the issue of the tranche B was not accompanied by the issue of 1,000 BSA $_{\text{EIB Warrant D}}$, as initially provided for in the credit agreement.

Tranche C was drawn down on December 18, 2023, for €10 million, for a term of 5 years, bearing annual interest of 3% and capitalized interest of 1.5% payable at maturity on repayment of the principal. The drawdown of this tranche gave rise on December 4, 2023, to the issue to the EIB of 1,000 new BSA $_{\text{EIB Warrant E}}$ with an exercise price of €5.78 per warrant, giving the right, if exercised, to subscribe for a maximum of 300,000 new ordinary shares of the Company.

The financial derivatives on the EIB loans (BSA $_{\text{EIB Warrant A}}$ and BSA $_{\text{EIB Warrant C}}$) are presented below in paragraph 2.5.2.

The EIB financing is detailed in Notes 2 and 7 to the consolidated financial statements in section 4.3 of this document.

- ***Other bank financing***

The State-guaranteed loans from BNP for €7.5 million and HSBC for €7.5 million were granted in June 2020 at a 0% interest rate, 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 - Innovation Support” 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.

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.

Foreign currency (FX) Swap contracts of a notional amount of €3.4 million (US$3.7 million) as of December 31, 2023, to hedge payments to suppliers in US dollars over the first semester of 2024.

See note 7.13 to the consolidated financial statements in section 4.3 of this document.

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.

- ***Factoring***

The factoring contracts are detailed in note 3.3.10 to the consolidated financial statements – section 4.3 of this document.

The outstanding receivables assigned but not financed in 2023, assigned and financed in 2022, by the factoring contract without recourse are detailed in the table below.

€ thousands	**31.12.2023**	31.12.2022
Assignment of receivables without recourse	3,175	2,563
Total receivables assigned	**3,175**	**2,563**

- ***Right-of-use liability***

The right-of-use liability amounted to €17,687 thousand as of December 31, 2023, and €15,584 thousand as of December 31, 2022. The slight increase in this lease liability is essentially due to IFRS 16 new borrowings.

2.8.1. Schedule of financial debts

The schedule of financial debts is detailed in the table below and in note 7.13 to the consolidated financial statements in section 4.3 of this document.

2.8.2. Derivatives on financial instruments

Derivatives on financial instruments are detailed in the table below and in note 7.14 to the consolidated financial statements in section 4.3 of this document.

in € thousands	Date of issue	Expiry date	Number of BSA instruments	Number of shares subscribed if the BSA are exercised(a)	December 31, 2023	December 31, 2022
BSA Warrant A for EIB	March 18, 2018	March 15, 2028	6,857	1,127,387	2,869	2,817
BSA Warrant C for EIB	June 4, 2021	June 4, 2041	3,500	500,090	1,297	1,291
BSA Warrant E for EIB	December 4, 2023	December 4, 2043	1,000	300,000	669	-
Total			**11,357**	**1,927,477** [(a)]	**4,835**	**4,108**

(a) *The conversion parities of these warrants into ordinary shares of the Group were updated following the capital increase on May 9, 2023, the grant on December 21, 2023, of free shares (AGA), and the issue of 1,000 BSA EIB Warrant E. Therefore, the number of ordinary shares (OS) for the 6,857 BSA EIB Warrant A went from 859,263 OS to 1,127,387 OS as of December 31, 2023, and for the 3,500 BSA EIB Warrant B went from 388,761 OS to 500,090 OS as of December 31, 2023.*

The derivatives on financial instruments mature between 1 and 5 years for the BSA Warrant A and in more than five years for the BSA Warrant C and BSA Warrant E.

2.9 Restriction on the use of capital

EIB 2020 Loan Agreement

- **Credit facilities**

Under the terms of the EIB 2020 Loan Agreement, the EIB is making available to the Company an investment loan of up to €50 million in principal intended, inter alia, to refinance a previous loan under the EIB 2017 Loan Agreement and to finance part of the €100 million investment program relating to an innovative battery system and forming part of sustainable energy transition projects in France and Poland. The EIB 2020 Loan Agreement is divided into four tranches, the amounts of which are as follows: (i) a Tranche A for a maximum principal amount of €21.5 million (the "**Tranche A**"), (ii) a Tranche B for a maximum principal amount of €8.5 million (the "**Tranche B**"), (iii) a Tranche C for a maximum principal amount of €10 million (the "**Tranche C**"), and (iv) a Tranche D for a maximum principal amount of €10 million (the "**Tranche D**" and together with the Tranche A, the Tranche B and the Tranche C, the "**Tranches**"), each to be made available, subject to the satisfaction of the conditions precedent thereto, on or before the third anniversary date of the EIB 2020 Loan Agreement and maturing on the fifth anniversary date of their respective availability dates.

As of December 31, 2023, Tranche A, for an amount of €21.5 million in June 2021, Tranche B for an amount of €8.5 million in October 2021, and Tranche C for an amount of €10 million in December 2023, were drawn down. It should be noted, however, that the Company repaid Tranche B already in 2021. Tranche D reached maturity in 2023.

- **Interest and Fees**

The Tranches bear interest at an annual rate equal to the sum of (i) a fixed interest rate of 3% per annum and (ii) a capitalized interest rate applicable to each Tranche.

Tranche A bears interest at a capitalised interest rate of 4% per annum, plus a repayment premium that is economically equivalent to increasing the capitalised interest rate on Tranche A to 4.5% per annum. The capitalized interest rate applicable to Tranche C is 1.5% per annum.

In addition to the interest referred to above, under a subscription agreement entered into between the EIB and the Company, the Company has agreed to issue, to the benefit of the EIB, concomitantly with the making available of Tranche A, Tranche B and Tranche C, warrants to subscribe for ordinary shares. A prior agreement entered into with the EIB in October 2021 allowed for the drawdown and subsequent repayment during the 2021 financial year of Tranche B without the issuance of warrants to subscribe for ordinary shares.

- **Collateral**

Under the terms of the EIB 2020 Loan Agreement, the EIB benefits from collateral granted by the Company to secure its obligations. Thus, the Company has granted a pledge over its purchased goodwill (relating to its business of acquiring equity investments, acquiring and managing real estate assets and rights, and providing consulting, design, manufacture and marketing services for batteries and all associated accessories, at its principle place of business located in Ivry-sur-Seine, and its secondary establishments located in Chasseneuil-du-Poitou and Ecully) and has agreed to grant, at the request of the EIB and prior to the release of Tranche A, a non-possessory pledge on its movable assets (excluding inventory), as security for its obligations under the EIB 2020 Loan Agreement and the related financing documents.

In addition, if the aggregate amount of the revenue, net income or EBITDA of the Company and its guarantor subsidiaries ceases to represent 90% of the consolidated revenue, net income or EBITDA, respectively, of the group formed by the Company and its subsidiaries, the Company has undertaken to arrange for an unconditional irrevocable first demand guarantee in favor of the EIB to secure the Company's obligations under the EIB 2020 Loan Agreement, by any additional subsidiary of the Company, so that the revenue, net income and EBITDA of the Company and its guarantor subsidiaries represent, as the case may be, 90% of the consolidated revenues of the Group, 90% of the consolidated net income of the Group or 90% of the consolidated EBITDA of the Group.

For the purposes of this commitment, EBITDA (as defined in the EIB 2020 Loan Agreement) is calculated, in particular, before taking into account certain exceptional items, the results of minority interests and before taking into account any gain from an upward revaluation of assets.

- **Covenants and restrictions**

The EIB 2020 Loan Agreement contains certain covenants, restrictions and disclosures by the Company (subject to customary exceptions and waivers), customary for this type of financing, including the following commitments:

- to use the sums borrowed under the EIB 2020 Loan Agreement to finance the investment program;
- to implement and cause to be implemented the investment program financed by the loan in accordance with the technical description attached to the EIB 2020 Loan Agreement and to complete such investment program by the completion date set forth therein (such investment program being in line with the Company's established strategy described in paragraph 1.1.2 "strategy" of this document);
- not to assign, sell or otherwise transfer and ensure that none of its subsidiaries assign, sell or otherwise transfer any tangible, intangible or financial fixed assets other than as permitted by the EIB 2020 Loan Agreement;
- maintain in good working order (and renew or repair, as appropriate) such of its assets as are necessary for the implementation of the Investment Program;
- comply with and ensure each of its subsidiaries comply with the laws and regulations to which they are subject;
- not to change substantially the general nature of its business and the business of the group it forms with its subsidiaries;
- not enter into and ensure none of its subsidiaries enter into any merger, acquisition, partial asset contribution or any transaction of equivalent effect other than as permitted by the EIB 2020 Loan Agreement;
- maintain a majority interest in the capital of its subsidiaries;
- not to engage in external growth transactions (i.e., investments or acquisitions involving other entities, businesses, goodwill or branches of activity, or company securities), it being specified that the Company is free to enter into such external growth transactions when they involve, in particular, (i) transfers of assets between the Company and guarantors under the EIB 2020 Loan Agreement, (ii) newly created entities that have not begun commercial activity and are located in a European Union or OECD country (iii) securities of limited liability companies for which the price paid is less than 5% of the total consolidated assets of the Company's group and its subsidiaries in respect of any one financial year or 12.5% in aggregate during the term of the agreement (subject to compliance with certain additional criteria) or (iv) transactions previously authorized in writing by the EIB;
- not to incur and ensure none of its subsidiaries incur any new financial indebtedness other than as permitted by the EIB 2020 Loan Agreement;
- not to grant or allow to subsist and ensure none its subsidiaries grant or allow to subsist any security interests and/or personal guarantees other than to the extent permitted by the EIB 2020 Loan Agreement;
- not to enter into and ensure that none of its subsidiaries enter into any hedging arrangements other than as permitted by the EIB 2020 Loan Agreement;
- not to declare or distribute and ensure that none of its subsidiaries declare or distribute any dividends, except for (i) any distributions permitted by the EIB, (ii) payments resulting

from a liquidation or amicable reorganization of an affiliate that is not the Company or a subsidiary that has become a guarantor under the EIB 2020 Loan Agreement and (iii) any dividend payments by the Company's subsidiaries;

- not make and ensure that none of its subsidiaries make any credits, advances or loans, other than to the extent permitted by the EIB 2020 Loan Agreement;
- to remain duly and validly organized as a limited liability company in the jurisdiction in which it is incorporated and ensure that each of its subsidiaries remains duly and validly organized as a limited liability company in the jurisdiction in which it is incorporated;
- not relocate and ensure that none of its subsidiaries relocate their registered office or the center of their main interests or their place of business outside the jurisdiction in which they was incorporated;
- not change the terms of any existing credit agreements with the Company, including the payment and repayment terms under such agreements; and
- provide certain accounting, financial and factual information regarding the Company and the investment program financed by the loan) and, if necessary, arrange for visits to sites operated by the Company.

Finally, the EIB 2020 Loan Agreement requires the Company to maintain, at all times, a positive level of equity. The EIB 2020 Loan Agreement requires the Company, on a consolidated basis, to maintain (i) a debt service coverage ratio (cash flow/debt service) greater than 2.0:1.0 and (ii) a debt-to-equity ratio less than 1.0:1.0, tested annually at the end of each financial year and for the first time for the period ending December 31, 2024. As of December 31, 2023, the Company's equity amounted to €61,143 thousand. The level of ratios will be assessed from the 2024 financial year.

- **Mandatory or voluntary prepayments**

Indebtedness incurred under the EIB 2020 Loan Agreement is subject to mandatory prepayment (subject to certain exceptions), in whole or in part, (i) in certain specific cases: (1) if the amount of the investment program is less than the amount set forth in the EIB 2020 Loan Agreement and the loan therefore exceeds 50% of the total cost of the investment program, for the excess portion, (2) in the event of a voluntary prepayment by the Company or any of its subsidiaries of all or any portion of any financial indebtedness other than the EIB 2020 Loan Agreement or other financing with the EIB (or if such prepayment is probable, thirty days after a consultation period requested by the EIB), (3) in the event of the adoption of any law or regulation that would have the effect of restricting the Company's ability to comply with its obligations under the EIB 2020 Loan Agreement and the related financing documents or (4) in the event of the 79,122 convertible bonds (OC5) issued by the Company and subscribed to by the SPI Fund and Eurazeo (formerly known as Idinvest) in February and May 2020 not being converted into shares no later than six months prior to their final maturity date; (ii) in the event of a disposal of fixed assets included in the investment program financed by the loan, with the exception of disposals of tangible assets of less than 50,000 euros in any one fiscal year (this exemption does not apply in the case of disposals of shares in subsidiaries holding fixed assets included in the investment program financed by the loan), without the EIB's consent, for the amount of the disposal ; and (iii) upon the occurrence of certain customary events, such as a change of control of the Company (loss of 20% of the voting rights of the Company by the existing shareholders as of the date of signature of the EIB 2020 Loan Agreement (i. e. funds managed by Eurazeo, Mitsui & Co, Ltd, the SPI - Sociétés de Projets Industriels fund, Groupe Industriel Marcel Dassault and Mr. Christophe Gurtner), a change of Chairman.

The indebtedness incurred under the EIB 2020 Loan Agreement may be voluntarily prepaid by the Company, in whole or in part, subject to prior notice.

Any prepayment under the EIB 2020 Loan Agreement, whether voluntary or mandatory, will give rise to the payment of a prepayment penalty, corresponding, for each of the Tranches, to (i) 2% of the amount prepaid under the relevant Tranche, if the prepayment occurs prior to the first anniversary of the date of availability of the relevant Tranche (ii) 1.5% of the amount prepaid in respect of the relevant

Tranche, if the prepayment takes place after the first anniversary of the date on which the relevant Tranche is made available but before or on the second anniversary of the date on which the relevant Tranche is made available (iii) 1% of the amount prepaid under the relevant Tranche, if the prepayment takes place after the second anniversary of the date on which the relevant Tranche is made available but before or on the third anniversary of the date on which the relevant Tranche is made available, or (iv) 0.5% of the amount prepaid under the relevant Tranche, if the prepayment takes place after the third anniversary of the date of availability of the relevant Tranche (the "**Early Repayment Penalty**").

- **Events of acceleration**

The EIB 2020 Loan Agreement provides for a number of events of acceleration customary for this type of financing, including, in particular, payment defaults, failure to comply with financial ratios or any other obligation or declaration, cross-defaults, collective proceedings and insolvency, certain pecuniary condemnations or the occurrence of significant adverse events. The Company has already had recourse to waiver requests under the EIB 2020 Loan Agreement, for example on the acquisition of Holiwatt on June 29, 2021, in view of its initial public offering or the opening of a credit facility by mobilization of promissory bills (see below), as well as under the EIB 2017 Loan Agreement. Any repayment made following the occurrence of an early repayment event would also give rise to the payment of the Early Repayment Penalty.

2.10 Sources of financing required in the future to meet investment commitments

To finance its development and future investments, as of December 31, 2023, the Group has:

- available cash which amounts €25.9 million, mainly consisting of funds obtained during the capital increase in cash carried out on May 9, 2023, and the drawdown of the Tranche C of the EIB loan in December 2023 (refer to paragraphs 2.4 and 2.8 of this document)
- an order book that gives it good visibility on its sales for the coming months and therefore, the an outlook for cash flows related to its activity over the 12 forthcoming months.
- a new factoring contract without recourse entered into on December 21, 2023, with the company Facto France, covering uncapped outstanding amounts with an indefinite term within the limits of the amount covered by the credit insurer (please refer to note 3.1.3 to the consolidated financial statements).

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

2.11 Capital expenditure

2.11.1. Principal investments made

The total amount of investments made by the Group amounted to €24,481 thousand for the year 2023, compared with €9,116 thousand for 2022.

2.11.2. Main investments in progress

Acquisitions of property, plant and equipment net of advances and prepayments totalled €12,485 thousand for the year ended December 31, 2023, compared with €4,441 thousand for the year ended December 31, 2022.

These investments mainly concerned:

- developments at the Group’s various sites;
- improvements to production lines;
- test equipment and;
- improvements in the information systems.

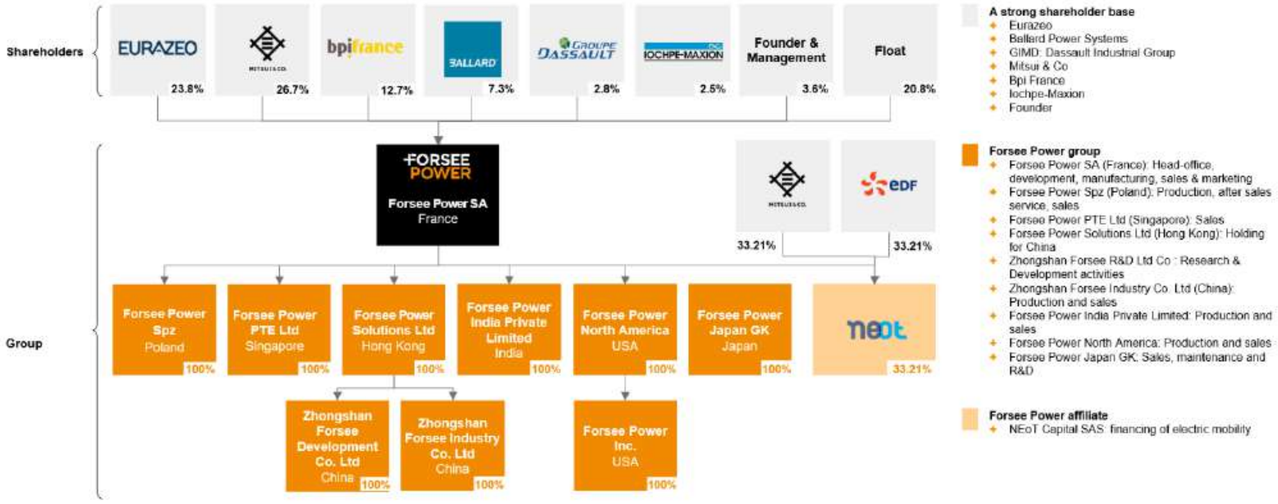
2.11.3. Main future investments

Future capital expenditure will mainly consist of increasing the Group's production capacity. The gradual introduction of new production lines in all the Group's plants will also be accompanied by expenditure related to site development (infrastructure, IT, etc.), the installation of new flexible production lines and product control equipment (laboratories, testing equipment...), and the launch of a new production site in the United States which will be operational in 2024. 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.

2.11.4. Organizational structure

2.11.4.1 Simplified organisation chart

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



2.11.4.2 Significant subsidiaries

Refer to section 4.3 of this document in note 4 to the Group's consolidated financial statements "information on the scope of consolidation" and section 4.1 in note 21 to the annual financial statements "table/list of subsidiaries and shareholdings".

2.11.5. Recent acquisitions and sales of subsidiaries

Changes in the scope of consolidation are detailed in notes 4, 5.1 and 5.2 to the Group's consolidated financial statements for the year ended December 31, 2023, in section 4.3 of this document.

2.11.5.1 Acquisitions

None.

2.11.5.2 Creations

Creation of Forsee Power Japan GK, registered in Yokohama in Japan.

2.11.5.3 Disposals

Forsee Power Forsee Power signed on July 26, 2023, a Share purchase and investment agreement with EDF Pulse and Mitsui concerning the NEoT Capital stake.

In accordance with this investment agreement, on November 2, 2023, Forsee Power and EDF Pulse: jointly sold 4.01% of their stakes for a value of €370 thousand each; authorized a capital increase in cash for an amount of €3,500 thousand, fully subscribed by Mitsui; authorized individual investors to acquire a stake in NEoT Capital and authorized the implementation of a plan for the free grant of preference shares to NEoT Capital employees.

Following the completion of these transactions, Forsee Power, EDF Pulse and Mitsui each hold a 33.21% stake in NEoT Capital.

The completion of these transactions on November 2, 2023 led to a reduction in Forsee Power's holding from 50% to 33.21%, leading to the recognition of dilution income of €356 thousand, presented under "Income from equity-accounted companies".

In the 2023 financial year, NEoT Capital remained consolidated according to the equity method.

2.11.6. Significant changes in the financial or commercial situation

Except as described in this document, to the best of the Company's knowledge, there have been no significant changes in the financial or trading position of the Group since December 31, 2023.

2.12 Other information

2.12.1. Subsequent events

Please refer to Note 10.1 of the Group's consolidated financial statements in section 4.3 of this document.

2.12.2. Information about the parent company

2.12.2.1 Business activity

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

- of autonomy and mobility (bicycles, scooters, rolling stock, medical facilities, home automation, professional tools and construction material …);
- in electric transport (buses, trucks, trams, rail transport).

2.12.2.2 Comments on the business activity of the parent company

In € thousands	FY 2023	FY 2022
Revenue	**180,422**	**108,249**
Operating profit (loss)	(24,248)	(29,921)
Net financial income (expense)	(7,778)	(2,023)
Exceptional income	435	(119)
Corporate income tax	(1,223)	(2,078)
Profit (loss) for the year	**(30,369)**	**(29,985)**
Equity	74,022	58,077
Financial liabilities	49,502	44,734
Cash and cash equivalents	25,060	29,107

- ***Revenue***

Revenues came to €180,422 thousand in 2023, up +€72,173 thousand from 2022. They consisted mainly of sales of battery systems for heavy vehicles and light vehicles, respectively up by +€59,326 and +€5,400 thousand due to the growth in activities with the Company's main customers.

- ***Operating profit (loss)***

The operating loss was €(23,248) thousand in 2023, compared with €(29,921) thousand in 2022. This improvement is mainly explained by the increase in revenues referred to above, as well as the reduction in purchases and procurements (81% of revenues in 2023 compared with 88% in 2022).

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

Net financial expense decreased by -€5,755 thousand compared with 2022, as a result of the impairment of 100% of the equity investment in Forsee Power India Private LTD in 2023 for €(2,234) thousand and the related current account for €(3,438) thousand.

- ***Net exceptional items***

Exceptional items for the financial year show a net income of €435 thousand in 2023, compared with a loss of €(119) thousand in 2022.

This aggregate is detailed in section 4.1 - note 19 "net exceptional items " of this document.

- ***Tax expense***

The tax recognised amounts to €1,223 thousand in 2023 compared to €2,078 thousand in 2022 and corresponds to the CIR income for the financial year 2023. The decrease is mainly due to the recognition in 2022 of the CIR income for the financial years 2021 and 2022.

This aggregate is detailed in section 4.1 - note 20 "taxes" of this document.

- ***Net profit (loss)***

The net loss for the year is €(30,369) thousand in 2023, compared to €(29,985) in 2022.

- ***Financial position***

As of December 31, 2023, the Company's shareholders' equity amounted to €74,022 thousand, compared with €58,077 thousand as of December 31, 2022. The increase of +€15,945 thousand was mainly due to the capital increase carried out on May 9, 2023 for a gross amount of €49,282 thousand (refer to section 4.3 – note 7), partially offset by the appropriation of the net loss for the 2022 financial year amounting to €(29,985) thousand.

Forsee Power SA's financial debt amounts to €49,502 thousand in 2023, up +€4,768 thousand compared to 2022. This evolution is due to a +€4,724 thousand increase in bank borrowings. The main elements of the Group's financing are detailed in section 4.1 - note 12 "cash and debt".

The decrease in cash and cash equivalents of -€4,047 thousand compared with 2022 is mainly due to growth in the Company's business and its financing needs during the year.

2.12.3. Table of results for the last five financial years

Result	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
I. Financial position at year-end (in € k)					
a) Share capital	**7,155**	5,357	5,321	2,999	2,999
b) Number of shares composing the share capital	**71,550,727.00**	53,572,003.00	53,210,003.00	299,876.00(1)	299,876.00(1)
Number of shares issued with a par value of €10			94,293.00		
Number of shares issued with a par value of €0.10	**17,978,727**	360,000.00	13,793,103.00		
c) Number of bonds convertible into shares			-	123,957.00	-
II. Results from operations (in € thousands)					
a) Revenues excluding tax	**180,422**	108,249	66,878	61,084	53,511
b) Earnings before tax, depreciation, amortisation and provisions	**(13,142)**	(13,176)	(10,723)	(13,701)	(19,523)
c) Corporate income tax	**1,223**	2,078	(2,237)	-	(28)
d) Earnings after tax, depreciation, amortisation and provisions	**(30,369)**	(29,985)	(25,627)	(24,641)	(25,397)
e) Amount of distributed earnings			-	-	**-**
III. Earnings per share (in euros)					
a) Earnings after tax but before depreciation, amortisation and provisions	**(0.18)**	(0.25)	(0.20)	(45.69)	(65.10)
b) Earnings after tax, depreciation, amortisation and provisions	**(0.42)**	(0.56)	(0.48)	(82.17)	(84.69)
c) Dividend paid per share			-	-	-
IV. Employees (in € thousands)					
a) Number of employees	**354**	323.00	284.00	257.00	215.00
b) Payroll costs	**(20,479)**	(17,277)	(14,423)	(11,923)	(10,928)
c) Amount paid for social benefits (social security, services, etc.)	**(8,870)**	(7,532)	(7,198)	(5,123)	(4,485)

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

2.12.4. Customer and supplier payment terms

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

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

SUPPLIERS	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Late payment lengths						
Number of invoices concerned	649	535	100	70	1,730	2,435
Total amount of invoices concerned incl. VAT	13,497,773.44	4,613,126.08	668,617.59	1,799,868.46	2,005,677.13	9,087,289.26
Percentage of total purchases incl. VAT for the year	7%	2%	0%	1%	1%	5%
(B) Invoices excluded from (A) relating to disputed or unrecognised liabilities						
Number of invoices excluded						
Total amount of invoices excluded						
(C) Reference payment terms used (contractual or statutory - Article L.441-6 or Article L.443-1 of the French Commercial Code)						
Payment terms used to calculate late payments		30 days				

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

CUSTOMERS	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more (1)	Total (1 day and more)
(A) Late payment lengths						
Number of invoices concerned	213	76	30	17	707	830
Total amount of invoices concerned incl. VAT	23,606,472.56	2,507,649.80	2,091,030.62	1,174,424.23	21,653,987.79	27,427,092.44
Percentage of total sales incl. VAT for the year	12%	1%	1%	1%	11%	14%
(B) Invoices excluded from (A) relating to disputed or unrecognised liabilities						
Number of invoices excluded						
Total amount of invoices excluded						
(C) Reference payment terms used (contractual or statutory - Article L.441-6 or Article L.443-1 of the French Commercial Code)						
Payment terms used to calculate late payments		30 days from invoice date				

(1) *The €21 million receivable from ZFI is an inter-company receivable, which may in the future be settled in whole or in part by capitalisation.*

2.12.5. Amount of intercompany loans granted and statement by the statutory auditors

Not applicable.

2.12.6. Financial penalties

Not applicable.

2.12.7. Other information

- ***Additional tax information***

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

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

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

Not applicable.

2.13 Legal and arbitration proceedings

In the normal course of business, the Group may become involved in legal, arbitration, administrative or regulatory proceedings, which may include disputes with customers, suppliers, competitors, employees and tax authorities or others.

As of the date of this document, the Group is not aware of any administrative, legal or arbitration proceedings (including any proceedings of which the Group is aware, which are pending or which the Group is threatened with) other than those mentioned below.

A provision is recorded by the Group when it is sufficiently probable that such litigation will result in costs to be borne by the Company or one of its subsidiaries and the amount of such costs can be reasonably estimated. As of December 31, 2023, the total amount of the Group's provisions for contingencies and losses amounted to €9,550 thousand (see note 7.11 "provisions for contingencies and losses" to the Group's consolidated financial statements for the year ended December 31, 2022, in section 4.3 of this document)

Dispute with Unu GmbH

As of July 23, 2016, Unu GmbH and the Company entered into a supply agreement based on technical information about the scooters provided by Unu. In the event of a battery failure, the Group agreed to replace the delivered defective products free of charge or to refund them. The Group was required to change the supplier and cell type for its batteries, which led the parties to enter into an amendment to the supply agreement on June 29, 2018. Since February 5, 2019, 45 fires have occurred and the origin of these fires has been attributed by Unu to primary defects in the Unu scooter battery (i.e. lack of foam protection in some batteries, change of cells making up the battery pack, cells damaged during manufacturing, poor welding, failure of the battery protection system).

In many cases, the incident occurred when the battery was neither attached to the scooter nor charging. Following the report made by the Group to the competent authorities, Unu has initiated a recall procedure with the competent authorities.

- **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. 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 the Company before the Paris Commercial Court to replace the legal expert appointed in April 2021, on the grounds that the expert was categorically biased and did 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 supervisory judge retained the court-appointed expert and appointed a joint court-appointed expert.

As disagreements persisted over the content of the expert appraisals to be carried out, on November 22, 2023 the Company referred the matter to the judge supervising the appraisals to order the co-experts to begin their expert appraisals without delay and to set a reasonable timetable.

At the hearing on December 21, 2023, the supervisory judge responsible for overseeing the expert reports enjoined the judicial experts to start the test protocol to submit a report by the end of 2024.

The trial proceedings:

On November 2, 2021, despite the expert's report, Unu sued the Company before the Commercial Court of Paris, ruling as a judge on the merits, on the same grounds, claiming €15,845 thousand for material damages and €50 thousand for immaterial damages.

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

- **Expert assessment summary proceedings in Lyon:**

On May 25, 2022, Unu GmbH summoned the Company 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 fire at home 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 multiplicity of possible causes at the origin of the fire.

In the event that the accident was indeed caused by the scooter, the said accident would not be covered by the Company's new insurer since it would then be a new serial incident linked to the Unu batteries. As the risk was identified in 2019, it would also be covered by the policy entered into 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.

These proceedings were supplemented by new summons received on July 19, July 31, August 22, November 30 and December 29, 2023, before four other civil courts in Germany (*Landgericht* of Cologne, Hamburg, Essen and Aachen) from Unu GmbH in proceedings initiated by the victims of the various claims. The Company 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 December 31, 2023, in the amount of €249 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. The provision was reversed and used in the amount of €192 thousand for the 2023 financial year in connection with the expenses recognised for the financial year, mainly for appraisal and legal expenses.

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.

The reader is invited to refer to note 7.11 of the consolidated financial statements.

2.14 Environmental constraints that may affect the use of property, plant and equipment by the Group

Environmental constraints that may affect the use of the various facilities owned and/or operated by the Group are described in chapter 5 "non-financial performance statement".

Provisions are described in section 4.3 - note 7.11 "provisions for risks and charges" of this document.

3
RISK FACTORS*

3.1 Risks and uncertainties

In accordance with the provisions of Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, this chapter describes the main specific risks to the Group that may, as of the date of this document, affect its business, financial position, reputation, results or outlook, based on their criticality, i.e., their severity and likelihood of occurrence, after taking into account the action plans put in place.

As of the date of this document, these risks, should they occur, are those the Company believes to be likely to have a material adverse effect on the Group.

The mentioned risks are for illustrative purposes only and are not exhaustive. These or other risks not identified at the date of filing of this document, or considered as not significant by the Group at the date of filing of this document, could have an adverse effect on the Group's business activities, financial position, reputation, results or development prospects.

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

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

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

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

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

3.1.1 Risk management

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

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

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

Operational and industrial risk management and quality control are the responsibility of the Group's operational departments and subsidiaries, under the functional control of the Group's Quality department. The Group's Quality department is responsible for (i) monitoring the management of operational and industrial risks in collaboration with the Executive Committee and (ii) establishing a quality control system to address the identified risks.

The Audit and Risk Committee, within the Board of Directors, notably ensures the relevance, reliability and implementation of the Company's procedures for the internal control and the identification, hedging and management of risks relating to its business activities and to financial and non-financial accounting information (see also paragraph 6.1.2.5 "Establishment of Committees" of this document). Internal control is under the responsibility of the Finance Department.

3.1.2 Risk related to the Group's business sector

Risk related to technological developments*

Description of the risk

The Group develops, produces and markets battery systems based on lithium-ion cells systems that it believes meet a number of current or anticipated needs within its various business segments, primarily in the field of electromobility (see section 2.1 of the document).

The market for lithium-ion battery systems, however, features ever-changing technologies and industry standards, which remain difficult to anticipate and could make the Group's batteries obsolete more quickly than anticipated. Thus, the Group cannot guarantee that its products will be more efficient than those developed on the basis of other technologies, and any failure on its part to respond successfully to technological changes could have a negative impact on its competitive position, results and growth prospects. Indeed, any inability by the Group to develop new, more efficient technologies or to improve existing technologies could significantly delay the development, production and marketing of new products by the Group.

In addition, different existing or future electro-chemical technologies could meet the same needs, but in a more effective or efficient way, than those currently covered by the Group's technologies. For example, a number of companies and research centres have announced recent advances in solid state batteries using solid electrolytes rather than the liquid electrolytes used in lithium-ion systems.

In this event, the Group may be forced to attempt to integrate these new types of batteries into its platform, which may not be possible or feasible at a price that would be attractive to potential customers or partners.

Although the Group believes that its products and services offer customers advantages in terms of ease of integration and underlying performance, it is therefore possible that its customers and partners will consider solid state cell technologies to be sufficient or superior for their needs, and that they will require the Group to switch to this technology or decide to partner with other suppliers that use such technologies.

In addition, some battery cell manufacturers that are not, as of the date of this document, suppliers of the Group, might develop new technologies, bringing major breakthroughs in terms of cost, density or lifespan. The Group might not have access to these technologies or might have access to them later than its competitors. Technological developments in battery systems, or new electrification technologies based on unforeseen developments in fuel cell technology, or the perception that they might occur, could prompt the Group to invest heavily in additional research to effectively compete with these advances. Moreover, the emergence and growth of hybrid or fuel cell technologies on the market could potentially limit demand for battery systems, given that these technologies require fewer battery systems per vehicle than an all-electric vehicle, unless a significant increase in the number of vehicles offsets this reduction.

The Group's ability to adapt to and anticipate technological and regulatory changes will be a key factor in maintaining and improving its competitive position and growth prospects. To achieve this, the Group has invested and plans to continue to invest significant financial resources in its Research and Development (R&D) infrastructure. However, the development of R&D activities is uncertain by nature and could fail. Besides the Group could encounter practical difficulties in marketing the results of its research.

Should it become difficult to secure sufficient funding for research and development in the future, the Group's competitive position could be weakened, particularly if competitors have greater financial resources.

The Group may not be able to keep pace with industry developments and trends, such as the development of predictive software or variants of artificial intelligence, or regulatory requirements. For example, the sustained growth dynamic in cell chemistry (with new generations of cells typically merging every two to three years, and the ongoing possibility of radical innovations and improvements that could render previous concepts obsolete) requires ongoing benchmarking and pre-development risk-taking in order to develop appropriate solutions, both at the batteries module and system level.

Thus, the potential impact of unanticipated and uncontrolled developments in technological innovation, whether due to new discoveries or new regulations, could be prejudicial to the Group's business, competitive position and performance.

Risk management approach

The Group specialises in the design and integration of specialised batteries, a sector that frequently sees technological advances. However, the Group considers that its battery packs using lithium-ion cells currently represent the industry standard in battery technology for electric vehicles. Besides, the Group considers that its technological added value is largely independent of the electro-chemical technologies present in the cells. Thus, while the Company mainly produces batteries based on NMC technologies, the Group can deliver LFP batteries when the application lends itself to them, particularly in light mobility.

Furthermore, at all times, the Group maintains an advanced technology monitoring to permanently measure the evolution of potentially competing technologies with the ones based on lithium-ion technology, as well as to measure the maturity and price/performance/risk mix of new technologies. Hence, if new electro-chemical technologies emerge, the Group may make use of them, depending on their application to the needs of the Group's customers. To this end, the Group has forged close ties with the vast majority of its customers over the years, enabling it to stay up to date on developments and accordingly adapt both its R&D effort and production facilities.

The Group's policy of significantly and permanently investing in R&D, which it has implemented and maintained for several years, has enabled it to successfully develop, produce and market battery systems that have allowed it to conquer growth markets by offering highly innovative products. The Group devotes a significant amount of resources to developing new products and improving existing ones. The Group's R&D expenditure over the past two financial years, expressed as a percentage of revenue (excluding capitalised development costs), was equal to 5% in 2022 and 6% in 2023.

Thanks to this massive investment policy, the Group has implemented a number of technological building blocks, including the application of advanced chemical cells with high energy density or with very long-life spans, safe operation in case of risks such as fire or extreme conditions, and battery management system (BMS) advanced electronic architectures in combination with proprietary algorithms.

Risk related to failure by the market to accept the technologies developed by the Group*

Description of the risk

The development and success of the Group's activities depend on the Group's ability to offer battery systems in the mobility field that are adapted to the market and to its current and future developments. The Group cannot guarantee that the battery systems it markets will meet the needs of the market and of potential customers. As the battery market is developing rapidly, the lasting acceptance of the proposed products and solutions will depend on a number of factors, including pricing conditions, in particular the relative cost of the Group's battery systems compared with other energy sources (the TCO ratio - Total Cost of Ownership), applicable regulations, the services offered and the market perception of the proposed technologies, particularly in terms of price, form factor, quality, performance, advanced functionalities and safety.

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

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

Risk management approach

The Group regularly monitors developments in the sector and believes that there are currently few major Western players able to meet the current strong demand. In addition, the Group has developed an international strategy of localised production which allows it to build a presence within its market segments in response to public policies favouring local suppliers, as well as catering to customers who need to have global production platforms.

The Group has also implemented a productivity plan, linked to its product development plan, enabling it to remain competitive and meet market expectations, particularly regarding the price per kWh. At the same time, the Group has reached a certain level of maturity during its 12 years of existence, compared with more recently established players. Also, the Group develops products that are compatible with a long lifespan. It has long adopted a multi-life approach that allows growth drivers to be considered when some of its products become obsolete in their primary function. There are also end-of-life opportunities for recycling batteries. Finally, the monetisation of data on battery uses with a view to optimising functionality is another growth area.

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

Description of the risk

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

Risk management approach

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

Competition risk

Description of the risk

The electromobility market is highly competitive. The Group’s main competitors include companies focused on stationary storage and electric battery technology for the commercial vehicle, rail and maritime markets, such as Akasol (acquired by BorgWarner), Proterra (acquired by Volvo in December 2023), Microvast, Leclanché, large Chinese battery suppliers such as CATL, companies focused on electric battery technology for the commercial vehicle market such as BorgWarner, and leading automotive suppliers developing electric powertrains to replace combustion engines such as Cummins.

Moreover, any consolidation among the Group’s competitors could improve their product offerings and financial resources, which could strengthen their competitive position against the Group, as exemplified by the acquisition of Akasol by BorgWarner. In particular, international original equipment manufacturers (OEM) with significant financial resources could enter or expand their presence in the Group’s markets by forming joint ventures with other battery system manufacturers.

In addition, the e-mobility market could become even more competitive in the future, particularly due to new entrants into the market from China and emerging countries, who could benefit from lower production costs and a strategy for developing energy storage technologies that has been in place for many years on a national scale as exemplified by the government’s “Made in China 2025” program from 2015.

Furthermore, the Group sources cells for its battery systems from leading cell suppliers. Although, to the Group’s knowledge, this has not yet occurred as of the date of this document, cell suppliers or OEMs with significant financial resources could reorganise their operations and develop their own battery systems built with independently produced cells without risk to their supply chain. If cell suppliers or OEMs were to enter the market for lithium-ion battery systems, this could create significant disruption to the Group’s business. Furthermore, the insourcing of the technology developed by the Group by its main customers could lead to a loss of orders. In addition, some of the Group’s historical customers may consider awarding contracts to some of its competitors to take advantage of offers structured by those competitors in order to gain market share at the expense of immediate profitability.

Moreover, the Group’s ability to compete in the markets in which it operates could also be adversely affected by a number of factors, such as (i) the inability to maintain relationships with the Group’s existing customers and to enter into new contracts or to renew or extend existing contracts with important customers; (ii) the acquisition of customers or suppliers by competitors; (iii) the arrival of companies with greater financial and technical resources than the Group specialising in one or more business segments in which the Group operates; or (iv) competitors with greater production and assembly capacity, which would allow them to offer more attractive prices.

The Group cannot guarantee that it will be able to successfully compete in the markets in which it operates. Increased competition could lead to price reductions, loss of revenues, loss of customers and loss of market share, which could have a material adverse effect on the business, results, financial position and outlook of the Group.

Risk management approach

To minimise this risk, the Group maintains a continual innovation strategy with the aim of differentiating itself from its competitors in terms of product offering, while striving to improve its competitiveness. It has therefore adopted an investment policy in certain countries where labour is regarded as being cheaper, such as China and India, by establishing commercial and/or production facilities there. The Group has also undertaken the development of a factory in the United States, which already has the capacity to produce locally to limit competition in this market, as well as the development of an after-sales centre in Japan to support its fast-growing customer base. The high-end positioning of the Group’s product range currently affords it some protection against this risk.

Risk related to unfavourable changes in public policies supporting clean energy

Description of the risk

Energy-storage activities are currently favourably influenced by national and international public policies supporting clean energy, whether through favourable feed-in tariffs, tax benefits such as tax credits, subsidies or other incentives (ecological bonuses for electric vehicle purchases, free parking for low emission vehicles, etc.). For example, the Inflation Reduction Act, which was passed in 2022 in the United States, is mainly concerned with climate measures to finance the country's energy transition over ten years and thus achieve the objective of reducing greenhouse gas emissions by 50% in 2030 compared to 2005. USD 400 billion is dedicated to the plan. In recent years, Executive Order 14005 of the Buy American Act has tightened the rules for federal agencies to purchase goods produced in the United States. This Executive Order has motivated the establishment of Forsee Power in the United States in 2022 and the favourable context created by the Inflation Reduction Act will enable the Group to accelerate its development in the United States by stimulating demand and providing financial support for its production.

Any reduction or removal of favourable feed-in tariffs, tax credits, subsidies or other incentives due to policy changes or decrease in the need for such assistance, subsidies or incentives due to the perceived success of the electric vehicle industry could result in a decrease in the competitiveness of the electric vehicle industry in general and the Group's battery systems specifically. While some tax credits and other incentives for alternative energy and electric vehicle production have been available in the past, there is no guarantee that these tax credits and incentives will remain at their current levels.

Furthermore, the Group's business is affected by laws and regulations requiring carbon emission reduction (e.g., in the case of diesel-electric systems, anti-pollution regulations force rail and maritime operators to reduce their emission levels). These laws and regulations, which aim to encourage the demand for electric vehicles, could expire or be repealed or modified. For example, lobbies with an interest in gasoline, diesel or natural gas, including legislators, regulators, policymakers, environmental organisations, OEMs, trade groups or suppliers, could attempt to delay, repeal or influence laws and regulations favouring battery-powered vehicles. Changes in political, social, economic and tax conditions at the governmental or local level, including a lack of legislative interest, could result in similar consequences.

Any failure to adopt, delay, expire, repeal or amend such laws and regulations, or the adoption of any laws or regulations encouraging the use of alternative energy systems as opposed to battery power, could reduce the market for electric batteries and could adversely affect the business, results, financial position and outlook of the Group.

Risk management approach

Although public policies may change in the future, the Group considers the current trend to be strong and long-lasting and could even become further entrenched in future, considering the following factors:

- public pressure to tackle global warming, which results in political pressure limiting the prospect of a regression in policy;
- the approval of all the major institutions (governments, European Union, regions, municipalities) which support electric mobility;
- the need for those institutions to maintain a long-term policy and to maintain the current policy, given the significant investments required for both public and private actors.

Hence, as of the date of this document, recent public policies in both Europe and the United States, driven primarily by COP21, have continued to provide incentives for clean transportation and renewable energy.

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

Risk related to unfavourable changes in the economic environment

Description of the risk

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

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.).

Risk management approach

The solidity of the Group's business model, organised around the reinforcement of its production capacities in its existing geographies and the conquest of new markets with the steps taken in the United States, gives it a solid structure to face up to economic hazards. The enrichment of the service offers to come, the extension of its customer portfolio and the approach of constant improvement of the performance of its products are all growth drivers characteristic of its flexibility and the adaptability of its offer in the face of a changing environment.

In the current economic and political environment, the Group carefully monitors and controls 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 variations in raw material prices.

Risk related to the competitiveness of electric energy compared to traditional fossil fuels

Description of the risk

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

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

In the field of mobility, the growing demand for batteries for electric vehicles has previously been influenced by the instability of oil prices as well as regulations and policies designed to promote alternative energy sources, notably through fiscal policies.

A significant drop in the price of fossil fuels and/or a medium- or long-term drop in the price of gasoline could have an impact on government and private policies and initiatives that promote alternative energies, as well as on the perception of the economic interest in these energies by end consumers.

Furthermore, major developments in alternative technologies, such as modern diesels, ethanol, fuel cells (hydrogen fuel cells, one of the Group's markets), compressed natural gas or improvements to combustion engines could reduce the existing interest in fully electric vehicles. Existing battery technologies, fuels or other energy sources could therefore become preferred alternatives for the Group's customers.

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

Risk management approach

Like various players in the industry, the Group's development strategy targets a steady reduction in the TCO of applications operating with battery systems, in order to make them increasingly competitive compared with those that run on fossil fuels or alternative energies. The steady fall in the price per kWh, which is one of the Group's achievements and a permanent objective for these key applications (particularly for buses), has fostered a growing awareness among customers those electric vehicles are more attractive than gas or diesel vehicles.

In addition, the tax policies of many governments remain unfavourable to fossil fuels for the time being, and the increasing restrictions on the circulation of so-called polluting vehicles in urban areas are inevitably leading more and more actors to move away from fossil fuels. Moreover, the development of alternative energies such as hydrogen is currently less advantageous for the segments targeted by the Group, given the complexity, risk and cost of the necessary infrastructure. It is important to note that hydrogen-powered buses with fuel cells also require battery systems. For example, the Group is the exclusive supplier of battery systems for one of Europe's leading hydrogen bus companies. Finally, the reduction in maintenance costs and the extension of battery life provide additional opportunities for electric mobility.

3.1.3 Risks related to Group's business activity

Risk related to production plant operation*

Description of the risk

The Group develops and produces its battery systems at its five production plants in Europe (France, Poland), in Asia (China, India) and in North America (United States). The latter will be operational in 2024. Risks related to (internal) operational factors could more or less permanently disrupt production.

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

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

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

Besides, the Group may be subject to labour disruptions, in particular strikes, walkouts, industrial action or other social unrest, which could disrupt its business and have a material adverse effect on its image, business and results. Historically, France experiences a significant number of strike hours each year. In the various countries where its production plants are located, the Group, in accordance with its principles of action and its concern for labour relations, is party to collective agreements resulting from negotiations with social partners, some of which are entered into for a fixed period and therefore subject to regular renegotiation. These negotiations have in the past created, and could in the future create, social tensions, including strikes, when it is difficult to find terms and conditions acceptable to each party in new agreements with labour representatives. Labour negotiations, and in particular the negotiation of the above-mentioned collective agreements or periodic salary negotiations, are likely to increase operating costs due to the payment of higher salaries or benefits in kind or in cash.

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

Finally, the Group does not own but leases its production plants and could be unable to renew its leases on acceptable terms.

All the factors described above could have a material adverse effect on the Group's business, results, financial position and outlook.

Risk management approach

The Group has adopted a business continuity plan in order to best respond to the operational risks identified. This plan is regularly updated. The Group's production plants are equipped with alarms and sprinklers at the Chasseneuil-du-Poitou plant, which were developed in conjunction with the Vienne Departmental Fire and Rescue Service (SDIS86) to handle potential fires. The Group has also taken out an industrial multi-risk insurance policy, providing cover for all its sites.

As for its leases in China, the Group has extended the two current leases. The main lease is due to expire at the end of February 2026, with a 2-month early exit clause. The lease for the site extension is due to expire at the end of January 2025, with a possible extension to the end of June 2025. At the same time, the Company is in the process of finalising a new lease with the same lessor for its future site, which is scheduled for mid-2025. The lease for the Poitiers site expires on August 31, 2033. In Poland, the lease is renewable every three years. The renegotiation of this lease was undertaken early by the Group. The next expiry date is January 31, 2028. In India, the Group has directly taken over the lease for a period of 5 years. The next expiry date is September 30, 2028. The Indian subsidiary has an ad hoc domiciliation contract in Delhi for a period of 6 months, tacitly renewable for further 6-month periods. In Japan, the Group has two current leases: a lease for technical premises in Kawasaki City until June 18, 2024, tacitly renewable for one-year periods, and a "Wework" contract in Yokohama until March 31, 2024, tacitly renewable on a month-by-month basis. Lastly, in the United States, the production site will be operational in 2024 with a lease expiring on January 31, 2033.

In addition, in accordance with legislation and its human resources management policy, the management team is engaged in regular social dialogue with employee representatives in order to maintain a serene social climate and prevent the occurrence of identified risks. This policy is also an asset used by the Group to attract new talent and to keep strengthening its teams in a quest for excellence.

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

Risk description

The Group's business and results depend primarily on its ability to maximise the use of its industrial facilities in order to achieve an optimum production level. As a result of these operating conditions and despite the expert design of its battery systems and operation of its production plants, the Group could face unforeseen production stoppages, for example following power supply interruptions, inflation or shortages of raw materials and electronic and microelectronic components, malicious attacks, terrorism, natural or exceptional events or cases of force majeure.

Raw materials (including raw materials needed by the Group's battery cell suppliers, in particular lithium and/or cobalt, which are key raw materials for the production of lithium-ion cells) are sourced primarily from countries located in emerging markets, some of which are experiencing unstable political and economic conditions. The Group is therefore exposed to the risk that raw materials required for the battery cells used in its products may not be available from suppliers at the required quality, quantity and timeframe and, consequently, that the products the Group needs may not be available. Specifically, geopolitical instability in the countries where the raw materials are sourced could lead to lithium battery shortages.

In addition, trade disputes between certain countries such as the United States and China and certain European countries (including France) could in the future lead to an increase in tariffs applied to certain goods, including raw materials and components used in the production of battery systems, which could negatively impact the acquisition costs of components.

Additionally, the Group's facilities are exposed to risks related to natural disasters. The inability for a production plant to resume deliveries quickly following a natural disaster, or the various costs and constraints related to repairs or temporary remedial measures, could have a material adverse effect on the business, financial position, results and outlook of the Group.

Risk management approach

The Group has a business continuity plan in place which sets out the alternative solutions needed for its operations to continue. To mitigate raw material supply or inflation risks, the Group's policy is to maintain a high level of inventory for key components at its main production plants. The Group has also initiated a strategy of sourcing standard products as well as dual sourcing in order to reduce dependence on its suppliers and to obtain even better prices.

In addition, the Company secures its supplies of NMC cells, of which cobalt is a component, from several suppliers in South Korea, China and Europe through strong partnerships. In addition, the Company is already implementing battery systems based on other cobalt-free chemistries.

The risk of a shortage of raw materials is limited by the fact that major lithium deposits have recently been discovered around the world, some of which have not yet been exploited in Europe. Cobalt is used in relatively small quantities in the production of its batteries.

In addition, the availability of raw materials has increased as a result of increasingly widespread recycling practices.

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

Risk description

The Group's sales are made to various industrial customers in a wide range of sectors such as public transport, the rail industry, professional tools, medical facilities. However, a significant portion of the Group's sales are made to certain strategic customers. The Group's sales to customers individually making up more than 10% of its revenue accounted for 67.5% of the Group's consolidated revenue for the year ended December 31, 2022, and 75.5% of the Group's consolidated revenue for the year ended December 31, 2023.

Dependence on a limited number of customers could make it difficult to negotiate attractive prices for the Group's battery systems and could expose the Group to decreased revenue if a strategic customer stopped buying from the Group, reduced (or postponed) its orders, or failed to place additional orders. The Group's ability to maintain and develop close relationships with its strategic customers is essential for its growth. In this respect, the Group's success depends on the willingness of its existing customers to continue using its battery systems and on the integration of its batteries into their product ranges. As the Group's customers expand their product ranges, the Group aims to become the leading supplier to their fleets. To ensure the acceptance of its products, the Group must constantly develop and introduce more powerful batteries with longer lifespans.

Besides, the Group's success and its ability to increase its revenues and then become profitable also depend on its ability to identify target customers and convert these contacts into significant orders, in order to diversify its sources of revenue. The order backlog is based on actual purchase forecasts as discussed with clients, however such forecasts are not binding purchase commitments. In addition, the Group's assessment of the probabilities that the order backlog will be converted into orders may not be appropriate. As part of the development of a new vehicle line, battery systems are delivered to customers based on a prototyping phase, during which customers assess whether the battery systems meet their performance requirements before they commit to firm orders. These trials may not be conclusive and may not lead to the acquisition of new customers. As a result, the order book may not lead to corresponding future revenues and actual sales may, in fact, be significantly lower than what the order book suggests at the date of this document. Moreover, lithium-ion battery cells generally have a limited lifespan. If customers do not convert their projections into firm orders, the Group might have a larger number of battery cells in stock, which could lead to reduced warranty periods or impairment of the value of the inventory.

If the Group is unable to meet its customers' performance requirements or industry specifications, retain existing customers or convert initial test deployments into firm orders, it could have a material adverse effect on the business, results, financial position and outlook of the Group.

Risk management approach

To mitigate this risk, the Group continually seeks to diversify its customer portfolio so as not to be dependent on a single customer or on a limited number of customers. At the same time, it has a general strategy that aims to balance its business portfolio (notably by growing its exports). In addition, the Group has forged close ties with its major customers over the years and has succeeded in having a pioneering and guiding role in the transition of those customers to electric mobility. This strategy is reflected in the loyalty demonstrated through partnerships with leading industry names.

The Group's continued support and guidance for those customers just as the market was starting to develop gives it a unique first-mover advantage compared with competitors who have entered the market more recently. Furthermore, the design of some products of the Group's customers, for example in the bus segment, is directly linked to the technical specifications of the battery systems developed by the Group. This ensures a long-term relationship with these customers, generally lasting for several years, until the production cycle of the models they have developed comes to an end. In addition, the Group's reputation, maturity, international presence and significant research and development effort all reduce the risk of it losing customers, since there are very few competitors that have characteristics resembling those of the Group. Moreover, the Group's presence in different market segments with different cycles and market reactions naturally de-risks the Group's portfolio while allowing it to seize opportunities in intermediate segments. Finally, the Group's international presence enables it to meet the needs of some customers to have international production and development platforms for global projects. In the medium term, the Group forecasts that sales to its top ten customers will represent around 50% of the Group's consolidated revenues.

Risk related to the Group's dependence on its suppliers

Risk description

As of the date of this document, the Group sources its lithium-ion cells, containing materials such as cobalt, from a limited number of suppliers, but has begun to qualify cells and modules from alternative suppliers (where possible). For example, the Group's top two suppliers accounted for, respectively, 26% and 23% of the raw materials and components used to produce its battery systems for the year ended December 31, 2022, and 28% and 25%, respectively, for the year ended December 31, 2023. The Group's top ten suppliers accounted for 54% and 78%, respectively, of the raw materials and components used to produce its battery systems for the year ended December 31, 2022, and the year ended December 31, 2023.

The Group's battery cell suppliers have significant influence in the market and can prioritise which customers they supply battery cells to as global demand for battery cells currently exceeds available supply. The Group could therefore find it difficult to replace one supplier with another, to increase the number of its suppliers or to change one component for another in a timely manner, or at all, due to an interruption or delay in supply or an increase in demand in the industry as a whole.

If the Group did not meet the requirements of its battery cell suppliers (e.g., with respect to payment deadlines), they could decide to stop supplying all or certain types of battery cells. If this should happen, the Group would have to source cells from another supplier, which could prove difficult or, in some cases, impossible, particularly in the case of specialised battery cell products. If the Group were to replace a battery cell supplier's products in one of its battery systems, it could take time to go through all the processes required to qualify the Group's products with a new supplier before it could restart mass production of that battery system with different battery cells.

Also, a limited number of the Group's suppliers are themselves dependent on a single supplier or a limited number of suppliers for certain key raw materials, parts and components used to manufacture and develop the Group's products. For example, the Group's battery cell suppliers may not be able to meet the Group's quantitative and qualitative requirements for battery cell specifications and volumes, and the Group may be unable to find alternative supply sources at an acceptable cost, in adequate quantities or deliverable on a timely basis.

Any future inability to obtain sufficient quantities of high-quality raw materials, semi-finished products or manufacturing equipment at competitive prices and on a timely basis, due to global supply and demand or a dispute with a supplier, could delay the Group's production of battery systems, hinder its ability to fulfil existing or future orders and harm its reputation and profitability. As the Group is not directly exposed to price fluctuations, but through its purchases of cells, its performance may be indirectly, but potentially significantly, affected by fluctuations in raw material prices, and may continue to be so in the future.

Risk management approach

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

The Group is currently studying the possibility of setting up payment arrangements with other suppliers to obtain longer payment terms.

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

Risk description

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

The Group could therefore be confronted in the future with possible (downward) pressure on prices. Consequently, if the Group is unable to compensate for any decrease in its sales prices by (i) developing new or innovative products at higher sales prices or margins, (ii) increasing its sales volume or (iii) reducing the cost of materials required to manufacture its battery systems, this could have a material adverse effect on its business, results, financial position and outlook.

Risk management approach

To minimise this risk, the Group continually seeks to optimise the cost of its products by optimising purchases, by designing new, more attractive models and by continuously improving its manufacturing process. Additionally, price adjustment procedures have been put in place to adapt tariffs to market fluctuations.

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

Risk related to the failure of products marketed by the Group

Risk description

Due to the technological complexity of the battery systems the Group manufactures, it cannot guarantee that its customers will not experience failures or difficulties related to the quality of its products. The Group's battery packs and modules incorporate lithium-ion cells. However, these can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells. Although the Group's battery packs and modules are tolerant of single-cell failures and, therefore, designed to contain the release of energy from a single cell without spreading to neighbouring cells, a failure could occur in the field or during battery pack testing.

For example, Unu GmbH, a scooter manufacturer, requested that an expert appraisal be performed on the batteries supplied by the Company to determine whether they had been defective and could have caused various fires. Such a finding could expose the Group to product recalls or redesign efforts, which could be time-consuming and expensive. At the date of this document, legal proceedings are under way in respect of this dispute (see section 2.12 of this document).

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

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

Although the Group has developed processes to anticipate technological defects in its products (through the development of tests) or, if necessary, to respond to product returns and implement the necessary corrective measures if a defect is identified, it may be unable to detect and remedy all defects affecting products sold and to manage difficulties related to the return of defective products.

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

Risk management approach

The Group has established a quality control system at different stages of the production chain. Numerous controls are carried out to minimise the possibility of technical failure. These controls are based on the wealth of experience accumulated by the Group and are reinforced in the event of further failures.

The Group has decided to set up an 'After-sales and Customer Satisfaction' department, whose VP 'Aftermarket' is a member of the Group's Executive Committee, to ensure a rapid response in the event of a defect for which the Group is found to be responsible. This much-strengthened department has an on-site after-sales service team to handle complaints and product returns, and is organised to travel to the cities where its battery systems are used, if necessary, in order to respond as quickly as possible to any failures (in the case of the bus business, for example). In addition, in connection with this first after-sales service, the organisation of the 'After-sales and Customer Satisfaction' department enables an in-depth study of the causes of product failure if necessary, going back to the cause and thus making it possible to identify whether the responsibility lies with the customer (non-compliant use with the characteristics sold) or with the Group. Finally, this new department also includes teams of experts who intervene before the first deliveries of new products to ensure that the corrections made during previous incidents are integrated into the new versions of products and the new generations of products, as well as to prepare all the documentation relating to the new products - the "user guide" and the "maintenance manual", to name but the best known.

Finally, the Group also has insurance coverage and regularly reviews its financial risks by setting aside the provisions it deems more appropriate.

3.1.4 Risks related to the Group's strategy

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

Risk description

The Group has experienced a growth in its business activity over the past few years, from consolidated revenue of EUR 111,018 thousand for the year ended December 31, 2022, to EUR 171,238 thousand for the year ended December 31, 2023, and has recorded an average annual growth rate of 44% over the 2016-2023 period. This growth has been accompanied by an internationalisation of its activities, with for example the launch of a new plant in the United States. The Group intends to accentuate this trend by pursuing an active international business expansion strategy (see section 2.2 of this document).

The Group's growth strategy depends partly on its ability to develop new products, which should require it to use its cash flow from sales as well as external financing. The Group cannot guarantee that cash flow from sales will be sufficient or that additional financing sources will be available, in particular on favourable terms, to enable it to implement its growth strategy. If cash is not allocated appropriately among the various projects, or if a Group initiative proves unsuccessful, the Group may not achieve its break-even objective (break-even adjusted EBITDA) by 2024 and may be forced to delay or reduce its growth strategy, which could have an adverse effect on its business, financial position, results and outlook.

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

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

Risk management approach

The Group has been built over the past twelve years and has therefore developed a corporate culture which allows it to take a relaxed approach to growth, whether external or internal, from a financial and operational point of view. For example, the new Indian site launched in the midst of the COVID-19 pandemic swiftly became operational owing to the use of smart glasses, which allowed the Asia region (based in China) to set up production lines and train Indian teams remotely, travel being impossible due to the pandemic. This experience allows the Group to anticipate the steps involved and be selective in the choice and timing of future expansion plans.

To ensure the adequacy of, on the one hand, its technological and human resources and its operational processes and, on the other hand, the significant expansion of its business, the Group adopts and regularly acts on various measures that are regulatory monitored:

- a long-term human resources management plan (*Gestion Prévisionnelle des Emplois et Compétences*, or GPEC, and a talent review process) targeting candidates with high value-add to ensure a sufficient skills level;
- steering committees to review the achievement of targets assigned to ongoing projects and to prioritise action plans;
- business reviews;
- trainings to all employees throughout their career to ensure a high level of expertise.

Moreover, the Group ensures that its operating and reporting procedures and controls are sized appropriately for the growth of its business, thereby enabling information, particularly financial information, to be processed exhaustively and appropriately.

In addition, it should be noted that the current production capacity of the Group is sized to generate substantially higher revenue than that generated at present which will ensure part of its future growth.

At the same time, the Group's organisational model—with both a regional structure (two regions currently, with Europe and Asia; three in the future with America), in addition to support functions—allows new production lines and global sites to be established quickly.

Finally, certain production lines are currently being standardised which will deliver economies of scale in the future and allow even greater use to be made of the know-how developed.

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

Risk description

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

In the event of an accident or the departure of one or more executives and key persons, the Group may be unable to replace them quickly, which could affect its operational performance. Indeed, the demand for engineers with experience in manufacturing batteries exceeds the number of people available, and the competition to attract and retain these employees is high. This competition is likely to intensify if the battery systems market continues to grow as expected, which may require more compensation for current employees over time.

Furthermore, in the event that its managers, founder or key employees join a competitor or start a competing business, the Group could be adversely affected.

In addition, the development of Group activities requires the acquisition, maintenance and renewal of skills in line with market developments and expectations. Due to the highly technical nature of the Group's battery systems, the Group may struggle to find qualified candidates, train its personnel in the technological solutions offered by the Group or recruit and train the necessary managers in the geographical areas or business segments in which it operates or wishes to develop.

Moreover, during periods of strong growth, the Group could encounter difficulties in recruiting and retaining qualified personnel on economically beneficial terms for the Group, representing a risk of higher salary costs and a decline in the quality of the products it develops.

If the Group fails to meet these human resource challenges, which are a key factor in its development, this could have a material adverse effect on its business, financial position, results and outlook.

Risk management approach

The Group has an organisation in place to ensure the continuity of its business in the event of the prolonged absence of one or more of its key members.

The Group places great value on its human capital, and has put in place a number of measures to limit the risk of retaining experienced employees. It has therefore set up an evaluation process for all its employees to identify so-called "high-potential employees at risk". In addition to this "talent review" process, support measures have also been taken to secure the retention of these key profiles.

In addition, in order to minimise the risk related to the management teams, the Group is currently in the process of setting up succession plans for the Group's executives and key managers.

The introduction of a matrix organisation (region/function) in May 2020, together with the ongoing process of improving its tools, will also enable the Group to secure the functioning of its operations and the smooth flow of information, know-how and skills.

Furthermore, for years the Group has kept up its communications efforts so as to maintain and increase its profile with third parties and potential candidates who might be interested in joining the team. For example, the work done by the Group on its ESG plan and the very nature of its business, by helping to reduce global warming, naturally allow it to attract talents focused on these issues. This is particularly the case for young graduates.

3.1.5 Market risks

Liquidity risk

Risk description

The Group faces liquidity risk, i.e. a risk that the Group may not be able to meet its financial obligations inherent in the pursuit of its business, given the financing needs of the development of its business.

Forsee Power carried out a review of its liquidity risk with regard to the following elements:

- The level of available cash at December 31, 2023, which amounts to €25.9 million, mainly consisting of funds obtained during the capital increase in cash of approximately €49.3 million carried out on May 9, 2023 and by the drawdown of €10 million from Tranche C of the EIB loan in December 2023.
- As a reminder, a financing agreement with the EIB has been signed in December 2020, making available a loan of €21.5 million (Tranche A), of €8.5 million (Tranche B) and two new financing lines (Tranche C), both with bullet repayment of the principal five years after the drawdown date. Tranche A and Tranche B of the financing agreement were used and repaid for Tranche B only. Tranche C for €10 million is subject to covenants concerning the level of revenue that the Group had already achieved by the end of the 2020 financial year. Tranche C of €10 million is also conditional on the completion of a €10 million capital increase by one or more shareholders, which was carried out in November 2021 with the Company’s IPO. Tranche C was thus draw-downed on December 4, 2023 with respect to these two conditions.
- 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.
- In addition, the Group has a new non-recourse factoring program signed on December 21, 2023 with the Company Facto France. This new factoring contract covers an open-ended, uncapped exposure up to the amount insured by the credit insurer. This new factoring contract replaces the factoring contract signed with HSBC Factoring France. The first sales of trade receivables under this new factoring contract took place in January 2024.

In addition, by experience, the banks and financial partners have consistently supported the Group in its organic growth and financing needs.

The company's shareholders have always provided financial support for its financing. The Group has thus benefited from several shareholder loan injections and financial recapitalizations in previous years.

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

Given these elements, the Group, in its opinion, has sufficient financial resources for the next 12 months.

The aim of the Group is therefore to make sure that it always has sufficient funds to meet its liabilities as they fall due.

See note 7.15.2 "Liquidity risk management" to the consolidated financial statements in this document.

(EUR thousand)	December 31, 2023	December 31, 2022
Overdraft authorisation	0	0
Subtotal credit facilities (a)	**0**	**0**
Cash and cash equivalents	25,902	31,014
Bank overdrafts – Cash liability		0
Net liquidity (b)	**25,902**	**31,014**
Total liquidity position (a) + (b)	**25,902**	**31,014**

Risk management approach

Since its inception, the Group has financed its growth through successive capital increases, shareholder loans contributions and borrowings.

The Group's banks and financial partners regularly support its organic growth and financing requirements.

Exchange rate risk

Risk description

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

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

Risk management approach

The Group occasionally takes out currency hedges (forward contracts) on the U.S. dollar ($) and Japanese yen (¥) to limit the exchange-rate risk involved in settling invoices with certain foreign suppliers. Forward contracts are individually subscribed in notional amounts for the amount of the supplier debt, in the same currency and with the same maturity as the supplier debt. As of the date of this document, the Group does not hold any trading derivative instruments. The Group assesses its foreign exchange risks on an annual basis and is also working on balancing its currency flows organically, as part of its negotiations with its customers and suppliers. Thus, a portion of the costs generated in USD and in Yuan (RMB) is hedged by payments received in the same currency, thereby reducing the associated foreign exchange risk. Transactions in other currencies are considered marginal at the Group level as of the date of this document.

Credit and/or counterparty risk

Risk description

Counterparty risk is the risk that a party to a contract with the Group fails to meet its contractual obligations, leading to a financial loss for the Group, in a context where the contribution of customers which individually represent more than 10% of the Group's revenue is 75% at December 31, 2023. The Group is exposed to credit risk in the event of late payment by customers or in the event of default by one of its customers. It endeavours not to become or remain dependent on them by seeking to diversify its customer base and growing its exports. The following table summarises the Group's net receivables position at December 31, 2023 and 2022:

(EUR thousand)	**December 31 2023**	**December 31 2022**
Trade receivables	27,606	17,483
Impairment of trade receivables	(527)	(1,522)
Accounts payable – Advances and prepayments	6,760	3,870
Total	33,839	19,831

Trade receivables as of December 31, 2023, were as follows:

(EUR thousand)	**December 31, 2023**
Trade receivables	**27,606**
Not past due	23,389
Due	4,217

If its customers' solvency were to deteriorate, the Group could face an increased risk of default on its trade receivables. For example, if a customer were to experience financial difficulties or become insolvent, the Group might be unable to collect outstanding payments, which would result in its receivables being written off. Significant or recurring delays in the receipt of payments, or incidents of bad debts, could have a material adverse effect on the business, financial position, results of operations and outlook of the Group.
See note 7.15.1 to the consolidated financial statements in section 4.3 of this document.

Risk management approach

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

The Group has also used, within the limits set by its financial partners on a total basis and per customer, non-recourse deconsolidating factoring systems, which enable it to shed part of this risk.

Interest rate risk

Risk description

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

The Group has limited direct exposure to interest rate risk, given that its long-term financial liabilities are fixed rate.

However, as the Group has significant future financing needs, this rise in interest rates is likely to have an impact on its ability to raise financing in equity and debt markets.

Risk management approach

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

3.1.6 Regulatory and legal risks

Risk linked to the regulations applicable to electric vehicles

Risk Description

The Group's battery systems are subject to numerous local, national and supranational laws and regulations in the jurisdictions in which it operates and markets its products.

A change in, or tightening of, the regulatory measures applicable to the Group's business activities, stricter enforcement, a conflict between the laws and regulations adopted by different countries and/or a change in their interpretation by the competent authorities, could result in potentially significant additional compliance costs or investments. This could include legislation on environmental liability, such as the environmental regulations relating to Facilities Classified for Environmental Protection (ICPEs) and Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), which could affect the Group's prices, margins, investments and business activities, especially if those changes lead to significant or structural changes in the battery market liable to affect the battery's e-mobility market share, production volumes or production costs.

In addition, the entry into force of new standards, such as those relating to battery recycling, could result in additional costs or logistical constraints for the Group.

The Group's battery systems are used as components in electric vehicles. However, all electric vehicles sold must comply with the applicable national and international motor vehicle safety standards, which vary from jurisdiction to jurisdiction. In the event that the regulations change or become stricter, the components or vehicles in which they are incorporated may not comply with applicable international, governmental or local regulations, which could have an adverse effect on the Group activities and the Group's customers, vehicle manufacturers, could find themselves unable to meet automotive standards.

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

The occurrence of one or more of the above events could have a material adverse effect on the Group's business, results, financial situation and prospects.

Regulation of batteries and accumulators

Directive 2006/66/EC of the European Parliament and of the Council of 6 September 2006 on batteries and accumulators and waste batteries and accumulators prohibits selling batteries and accumulators containing substances considered to be hazardous and lays down specific rules for the collection, treatment, recycling and disposal of waste batteries and accumulators. This Directive introduces "extended producer liability" for batteries and accumulators.

Producers of batteries and accumulators must be entered on a register maintained by the French agency for the environment and energy management ("ADEME").

Furthermore, on December 10, 2020, the European Commission proposed a set of measures to define a new regulation on batteries in order to modernise EU legislation; these regulations were passed in August 2023 and replace Directive 2006/66/EC of 6 September 2006 (refer to section 1.5.1 for more details).

In addition, the Group has seen growth in the sales of battery systems, particularly since 2017. Given that the batteries have a life span of between 8 and 15 years, depending on the technology used or the type of vehicle in which they are installed, the Group expects the first series of end-of-life batteries to be returned to it progressively beginning in 2025. The Group designs its battery systems and conducts studies with a view to repurposing its batteries, particularly in stationary energy storage (residential, utilities, etc.) or in collaboration with actors in the recycling sector. However, as of the date of this document, the Group does not have industrial experience in repurposing or recycling batteries and cannot predict with certainty the exact volume or timing of the first battery returns. The Group's inability to repurpose batteries or accurately predict the volume and timing of battery returns could have a negative impact on its business or reputation.

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

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

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

Regulation of electrical and electronic equipment and the associated waste

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

Risk management approach

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

3.1.7 Risks related to the effects of climate change

Risk description

The Group is potentially impacted by the effects of climate change and is implementing measures to reduce them through a CSR strategy in all parts of its business (see the Non-Financial Performance Statement in chapter 5). These risks are operational, i.e. related to the physical impacts of climate change.

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

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

Risk management approach

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

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

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

3.1.8 Business ethics and compliance

Risk description

Actions by the Group as a legal entity, its employees or third parties acting in its name and/or on its behalf, which are unethical or do not comply with the laws and regulations applicable in the various geographies where the Group operates, in particular with regard to corruption or fraud, may expose Forsee Power to criminal and civil liability and damage its reputation and shareholder value.

Risk management approach

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

Therefore, to achieve an ethical and transparent working environment, the Group has established several rules and guidelines for employees and other external stakeholders. The Group's code of conduct is distributed to all employees in France, China, Poland and India. Group employees are required to sign and comply with the code of conduct. This code includes not only all of the Group's internal policies and procedures, but also a summary of the Group's values and commitments. During the last financial years, the Group established an anti-corruption policy and an IT security policy as well as procedures for the protection of personal data (these measures are detailed in the NFPS in chapter 5 of this document).

The Group also continues to anticipate the regulatory obligations applicable to it as a result of its growth by implementing the main pillars recommended by the French Anti-Corruption Agency (AFA), in particular the first pillar, namely the commitment of the management team to a culture of zero tolerance in terms of breaches of probity.

3.1.9 Insurance and risk management

As of the date of this document, the Company has put in place a policy of covering the main insurable risks with amounts of coverage that it considers compatible with the nature of its business. The Company does not foresee any particular difficulties in the future in maintaining adequate levels of insurance coverage within the limits of available funds and market conditions. In summary, the main insurance policies taken out by the Company are as follows:

Insurance type	Insurance provider	Companies covered	Object
Credit insurance	Atradius	Forsee Power SA	Coverage: loss incurred as a result of Insolvency and Presumed Insolvency of your customers Purpose: covers export trade receivables within the limits of the agreements issued by the insurer. Limit of liability €6,750,000.
Civil liability	Axa	Forsee Power SA and all its subsidiaries	Coverage: Total amount of coverage for operating liability/product liability of €10 million per claim Purpose: covers all risks arising from the operation of the activities of Forsee Power and its subsidiaries as well as those arising from products, equipment, works and/or services delivered or performed. Note 1: a dedicated Cyber policy covering Forsee Power SA and all its subsidiaries has been taken out with Chubb for a total limit of €2m per claim. Note 2: Forsee Power Inc. has a specific civil liability policy in the absence of sales in 2023. Integration into the Group's master policy is planned for 2024.
Industrial Multirisk	Generali	Forsee Power SA	Coverage: Total amount of coverage for rental risks of €43 million (property damage) Purpose: covers all Forsee Power SA sites as well as third-party sites storing goods belonging to Forsee Power SA NB: the sites of the Chinese, Polish, North American and Indian subsidiaries are insured under local insurance policies of the same type as that described above
Officers' liability (RCMS)	Chubb	Forsee Power SA and all its subsidiaries	Coverage: Global guarantee amount of 5M€ per insurance period Purpose: Covers all legal executives, i.e. any natural person, executive or corporate officer, regularly invested by French or foreign legislation and/or by the articles of association in one or more management, representation, control or supervisory functions within the group.
Transport (multi cargo)	Helvetia	Forsee Power SA and all its subsidiaries	Coverage: €1.5 million per means of transport and per event Object: covers all goods entrusted, stored or transported on its own account worldwide

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

3.2.1 Management of the accounting and finance organisation

3.2.1.1 Organisation of the accounting and finance function

Limited number of accounting entities

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

Centralised management of the accounting and finance function

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

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

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

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

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

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

The Board of Directors exercises control over the accounting and financial information. It reviews and approves the interim and annual financial statements. It is supported by the Audit Committee described in paragraph 6.1.2.5 of chapter 6 "Corporate governance report" of this document.

3.2.1.2 Organisation of the accounting information system

Accounting

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

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

Accounting rules and methods

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

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

3.2.2 Preparation of published financial accounting information

3.2.2.1 Reconciliation of accounting data from the internal management system

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

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

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

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

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

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

3.2.2.2 Procedure for the preparation of financial statements

Each company prepares a financial statement at least quarterly.

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

3.2.2.3 Financial statement approval process

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

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

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

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

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

3.2.2.4 Financial communication

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

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

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

4

FINANCIAL STATEMENTS AND STATUTORY AUDITORS' REPORTS*

4.1. Annual financial statements of Forsee Power SA as of December 31, 2022

4.1.1. Statement of financial position

	Statement expressed in euros	December 31, 2023 Gross	December 31, 2023 Amorti. And deprec.	December 31, 2023 Net	December 31, 2022 Net
	Uncalled subscribed capital (I)				
FIXED ASSETS	**INTANGIBLE ASSETS**				
	Start-up costs				
	Development costs	16,055,789	12,044,674	4,011,115	6,311,368
	Concessions, patents and similar rights	3,072,136	2,281,625	790,512	942,421
	Purchased goodwill (1)	8,621,237		8,621,237	8,621,237
	Other intangible assets	16,704,268		16,704,268	8,008,407
	Advances and payments on account				
	PROPERTY, PLANT AND EQUIPMENT				
	Land				
	Buildings				
	Technical installations and industrial equipment and tools	17,045,891	10,553,879	6,492,012	4,199,556
	Other property, plant and equipment	2,064,937	1,531,649	533,288	2,280,892
	Assets under construction	2,387,638		2,387,638	1,900,987
	Advances and payments on account	1,018,129		1,018,129	748,120
	FINANCIAL FIXED ASSETS (2)				
	Equity-accounted investments				
	Other investments	6,777,555	2,324,808	4,452,747	6,737,140
	Receivables from equity investments	2,585,812		2,585,812	290,780
	Other long-term investments				
	Loans				
	Other financial fixed assets	804,658		804,658	693,847
	Total (II)	**77,138,051**	**28,736,634**	**48,401,416**	**40,734,758**
CURRENT ASSETS	**INVENTORIES AND WORK IN PROGRESS**				
	Raw materials and supplies	20,790,861	4,070,908	16,719,953	9,885,255
	Work in progress - goods	6,518,669	1,204,105	5,314,564	3,329,807
	Work in progress - services				
	Semi-finished and finished products	13,376,997	2,792,221	10,584,776	9,923,366
	Goods for resale	1,769,163		1,769,163	6,397,130
	Advances and deposits paid on orders	**1,922,858**		**1,922,858**	**1,296,431**
	RECEIVABLES (3)				
	Trade receivables	52,152,564	526,965	51,625,599	31,220,036
	Other receivables	21,155,476	4,058,631	17,096,844	7,714,542
	Subscribed capital called but not paid				
	MARKETABLE SECURITIES				
	CASH AND CASH EQUIVALENTS	**25,059,784**		**25,059,784**	**29,107,149**
ACCRUALS	Prepaid expenses	602,101		602,101	547,988
	TOTAL (III)	**143,348,472**	**12,652,831**	**130,695,641**	**99,421,708**
	Borrowing costs to be deferred (IV)	52,317		52,317	73,963
	Bond redemption premiums (V)				
	Unrealized foreign exchange losses (VI)	692,876		692,876	

TOTAL ASSETS (I to VI)	221,231,715	41,389,465	179,842,250	140,230,430
(1) of which leasehold rights				
(2) of which financial assets due within one year			-	81,205
(3) of which receivables due in more than one year			40,358	2,621,800

	Statement expressed in euros	December 31, 2023	December 31, 2022
SHAREHOLDERS' EQUITY	Share capital or individual capital	7,155,073	5,357,200
	Issue, merger and contribution premiums	177,659,117	132,910,920
	Revaluation adjustments		
	RESERVES		
	Legal reserve	129,057	129,057
	Reserves required by the bylaws or contractual reserves		
	Regulated reserves		
	Other reserves		
	Retained earnings	(80,657,307)	(50,672,002)
	Profit (loss) for the year	**(30,368,512)**	**(29,985,305)**
	Investment grants	104,349	337,056
	Regulated provisions		
	Total shareholders' equity	**74,021,777**	**58,076,924**
Other equity	Proceeds from issues of equity securities		
	Conditional advances		
	Total other equity	**-**	**-**
Provisions	Provisions for risks	519,352	689,719
	Provisions for charges	10,222,917	6,859,892
	Total provisions	**10,742,269**	**7,549,611**
LIABILITIES (1)	**FINANCIAL LIABILITIES**		
	Convertible bonds		
	Other bonds		
	Bank loans and borrowings	49,437,555	44,713,744
	Miscellaneous loans and financial debts	64,781	20,059
	OPERATING LIABILITIES		
	Trade payables	27,198,664	17,028,605
	Tax and social security liabilities	7,937,825	6,315,230
	Advances and deposits received on orders in progress	6,951,746	2,821,607
	OTHER LIABILITIES		
	Payables on fixed assets and related accounts		
	Other liabilities	704,086	684,219
	Deferred income (1)	2,617,669	2,284,880
	Total liabilities	**94,912,330**	**73,868,348**
	Unrealized foreign exchange gains	165,872	735,545
	TOTAL LIABILITIES	**179,842,250**	**140,230,430**
Net income for the year expressed in cents		(30,368,511.55)	(29,985,305.00)

4.1.2. Statement of income

	Statement expressed in euros	France	Export	December 31, 2023	December 31, 2022
		France	Export	12 months	12 months
OPERATING INCOME	Sales of goods	705	-	705	914,265
	Production sold (goods)	70,383,263	106,508,812	176,892,075	105,494,673
	Production sold (services and works)	485,240	3,043,772	3,529,012	1,840,158
	Net revenues	70,869,208	109,552,584	180,421,792	108,249,098
	Production transferred to inventory			1,513,135	6,551,352
	Capitalized production			8,963,531	3,977,675
	Operating grants			99,778	59,964
	Reversals of provisions, depreciation and amortization, and expense transfers			5,622,820	5,841,685
	Other income			1,553,629	2,601,955
	Total operating income (1)			**198,174,685**	**127,281,730**
OPERATING EXPENSES	Purchases of goods			1,573,974	2,207,937
	Change in inventories			3,419,959	(3,959,845)
	Purchases of materials and other supplies			150,970,578	94,389,930
	Change in inventories			(8,949,884)	2,106,354
	Other purchases and external expenses			24,423,243	18,050,474
	Duties, taxes, and similar payments			933,632	639,994
	Wages and salaries			20,478,870	17,277,244
	Employee social security contributions			8,870,167	7,531,581
	Operator's personal contributions				
	Operating charges				
	on fixed assets				
	-depreciation and amortization			6,857,666	6,924,998
	-provisions				
	On current assets: provisions			5,207,864	5,937,248
	For risks and charges: provisions			6,672,936	3,882,996
	Other expenses			1,963,872	2,213,887
	Total operating expenses (2)			**222,422,883**	**157,202,803**
	OPERATING PROFIT (LOSS)			**(24,248,197)**	**(29,921,072)**

Statement expressed in euros		December 31, 2023	December 31, 2022
	OPERATING PROFIT (LOSS)	**(24,248,197)**	**(29,921,072)**
Joint Oper.			
	Profit allocated or loss transferred		
	Loss incurred or profit transferred		
FINANCIAL INCOME	From equity interests (3)		
	From other securities and fixed asset receivables (3)		
	Other interest and similar income (3)	265,507	66,156
	Reversals of provisions, depreciation and amortization, and expense transfers		
	Foreign exchange gains	237,972	1,245,497
	Net income from sales of marketable securities	232,059	
	Total financial income	**735,539**	**1,311,653**
FINANCIAL EXPENSES			
	Depreciation, amortization and provisions	5,671,768	
	Interest and similar expense (4)	2,548,068	2,369,060
	Foreign exchange losses	258,866	876,256
	Net expenses on disposals of marketable securities	35,217	89,778
	Total financial expenses	**8,513,921**	**3,335,096**
	NET FINANCIAL INCOME (EXPENSE)	**(7,778,382)**	**(2,023,442)**
	CURRENT PROFIT (LOSS) BEFORE TAX	(32,026,580)	(31,944,515)
EXCEPTIONAL INCOME			
	On management transactions	214,943	
	On capital transactions		
	Reversals of provisions, depreciation and amortization, and expense transfers	337,056	
	Total Exceptional income	551,999	-
EXCEPTIONAL EXPENSES			
	On management transactions	117,343	118,960
	On capital transactions		
	Depreciation, amortization, and provisions		
	Total Exceptional expenses	**117,343**	**118,960**
	NET EXCEPTIONAL ITEMS	**434,656**	**(118,960)**
Employee profit sharing			
Corporate income tax		(1,223,412)	(2,078,170)
	TOTAL INCOME	**199,462,222**	**128,593,383**
	TOTAL EXPENSES	**229,830,734**	**158,578,689**
	PROFIT (LOSS) FOR THE YEAR	**(30,368,512)**	**(29,985,305)**

(1) of which income relating to prior years		
(2) of which expenses relating to prior years	66,868	43,494
(3) of which income relating to affiliated companies		
(4) of which interest relating to affiliated companies		

4.1.3. Notes to the annual financial statements

The following information is an integral part of these financial statements.

1. Company activity and highlights of the year

1.1. Identity and activity of the Company

Forsee Power SA, a French société anonyme (limited company), was incorporated on February 28, 2007, and registered with the Créteil Trade and Companies Register under number 49460548800068. Its shares began trading on compartment B of the Euronext Paris regulated market on November 3, 2021 under number FR0014005SB3.

Forsee Power S.A. is a company operating 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 construction equipment…);
- electric transport (buses, trucks, trams, rail transport) and electric energy storage (residential, commercial and industrial markets).

1.2. Highlights of the year

The main events of the financial year ended December 31, 2023 are as follows:

1.2.1. Launch of new ranges

Forsee Power has launched two new offerings of flexible, ultra-high energy density 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.

1.2.2. Business development

During 2023, the Group signed a number of contracts, including:

- Contract with Kawasaki to provide equipment for the Ninja and Z electric motorcycle models;
- Contract with Toyota to equip athletes' transport vehicles for the Paris 2024 Olympic Games;
- Contract with Skoda to equip electric trains with its high-power battery systems;
- Contract with Mathieu - Groupe Fayat to electrify sweepers and scrubbers;
- Contract with Kiepe to equip its drive trains with Van Hool 100% electric batteries.

The Group has also concluded the following partnerships:

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

1.2.3. 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 with a par value of €0.10 each. This capital increase is intended to finance the acceleration of the Group's commercial, industrial and technological development.

1.2.4. Drawdown of €10m on Tranche C of the financing contract with the EIB

On December 4, 2023, Forsee Power drew down €10 million of Tranche C from the financing agreement with the EIB signed in December 2020. The drawdown of this Tranche C was subject to the conditions precedent of a revenue level achieved by the end of the 2020 financial year and the completion of a €10 million capital increase, which was carried out in November 2021. The tranche C loan bears interest at 3% payable annually and capitalized interest at 1.5% payable at maturity when the principal is repaid in 5 years.
Drawdown of Tranche C is accompanied by the issue of 1,000 share subscription warrants ("BSA BEI Warrant E") giving access to 300,000 ordinary shares to be issued by the company.

Under the terms of the EIB 2020 Loan Agreement, the EIB benefits from collateral granted by the Company to secure its obligations. Thus, the Company has granted a pledge over its purchased goodwill (relating to its business of acquiring equity investments, acquiring and managing real estate assets and rights, and providing consulting, design, manufacture and marketing services for batteries and all associated accessories, at its principle place of business now located in Ivry-sur-Seine, and its secondary establishments located in Chasseneuil-du-Poitou and Ecully) and has agreed to grant, at the request of the EIB and prior to the release of Tranche A, a non-possessory pledge on its movable assets (excluding inventory), as security for its obligations under the EIB 2020 Loan Agreement and the related financing documents.

1.2.5. Search for financing

Management is also examining options for financing its growth strategy through debt (bank or otherwise), which could be deployed during 2024 to increase its financial flexibility. Expenses relating to research which had not been finalized at the time of closing are presented in financial income for an amount of €637 thousand at the end of 2023.

1.2.6. Expansion in 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 through opening this subsidiary is to provide after-sales service for its Japanese customers.

1.2.7. Changes in the NEoT Capital stake

On July 26, 2023, Forsee Power signed a Share purchase and investment agreement with EDF Pulse and Mitsui concerning the NEoT Capital stake.

On November 2, 2023, in accordance with this investment agreement, Forsee Power and EDF Pulse completed: the joint sale of their respective 4.01% stakes; authorized a cash capital increase of €3,500 thousand, fully subscribed by Mitsui; authorized individual investors to acquire shares in NEoT Capital; and approved a plan to grant free preference shares to NEoT Capital employees.

The completion of these transactions on November 2, 2023 led to a reduction in Forsee Power's stake from 50% to 33.21%.

Following the completion of these transactions, Forsee Power, EDF Pulse and Mitsui each hold a 33.21% stake in NEoT Capital.

1.2.8. Tax and customs audits

In the first semester 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. The disputed point relates to the rejection of the deduction of a provision of €3 million, which has an impact on the Company's tax loss carryforwards, which totaled €175.9 million at December 31, 2022. Management has decided not to contest this point. The company has sent the customs authorities the information requested as part of a customs inspection dated Jully 26, 2022. This information is currently being processed, but no notification has yet been received.

1.2.9. Dispute with Unu GmbH

On November 23, 2023, Forsee Power was informed that Unu GmbH had been placed in receivership before the Court of Berlin, Charlottenburg. A receiver was appointed. This German receiver will have to decide whether Unu GmbH should continue as a going concern and whether the ongoing legal proceedings should be maintained.

There were no significant changes in 2023 to the expert assessment summary proceedings and procedure on the merits initiated in 2021 before the Paris Commercial Court. In its deliberations of June 22, 2023, the court stayed the proceedings until the expert report had been submitted. As disagreements persisted over the content of the expert appraisals to be carried out, on November 22, 2023 Forsee Power referred the matter to the judge supervising the appraisals to order the experts to begin their expert appraisals without delay and to set a reasonable timetable. At the hearing on December 21, 2023, the judge supervising the appraisals ordered the judicial experts to begin their expert assessments, with a view to submitting their reports by the end of 2024.

In July, August, November and December 2023, Unu GmbH initiated new legal proceedings before civil courts in Germany, following proceedings initiated by the victims of various claims. These proceedings are similar to those initiated in 2022 before other civil courts in Germany.

The preliminary expert appraisal proceedings initiated in 2022 before the Lyon Court of Justice, and the legal proceedings initiated since 2022 before civil courts in Germany, continued in 2023.

2. Accounting rules and methods

2.1. Preparation of financial statements

The annual financial statements are prepared and presented in accordance with the accounting principles, standards and methods resulting from the 2014 General Chart of Accounts in accordance with regulation 2014-03, all subsequent regulations amending it, and the subsequent opinions and recommendations of the French National Accounting Board (CNC) and the Accounting Regulations Committee.

These financial statements were prepared using the same accounting principles and methods as of December 31, 2022.

General accounting conventions have been applied in accordance with the principles of prudence, going concern, consistency of accounting methods from one year to the next, and accruals, and with the general rules for preparing and presenting annual financial statements. The basic method used for valuing accounting items is the historical cost method.

2.2. Going concern

The annual financial statements as of December 31, 2023, have been prepared on a going concern basis taking into account the following items:

- The level of available cash at December 31, 2023, which amounts to €25 million, mainly consisting of funds obtained.
  - On the one hand, through the capital increase in cash of approximately €49 million carried out on May 9, 2023 as part of a new capital increase through public offering;
  - Secondly, through the drawdown of €10 million from Tranche C of the EIB loan.
- 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.
- In addition, the Group has several factoring programs: covering outstandings with an indefinite term and an uncapped amount up to the amount insured by the credit insurer) effective since January 2024, and a factoring contract included in a customer's reverse factoring program with the banking institution Banco Santander.

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

The Group's cash flow forecasts do not include the additional cash flows that would be generated by the implementation of these financing projects.

2.3. Principal accounting methods

2.3.1. Intangible assets

Intangible assets consist mainly of software, concessions and patents and similar rights, development costs and purchased goodwill.

Intangible fixed assets have been valued at their acquisition or contribution cost. They correspond to:

- software and patents amortised over 2-5 years;
- purchased goodwill;
- development costs amortized over 2 to 6 years for the relevant projects.

Amortization is calculated on the basis of the acquisition cost less any residual value. The residual value is the amount, net of expected disposal costs, that the Company would obtain from the disposal of the asset on the market at the end of its useful life.

At the end of the reporting period, the Company assesses whether there is any indication that fixed assets are impaired. When there is an indication of impairment, an impairment test is carried out by comparing the net carrying amount of the fixed asset with its current value. An asset's carrying amount is impaired when its current value is lower than its net carrying amount. The current value of an asset is the higher of its market value and its value in use to the Company.

2.3.2. Technical loss and purchased goodwill

Residual technical merger and dissolution losses were recognized in 2016. These are shown under the heading "Purchased goodwill" for a total gross amount of €8,621 thousand.

Their useful life is considered to be unlimited. As such, they are not amortized on a straight-line basis but, like other unamortised intangible assets, are tested for impairment on the basis of their current value each financial year. When the current value of this item is lower than its carrying amount, an impairment loss is recognized for the amount of the loss.

Goodwill	December 31, 2023
	In €
Industrial branch of UNIROSS BATTERIES	18,560
ERSE purchased goodwill	70,220
FORSEE POWER SOLUTIONS dissolution loss	6,988,128
FORSEE POWER SOLUTIONS merger loss	1,544,329
TOTAL	**8,621,237**

2.3.3. Development costs

The Company has opted to capitalise these development costs, which totalled €31,277 thousand in gross value at end-2023, including €952 thousand for assets commissioned in 2023. They gave rise to an amortization charge of €3,252 thousand for the financial year, or a net value of €19,232 thousand.

They consist mainly of personnel costs and expenses directly allocated to development and meet the following criteria:

- the technical feasibility of completing the intangible asset so that it can be put into service or sold;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the ability of the intangible asset to generate probable future economic benefits;
- the availability of appropriate resources (technical, financial and other) to complete the development and use or sell the intangible asset;
- the ability to reliably measure expenses attributable to the intangible asset during its development.

These development costs are amortized over the foreseeable life of the product, between 2 and 6 years, from the start date of mass production.

Other research and development expenses that do not meet the criteria set out above are recognized directly as expenses for the financial year.

2.3.4. Property, plant and equipment

Property, plant and equipment are valued at their acquisition or contribution cost.

Depreciation is calculated according to the expected useful life. The most commonly used useful lives are:

Fixed assets	Depreciation
Industrial equipment	5-10 years
Transport equipment	5 years
General installations and fittings	8-10 years
Office and IT equipment	3 years

2.3.5. Financial fixed assets

Equity investments and related receivables

The gross amount of equity investments is recognized at acquisition cost including directly related acquisition costs.

Receivables from equity investments mainly correspond to shareholder contributions made by the Company in the form of loans, directly or indirectly through intermediate holding companies, to its subsidiaries. They are recognized at their nominal amount.

An impairment loss is recognized at year-end when the subsidiary's equity is less than the carrying amount of the shares and the short-term prospects for recovery are uncertain. This impairment is first recorded on investments in equity securities before impairment of the related receivables. In the financial statements for the year ended December 31, 2023, an impairment loss of €2,234 thousand was recognized on the shares of Forsee Power India Private Limited and €3,438 thousand on the entire shareholder loan, due to the subsidiary's deteriorating financial position and uncertain outlook.

Other financial fixed assets

As of December 31, 2023, other financial fixed assets consisted of guaranteed deposits for €443 thousand, treasury shares held under the liquidity contract for €289 thousand and €72 thousand in cash (out of an overall cash and securities ceiling of €500 thousand).

2.3.6. Inventories

Inventories consist of raw materials, components (e.g. accumulators, electronic boards, electrical wiring, sheet metal parts), semi-finished products and finished products.

Inventories of raw materials and components purchased are valued at acquisition cost using the weighted average unit purchase cost method. This acquisition cost includes the purchase price as well as forwarding costs (logistics and customs clearance costs).

Inventories of finished goods are valued at production cost using the weighted average unit purchase cost method and include forwarding costs (logistics and customs clearance costs) as well as direct production labour costs. Financial expenses are not included in the valuation of inventories.

Inventories in transit correspond to purchases of materials and components, semi-finished or finished products for which transfer of ownership to the Company has taken place but which have not yet been received. These inventories are valued at acquisition cost.

Inventories are impaired to take into account the net realizable value of the associated products at the reporting date.

The impairment of inventory items (raw materials, components, semi-finished and finished products) is assessed taking into account both the prospects for the sale of a product according to its life cycle and changes in market selling prices (these selling prices are expressed in the battery industry in euros or currency per kWh). The impairment relates to semi-finished products, finished products and components that could not be used in the production of another range of batteries. This impairment reduces the value of the inventory to the net realizable value at which it is probable that a product will be sold or a component used. Accumulators (otherwise known as cells), low-turnover components, and certain finished products may, depending on the case, be fully impaired.

2.3.7. Operating receivables

Trade receivables are initially recognized at their nominal value and consist mainly of the difference between the invoiced revenues and the amounts received from customers, particularly in the case of advances paid.

Other operating receivables are also recognized at their nominal value.

Where appropriate, a provision is recorded to take account of any difficulties in collecting them. Provisions and reversals of provisions are calculated on a case-by-case basis and are not subject to a statistical provision.

The Company also has the following factoring contracts enabling it to finance its working capital requirement:

- A non-recourse factoring program: a transfer of the risks of late payment, non-payment and foreign exchange, and a limitation on the factoring company's recourse in the event of non-payment of guaranteed receivables.
  Receivables assigned without recourse (HSBC contract) and which are not financed at the closing, amounted to €3,573 thousand as of December 31, 2023.

  The non-recourse factoring contract (HSBC Factoring France contract) covers outstanding amounts with an indefinite term limited to €2,100 thousand for receivables denominated in euros and $2,900 thousand (divided between $200 thousand for receivables denominated in US dollars and $2,700 thousand for outstandings covering the export market).
- A new non-recourse factoring contract was signed with Facto France on December 21, 2023. This new factoring contract covers outstandings with an indefinite term and an uncapped amount up to the amount insured by the credit insurer. This new factoring contract replaces the factoring contract signed with HSBC Factoring France. The first assignments of trade receivables under this new factoring contract took place in January 2024.
- A factoring contract included in the reverse factoring programme of a customer (Heuliez Bus-IVECO-Case NewHolland) with a bank (Banco Santander) was set up with variable discount payment terms depending on the maturity of the receivable on the date of assignment to the factoring company. The discounted amount as of December 31, 2023 was €2,036 thousand.

2.3.8. Cash and cash equivalents

Cash and cash equivalents consist of closing bank balances as well as a term account of €1,650 thousand.

2.3.9. Foreign currency transactions

The 2023 financial statements are prepared in euros. Income and expenses denominated in foreign currencies are recognized at their equivalent value in euros at the date of the transaction. At the reporting date, receivables and payables denominated in foreign currencies are translated and recognized in the statement of financial position at the latest exchange rate, and the differences compared to the transaction amounts are recognized in the statement of financial position under "Unrealised foreign exchanges gains/losses".

Unrealised foreign exchange gains are not included in the accounting profit. Unrealised foreign exchange losses not offset by currency hedging are subject to a provision for risks of an equivalent amount.

2.3.10. Hedging transactions

Forsee Power occasionally takes out currency hedges (forward contracts) on the US dollar ($).

At December 31, 2023, the Group had hedges in US dollars ($) using two currency forward contracts in the amount of €3.4 million ($3.7 million) to hedge payments in the first half of 2024.

2.3.11. Provisions for risks and charges

A provision for risks and charges is recognized as soon as there is a probable or certain obligation, clearly specified as to its purpose, resulting from events that have occurred or are in progress, and making it probable that an outflow of resources will be made to third parties without at least equivalent consideration being expected from them, but whose due date or amount is not precisely fixed.

The amount provisioned is the best estimate of the expenditure required to settle the obligation at the reporting date, excluding any expected income. Each risk or expense is assessed on a case-by-case basis at the reporting date and provisions are adjusted to reflect the best estimate at that date.

As a producer of batteries, the Group is subject to the following legal and regulatory obligations:

- The obligation to repair or replace any defective element of the battery systems sold.

  This obligation is covered in the accounts by a provision for after-sales service (SAV) assessed on the basis of a percentage of revenues excluding extended warranty sales. This percentage was determined on the basis of both a benchmark and an estimate of probable repair costs weighted by a probability of return. Management will refine this estimate based on actual repair costs.

- The obligation to collect and process end-of-life batteries (European regulations on waste electrical and electronic equipment – WEEE).

  This obligation is covered in the financial statements by a recycling provision valued on the basis of items sold (by weight) and projected costs of recycling these batteries when they reach end of life.

2.3.12. Provision for retirement commitments

In terms of retirement commitments, an expense was recognized as of December 31, 2023, in respect of defined contribution plans.

In accordance with the latest amendment update to ANC recommendation 2013-02 of November 7, 2013, made on November 5, 2021, the Company has decided to adopt the new method for allocating entitlement to benefits under its defined benefit plans, under which compensation is only payable if the employee is employed by the Company on the date of retirement, and the amount of which depends on seniority and is capped at a certain number of years of consecutive service.

The basic assumptions (staff turnover rate, salary increase) for these calculations were determined according to the Company's forward-looking and historical policy.The assumptions used for the valuations consist of:

	December 31, 2023	December 31, 2022
Financial assumptions		
Discount rate	3.23%	3.86%
Rate of salary increase	2.20%	1.60%
Rate of social security charges for management	48.73%	49.00%
Rate of social security charges for non-management	36.98%	37.30%
Demographic assumptions		
Employee turnover under 35 years old	7.50%	7.50%
Employee turnover between 36 years old and 45 years old	5.00%	5.00%
Employee turnover over 46 years old	2.50%	2.50%
Retirement age for management	64 years	64 years
Retirement age for non-management	64 years	64 years
Mortality table	INSEE 2022	INSEE 2021

The discount rates used are obtained by reference to the rate of return on bonds issued by first-rate companies with a maturity equivalent to the duration of the plans evaluated, i.e. approximately 10 years. The rate was determined by considering market indices for AA-rated bonds available at the end of December 2023.

Sensitivity analyses of the commitment have been performed as of December 31, 2023 on the following key assumptions:

	Gross impact on commitments as of December 31, 2023	% of total commitments as of December 31, 2023
Discount rate		
Change in the discount rate of -0.25%	13	2.60%
Change in the discount rate of +0.25%	(13)	-2.60%
Turnover rate		
Change of - 1.00% in employee turnover	(65)	-13.00%
Change of +1.00% in employee turnover	55	12.45%
Rate of salary increases		
Change of -1.00%	59	11.80%
Change of +1.50%	92	18.40%
Retirement age		
Retirement at 63 years old	(17)	-3.40%
Retirement at 65 years old	39	7.80%

2.3.13. Operating liabilities

Trade payables and other operating liabilities are measured at the initial recognition date at the fair value of the consideration to be given. This value corresponds to the nominal value.

2.3.14. Revenues

Revenues are derived from the sale of goods and services and are valued based on the transfer of control (duty paid or ex-works).

The Company also sells extended warranties for certain products to some of its customers. The revenue is initially recorded as deferred income on the balance sheet, and recognized over time during the period covered by the extension.

The Company has no commitment to return or take back goods, except for legal and regulatory commitments to provide after-sales service and recycling.

2.3.15. Research tax credit

Research tax credits are granted to companies by the French government to encourage them to carry out technical and scientific research. Companies that can prove that their expenses meet the required criteria are entitled to a tax credit that can be used to pay the corporate income tax due for the year in which the expenses were incurred and for the three following years, or, where applicable, can be reimbursed for the excess portion.

The income relating to the research tax credit is presented as a deduction from the corporate income tax expense at its gross value.

Tax receivables related to the tax credit are presented under "Other receivables".

3. Property, plant and equipment and intangible assets

3.1. Property, plant and equipment and intangible assets at gross value

Statement expressed in euros		Gross amounts at start of year	Changes during the year				Gross amounts as of December 31, 2023
			Increases		Decreases		
			Revaluations	Acquisitions	Reclassification	Disposals	
INTANGIBLE ASSETS	Start-up and development costs (1)	15,103,576			952,213		16,055,789
	Concessions, patents and similar rights	2,809,672		262,464			3,072,136
	Goodwill	8,621,237					8,621,237
	Other intangible assets (1) (2)	8,008,408		9,648,073	(952,213)		16,704,269
	TOTAL INTANGIBLE ASSETS	**34,542,893**		**9,910,537**	**-**	**-**	**44,453,431**
PROPERTY, PLANT AND EQUIPMENT	Land						
	Buildings on own land						
	on third-party land						
	General installations, fixtures and fittings						
	Technical installations and industrial equipment and tools	11,234,242		3,184,584			14,418,826
	Other installations, fixtures and fittings	2,302,859		324,206			2,627,065
	Transport equipment	14,700		68,000			82,700
	Office equipment, furniture	1,844,997		137,240			1,982,237
	Recoverable and other packaging						-
	Property, plant and equipment in progress	1,900,987		486,651			2,387,638
	Advances and payments on account	748,120		270,009			1,018,129
	TOTAL PROPERTY, PLANTS AND EQUIPMENT	**18,045,905**		**4,470,690**	**-**	**-**	**22,516,595**

1) The gross value of capitalized development costs amounted to €31,277 thousand as of December 31, 2023, and corresponds to 30 projects, of which 25 are still in the development phase. As of December 31, 2022, the gross value of capitalized development costs amounted to €22,313 thousand and corresponded to 32 projects. In 2023, the capitalization of development costs in the amount of €8,692 thousand related to 22 projects, and the commissioning of assets totaling €952 thousand related to 4 projects.

2) Including €15,221 thousand of development costs in progress but not yet commissioned.

Purchased goodwill is comprised of the following items:

Goodwill	December 31, 2023 In €
Industrial branch of UNIROSS BATTERIES	18,560
ERSE purchased goodwill	70,220
FORSEE POWER SOLUTIONS dissolution loss	6,988,128
FORSEE POWER SOLUTIONS merger loss	1,544,329
TOTAL	**8,621,237**

This line-item purchased goodwill, valued at €8,621 thousand, was recognized in 2016 and corresponds to residual technical merger and dissolution losses.

The useful life of these merger and dissolution losses is considered to be unlimited. As such, they are not amortized on a straight-line basis but are subject to a value test each year, like other unamortized intangible assets, based on their current value. When the present value of this item is less than the carrying amount, an impairment loss is recognized to the same extent.

The Forsee Power Solutions dissolution loss is €6,988 thousand. It corresponds to Forsee Power's original business of batteries for light vehicles, for the medical sector and for other industrial applications. This business has developed strongly and offers significant additional commercial prospects.

The Forsee Power Industry merger loss is €1,544 thousand. It corresponds to the battery business for heavy vehicles such as buses and trains, which has also developed strongly in recent years and offers significant additional commercial prospects.

3.2. Statement of depreciation and amortization - property, plant and equipment and intangible assets

Statement expressed in euros		Deprec./Amort at the beginning of the year	Changes during the year		Deprec./Amort. as of December 31, 2023
			Additions	Decreases	
INTANGIBLE ASSETS	Start-up and development costs	8,792,207	3,252,467		12,044,674
	Concessions, patents and similar rights	1,867,251	414,373		2,281,625
	Purchased goodwill				
	Other intangible assets				
	TOTAL INTANGIBLE ASSETS	**10,659,458**	**3,666,841**	**-**	**14,326,299**
PROPERTY, PLANT AND EQUIPMENT	Land				
	Buildings on own land				
	on third-party land				
	General installations, fixtures and fittings				
	Technical installations and industrial equipment and tools	7,034,685	2,640,229		9,674,914
	Other installations, fixtures and fittings	564,849	314,116		878,965
	Transport equipment	14,700	9,293		23,993
	Office equipment and furniture	1,302,113	205,543		1,507,657
	Recoverable and other packaging				
	TOTAL PROPERTY, PLANTS AND EQUIPMENT	**8,916,347**	**3,169,183**	**-**	**12,085,530**
	TOTAL	**19,575,808**	**6,836,024**	**-**	**26,411,831**

4. Financial fixed assets

Statement expressed in euros		Gross amounts at start of year	Changes during the year				Gross amounts as of December 31, 2023
			Increases		Decreases		
			Revaluations	Acquisitions	Reclassification	Disposals	
FINANCIAL ASSETS	Equity-accounted investments						
	Other investments (1)	6,828,132		319,413		(370,000)	6,777,545
	Other long-term investments (2)	290,780		2,295,032			2,585,812
	Loans and other financial fixed assets	693,847		185,471		(74,660)	804,658
	TOTAL FINANCIAL FIXED ASSETS	**7,812,759**		**2,799,917**	**-**	**(444,660)**	**10,168,015**

1) Including creation of the Forsee Power Japan GK solution for €319 thousand and sale of part of the NEoT Capital shares for €370 thousand.

2) Including a loan of USD 2,460 thousand (€2,257 thousand) granted by the Company to its subsidiary Forsee Power Solutions LTD in Hong Kong to increase the capital of its Chinese subsidiary.

Equity investments break down as follows:

Statement expressed in euros	Country	Share capital	Shareholders' equity	Percentage of share capital held (%)	Carrying amount of securities held Gross	Net
A. Detailed information						
1. Subsidiaries (more than 50%)						
FORSEE POWER SPZ	Poland	11,337	(302,677)	100.00	90,000	-
FORSEE POWER SOLUTIONS LIMITED HONK-KONG	China	-	(104,489)	100.00	992	-
FORSEE POWER PTE.LTD	Singapore	6,352	(2,564)	100.00	6,417	6,417
FORSEE POWER INDIA PRIVATE LTD	India	15,948	(810,543)	100.00	2,233,816	-
ZHONGSHAN FORSEE POWER DEVELOPMENT CO., LTD	China	119,835	538,519	100.00	120,000	120,000
FORSEE POWER NORTH AMERICA	USA	9	(1,832)	100.00	9	9
FORSEE POWER GK	Japan	328,969	347,035	100.00	319,413	319,413
TOTAL EQUITY					**2,770,647**	**445,840**
2. Equity interests (10% to 50%)						
NEOT CAPITAL SAS	France	9,727,121	4,061,312	33.21	4,006,906	4,006,906
TOTAL EQUITY INTERESTS					**4,006,906**	**4,006,906**
TOTAL SUBSIDIARIES AND EQUITY INTERESTS					**6,777,554**	**4,452,746**

5. Inventories

	Statement expressed in euros	December 31, 2023 Gross	Amortization and impairment	Net
INVENTORIES	Raw materials and supplies	20,790,861	4,070,908	16,719,953
	Work in progress - goods	6,518,669	1,204,105	5,314,564
	Work in progress - services			
	Semi-finished and finished products	13,376,997	2,792,221	10,584,776
	Goods	1,769,163		1,769,163
	TOTAL	**42,455,690**	**8,067,234**	**34,388,456**

	Statement expressed in euros	Beginning of year	Increases	Decreases	December 31, 2023
IMPAIRMENT OF INVENTORIES	Raw materials and supplies	1,955,722	2,115,186		4,070,908
	Work in progress - goods	279,877	924,228		1,204,105
	Work in progress - services				-
	Semi-finished and finished products	3,641,472	1,679,000	(2,528,251)	2,792,221
	Goods				-
	IMPAIRMENT OF INVENTORIES	**5,877,071**	**4,718,414**	**(2,528,251)**	**8,067,234**

6. Trade receivables

Statement expressed in euros	December 31, 2023	December 31, 2022
Trade receivables and related accounts (gross value)	52,152,564	31,321,454
Impairment of trade receivables	(526,965)	(101,418)
Trade receivables and related accounts (net value)	51,625,599	31,220,036

Statement expressed in euros	December 31, 2022	Increase	Decrease	December 31, 2023
Impairment of trade receivables	(101,418)	(489,450)	63,903	(526,965)

7. Schedule of receivables

Statement expressed in euros		December 31, 2023	Due within 1 year	Due in more than 1 year
RECEIVABLES	Receivables from equity investments	2,585,812		2,585,812
	Loans			
	Other financial fixed assets	804,658		804,658
	TOTAL FIXED ASSETS	3,390,470	-	3,390,470
	Doubtful or disputed trade receivables	564,562		564,562
	Other trade receivables	51,588,002	51,588,002	
	TOTAL TRADE RECEIVABLES	52,152,564	51,588,002	564,562
	Receivables representing loaned securities			
	Personnel and related accounts	9,006	9,006	
	Social security and other social bodies	109,505	109,505	
	Corporate income tax (1)	4,921,520		4,921,520
	Value added tax	1,088,144	1,088,144	
	Other taxes, duties and similar payments			
	Group and associates	17,949,686		17,949,686
	Other receivables	4,358,837	4,358,837	
	Prepaid expenses	602,101	602,101	
	TOTAL OTHER RECEIVABLES	29,038,799	6,167,593	22,871,206
	TOTAL RECEIVABLES	**84,581,834**	**57,755,595**	**26,826,238**
(1) Including Research tax credit from 2019 to 2023.		4,908,767		4,908,767

The item "Other receivables" is composed of the following items as of December 31, 2023:

Statement expressed in euros	December 31, 2023
Factoring (1)	3,572,775
Factoring guarantee account	534,170
Discounts, rebates and refunds to be obtained; credit note to be received	220,921
Other miscellaneous receivables	30,971
Total other receivables	**4,358,837**

1) The amount of receivables assigned without recourse to HSBC and not yet financed as of December 31, 2023 is €3,573 thousand.

8. Accrued income

Statement expressed in euros	December 31, 2023	December 31, 2022
Other trade receivables	**554,437**	**-**
Customers - Invoice to be issued	554,437	-
Other receivables	**78,167**	**86,508**
Discounts, rebates and refunds to be obtained, credit note not received	5,000	13,341
State, income to be received	73,167	73,167
Total accrued income	**632,604**	**86,508**

9. Accruals - assets

Accruals on the asset side include: debt issuance costs spread over the loan duration for €52,317, as well as unrealized foreign exchanges for €693,876 and prepaid expenses €602,10.

10. Equity

10.1. Share capital

The share capital at the beginning of 2023 financial year was divided into 53,572,003 ordinary shares with a par value of €0.10. A 100-for-1 stock split and a 100-for-1 increase in the number of Forsee Power shares were carried out pursuant to the second resolution of the extraordinary shareholders' meeting of October 15, 2021.

Transactions involving the Company's share capital during the financial year are detailed in the table below:

Statement expressed in euros		Number	Par value	Amount
SHARES	Share capital at the beginning of the year (31/12/2022)	53,572,003.00	0.10	5,357,200.30
	Issued during the year:			
	- Capital increase of 09/05/2023	*17,664,108.00*	*0.10*	*1,766,410.80*
	- Capital increase of 07/06/2023	*32,000.00*	*0.10*	*3,200.00*
	- Capital increase of 16/10/2023	*282,616.00*	*0.10*	*28,261.60*
	Repaid during the year			-
	Share capital at the end of the year (31/12/2023)	71,550,727.00	0.10	7,155,072.70

10.2. Statement of change in Equity

Statement expressed in euros	Equity as of December 31, 2022	Appropriation of net income Y-1	Contributions with retroactive effect	Changes during the financial year	Equity as of December 31, 2023
Share capital	5,357,200			1,797,872	7,155,073
Issue, merger and contribution premiums	132,910,920			44,748,197	177,659,117
Revaluation adjustments	-				-
Legal reserve	129,057				129,057
Reserves required by the bylaws or contractual reserves	-				-
Regulated reserves	-				-
Other reserves	-				-
Retained earnings	(50,672,002)	(29,985,305)			(80,657,307)
Profit (loss) for the year	(29,985,305)	29,985,305		(30,368,512)	(30,368,512)
Investment grants	337,056			(232,707)	104,349
Regulated provisions	-				-
TOTAL	**58,076,924**	-	-	**15,944,851**	74,021,777

The 2023 financial year was marked by three capital transactions:

1. A capital increase through the issue of 17,664,108 new ordinary shares was carried out on May 9, 2023, following a public offering with cancellation of preferential subscription rights and with a priority subscription period, on an irreducible basis, in favor of shareholders.
2. Capital increase resulting from the vesting of 282,616 free shares granted on June 7, 2022, was carried out by deduction from Forsee Power SA’s issue premium.
3. A capital increase resulting from the early vesting of 32,000 free shares granted on September 14, 2022, was carried out by deduction from Forsee Power SA’s issue premium.

10.3. Treasury shares

Treasury shares consist of Forsee Power shares held by the Group through an independent investment services company (Kepler Cheuvreux) in charge of the liquidity contract.

As of December 31, 2023, the Company directly or indirectly held 105,284 treasury shares for €289 thousand and €72 thousand in cash under the liquidity contract set up following its IPO on November 3, 2021.

10.4. Free share grants

	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	Vesting date for AGA
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) (4) (5)	September 14, 2022	64,000	(32,000)	32,000	32,000	1 year	September 14, 2023
Free shares (AGA 2022) (6)	December 21, 2023	208,000	0	208,000	208,000	1 year	December 21, 2024
Total free shares (AGA)		**936,616**	**(52,000)**	**884,616**	**884,616**		

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 a presence 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 authorized 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 presence 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 recognized in the financial statements for the 2021 and 2022 financial years, pro rata to the beneficiary's attendance requirement. These 282,616 free share grants vested on October 15, 2023 and were exercised on the same day by the issue of 282,616 new ordinary shares.

3) The number of free shares has been adjusted following the division by 100 of the par 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 a presence requirement that ends on September 14, 2023.

5) 32,000 AGA 2022 vested shares were exercised on June 20, 2023 through the issue of 32,000 new ordinary shares.

6) On December 21, 2023, the Board of Directors allocated 208,000 free shares (AGA 2022 plan) to members of the Executive Committee and employees of Forsee Power SA and its subsidiaries. These AGA 2022 shares have a one-year vesting period, subject to a minimum attendance requirement, ending on December 21, 2024.

10.5. Stock options

	Grant date	Number of SO granted	Number of SO cancelled	Number of outstanding SO	Number of shares subscribed when the SO are exercised	Vesting period	Last date for exercising stock options
Stock options (SO 2018) (1) (3)	April 02, 2019	600,000	0	600,000	600,000	4 years	December 20, 2033
Stock options (SO 2018) (1) (3)	January 28, 2020	180,000	(75,000)	105,000	105,000	4 years	December 20, 2033
Stock options (SO 2018) (1) (3)	November 13, 2020	75,000	0	75,000	75,000	4 years	December 20, 2033
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 SOs include a vesting period set at 4 years with a presence requirement ending between April 2, 2023 and November 13, 2024. The grants were made to the Chairman, members of the Management Board and employees considered key to the company Forsee Power SA.

2) 1,500,000 stock options (SO 2021) giving access to 1,500,000 ordinary shares were granted on August 12, 2021 to the Chairman of the Board of Directors as compensation for services rendered. These 1,500,000 stock options include "off-market" performance conditions (conversion of the OC5 and completion of the acquisition of the Holiwatt assets) which were lifted on September 27 and 28, 2021. They also include an initial two-year lock-in period ending August 12, 2023, and may be exercised over a period extending from the second year to the fifteenth year following the grant date. At the grant date, management estimated the expected exercise schedule for these 1,500,000 options, which is between 2023 and 2025.

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.

10.6. Share subscription warrants

The Company has issued several share subscription warrants (BSA) to the European Investment Bank (EIB):

- 6,857 BSA $_{\text{EIB Warrant A}}$ issued on March 18, 2018, in addition to the €20 million financing;
- 3,500 BSA $_{\text{EIB Warrant C}}$ issued on June 4, 2021, in addition to the €21.5 million financing;
- 1,000 BSA $_{\text{EIB Warrant E}}$ issued on December 4, 2023, in addition to the €10 million financing.

The conversion parities of these warrants into ordinary shares of the Company were updated following the capital increase carried out on May 9, 2023, the award on December 21, 2023 of free share grants and the issue of 1,000 BSA $_{\text{EIB Warrant E}}$. The number of ordinary shares (OS) for the 6,857 BSA $_{\text{EIB Warrant A}}$ thus increased from 859,263 OS to 1,127,387 OS at December 31, 2023, and for the 3,500 BSA $_{\text{EIB Warrant B}}$ thus increased from 388,761 OS to 500,090 OS at December 31, 2023.

11. Provisions for risks and charges

Provisions by type are as follows:

	Statement expressed in euros	Start of year	Increases	Decreases	Of which use	December 31, 2023
REGULATED PROVISIONS	Reconstruction of mining and oilfields					
	Provisions for investment					
	Provisions for price increases					
	Provisions for accelerated depreciation					
	Tax provision for start-up loans					
	Other provisions					
	REGULATED PROVISIONS	-	-	-		**-**
PROVISION FOR RISKS AND CHARGES	Provision for after sales service 11.1	4,883,812	4,283,438	(2,534,053)		6,633,197
	Provision for recycling 11.2	1,596,851	887,187	(86,559)		2,397,479
	For disputes 11.3	689,719	189,300	(359,666)	(192,327)	519,353
	For guarantees given to customers					
	For losses on futures markets					
	For fines and penalties					
	For pensions and similar obligations 11.4	379,229	120,135			499,364
	For exchange losses 11.5	-	692,876			692,876
	For taxes					
	For social security and tax charges for paid holiday	-				-
	PROVISION FOR RISKS AND CHARGES	**7,549,611**	**6,172,936**	**(2,980,278)**	**(192,327)**	10,742,269
PROVISIONS FOR IMPAIRMENT	On fixed assets:					
	intangible					
	property, plant and equipment					
	equity-accounted securities					
	equity securities	90,992	2,233,816			2,324,808
	other financial fixed assets					
	On inventories and work-in-progress	5,877,070	4,718,414	(2,528,251)		8,067,233
	On trade receivables	101,417	489,450	(63,903)		526,964
	Other 11.6	120,678	3,437,953			3,558,631
		-				-
	PROVISION FOR IMPAIRMENT	6,190,159	10,879,633	(2,592,153)		14,477,638
	TOTAL	13,739,771	17,052,570	(5,572,432)		

Of which allocations and reversals:			
operating		11,380,802	(5,572,432)
financial		5,671,768	
exceptional			

11.1. Provision for After-Sales Service

The provision for after-sales service guarantees recognized at the close of business on December 31, 2023 amounted to €6,633 thousand (€4,883 thousand as of December 31, 2022).

This provision is intended to cover the risk of future after-sales costs arising from Forsee Power's responsibility for the products sold (commitment to repair or replace any defective components of the battery systems sold). This warranty is a legal obligation, is not optional to the contract, and generally lasts 4 to 5 years. Given the random nature of the probability of a defect occurring, this provision is evaluated statistically on the basis of the products sold, and is adjusted according to the after-sales costs actually incurred by the Group during the year.

11.2. Provision for Recycling

A recycling provision of €2,397 thousand at December 31, 2023 (€1,596 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 batteries if they are returned by customers.

This provision is calculated on the basis of the number of systems sold covered by the take-back commitment and valued according to the external cost of recycling the various types of batteries. The Group regularly updates these external recycling costs in order to take into account improvements in the cost of processing this relatively recent process.

The discount rate as of December 31, 2023 is 2.08% (risk-free rate) + 2.41% (ICPE discount), i.e. 4.2%.

11.3. Provisions for disputes

11.3.1. Of which dispute with Unu GmbH for €248 thousand

Expert assessment summary proceedings 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. 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.

On March 18, 2022, the judge in summary proceedings of the Paris Commercial Court declared that he had no jurisdiction over Unu GmbH's request to replace the expert appointed by the court in April 2021.

The supervisory judge retained the court-appointed expert and appointed a joint court-appointed expert.

As disagreements persisted over the content of the expert appraisals to be carried out, on November 22, 2023 Forsee Power referred the matter to the judge supervising the appraisals to order the experts to begin their expert appraisals without delay and to set a reasonable timetable.

At the hearing on December 21, 2023, the judge supervising the appraisals ordered the judicial experts to begin their expert assessments of the scooters, with a view to submitting their reports by the end of 2024.

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 hearings on September 28, 2022, the Court remanded the case to April 12, 2023. In its deliberations of June 22, 2023, the Court to stay proceedings until the expert report is filed.

Expert assessment summary proceedings in Lyon:

On May 25, 2022, Unu GmbH summoned Forsee Power to appear before the Lyon Court of Justice in summary proceedings for a request for a legal expert's report filed by the insurer and the family of a private individual who died in a fire in his home 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 a 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. A first expert meeting was held on October 18, 2022. The expert is waiting to continue his investigations given the multitude possible causes of the fire.

In the event that the loss was caused by the scooter, the loss would not be covered by the Company's new insurer as it would be a new serial incident related to the Unu batteries. As the risk was identified in 2019, it would also be covered by the policy entered into 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, 29 and November 9, 2022, Forsee Power received summons for a compulsory intervention before three civil courts in Germany (Landgericht of Flensburg, Munich and Coburg) from Unu GmbH in proceedings initiated by the victims of the various claims.

On March 31, July 19, July 31, August 22, November 30 and December 29, 2023, Forsee Power also received summons to appear before five civil courts in Germany (Landgericht of Munich, Cologne, Essen, Hamburg and Aachen) from 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 financial statements of the Company for the period to December 31, 2023 in the amount of €248 thousand (€441 thousand as of 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. The provision was reversed in the amount of €192 thousand for the 2023 financial year, corresponding to the expenses recognized for 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.

11.3.2. Of which other disputes for €271 thousand

The provision of €271 thousand (€249 thousand at December 31, 2022) recorded in the company's financial statements for the period to December 31, 2023 for other disputes includes €171 thousand for disputes with employees and €100 thousand for a dispute with Foncière Paisy.

11.4. Provisions for pensions and similar obligations

In terms of retirement bonuses, an expense was recognized as of December 31, 2023 in respect of defined contribution plans leading to an increase in the balance sheet provision of €120 thousand.

11.5. Provisions for foreign exchange losses

A provision for foreign exchange losses was recognized on dollar-denominated receivables not collected at the reporting date.

11.6. Impairment of shareholder loans

The increase of €3,437 thousand corresponds to the impairment of the shareholder loan to the subsidiary Forsee Power India.

12. Cash and debt

Statement expressed in euros		December 31, 2023	December 31, 2022
Cash and cash equivalents	Cash at bank	25,059,784	29,114,045
	TOTAL CASH AND CASH EQUIVALENTS	**25,059,784**	**29,114,045**
Financial debt	Bond issues	-	-
	EIB loans (1)	(33,476,723)	(22,467,500)
	Atout loan from BPI (2)	(2,187,500)	(3,437,500)
	State-guaranteed loan from BPI (3)	(3,437,500)	(4,687,500)
	State-guaranteed loan from BNPP (3)	(4,669,355)	(6,562,500)
	State-guaranteed loan from HSBC (3)	(4,698,388)	(6,567,576)
	Accrued interest on financial liabilities	(968,088)	(991,169)
	TOTAL BANK BORROWINGS	**(49,437,555)**	**(44,713,745)**
	Debts to related parties	(693,594)	(671,068)
	TOTAL FINANCIAL DEBT	**(693,594)**	**(671,068)**
	NET CASH (DEBT)	**(25,071,365)**	**(16,270,768)**

1) EIB financing

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

This €20 million EIB loan is accompanied by 6,857 BSA $_{\text{EIB Warrant A}}$ issued on March 15, 2018, leading in the event of exercise to the issuance of 8,540 ordinary shares (OS).

A new EIB loan was signed in December 2020 for which tranche A, of €21.5 million, was disbursed on June 16, 2021. This tranche was accompanied by 3,500 BSA $_{\text{EIB Warrant C}}$ issued on June 4, 2021, leading in the event of exercise to the issuance of 3,864 ordinary shares (OS). On September 28, 2021, the Company obtained a prior agreement requested by the EIB in order to be able to carry out the various capital restructuring operations prior to the IPO and the IPO itself. In return for obtaining this agreement, the capitalised interest rate applicable to tranche A of the EIB loan was increased by 0.5% from 4% to 4.5% per year (applicable retroactively).

Tranche C of the EIB loan was drawn down on December 18, 2023 for €10 million and a 5-year term. This tranche is accompanied by 1,000 share subscription warrants called BSA EIB Warrant E issued on December 4, 2023, resulting in the issue of 300,000 ordinary shares (OS) if exercised.

2) 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 is then repaid quarterly from August 31, 2021 to May 31, 2025. It does not impose any financial covenant. The Company's representations and undertakings under this agreement, as well as the events of early repayment, are similar to those of the State-guaranteed loan referred to above.

3) The State-guaranteed loans (PGE) from BNPP and HSBC were granted at 0%, and renegotiated in March 2021 at 0.75% and 0.31%, respectively. Bpifrance granted a State-guaranteed innovation support loan at an annual percentage rate of 2.35%. In accordance with the legal regime applicable to State-guaranteed loans, these loans had an initial maturity of one year from the date they were made available. They do not impose any financial covenants. The Company has elected to repay all of its State-guaranteed loans over the longest available term. As a result, the three State-guaranteed loans are eligible for an additional one-year grace period for repayment of the principal, which will be repaid on a straight-line basis until 2026.

Statement expressed in euros	Nominal	Start	End	Interest rate	Duration	Guarantee
Loan from the EIB	21,500,000	2021	2026	4.50%	5 years	Yes
Loan from the EIB	10,000,000	2023	2028	1.50%	5 years	Yes
Atout loan from BPI	5,000,000	2020	2025	5.00%	5 years	No
State-guaranteed loan from BPI	5,000,000	2020	2026	2.35%	6 years	No
State-guaranteed loan from BNPP	7,500,000	2020	2026	0.75%	6 years	No
State-guaranteed loan from HSBC	7,500,000	2020	2026	0.31%	6 years	No

13. Debt repayment schedule

	Statement expressed in euros	December 31, 2023	Due within 1 year	Due in 1 to 5 years	Due in more than 5 years
LIABILITIES	Convertible bonds				
	Other bonds				
	Bank borrowings due within 1 year max. at origin				
	Bank borrowings due in more than 1 year at origin (1)	49,437,555	6,249,989	43,187,566	
	Other borrowings and financial debt	64,781		64,781	
	TOTAL FINANCIAL DEBTS	**49,502,336**	**6,249,989**	**43,252,347**	-
	Trade payables and related accounts	27,198,664	27,198,664		
	Personnel and related accounts	3,774,990	3,774,990		
	Social security and other social bodies	3,205,947	3,205,947		
	Corporate income tax				
	Value added tax	850,377	850,377		
	Guaranteed bonds				
	Other duties, taxes and similar	106,511	106,511		
	Fixed asset liabilities				
	Advances and deposits on outstanding orders	6,951,746	6,951,746		
	Group and associates	693,594		693,594	
	Other liabilities	10,496	10,496		
	Debt representing securities borrowed				
	Deferred income	2,617,669	18,062	2,599,608	
	TOTAL OPERATING LIABILITIES	**45,409,994**	**42,116,792**	**3,293,202**	-
	TOTAL LIABILITIES	**94,912,330**	**48,366,781**	**46,545,549**	-

(1) Of which Tranche C EIB loan taken out during the year	10,000,000
(1) Of which PGE repaid during the year	5,253,109

14. Accrued expenses

Statement expressed in euros	December 31, 2023	December 31, 2022
Miscellaneous loans and financial debts	**-**	**-**
Accrued interest on current accounts		
Bank borrowings	**968,088**	**991,169**
Accrued interest on EIB loan	968,088	991,169
Trade payables and related accounts	**4,613,616**	**3,212,272**
Trade payables - Invoices not yet received - cut off	981,270	1,046,729
Payables - Invoices not yet received	2,278,055	2,110,589
Intercompany trade payables - Invoices not yet received	1,354,290	54,953
Tax and social security liabilities	**5,825,162**	**3,844,224**
Liabilities - Provision for paid leave	1,591,955	1,352,696
Other accrued expenses	2,149,901	933,181
Social security contributions - Leave to be paid	757,733	642,889
Social security bodies - Accrued expenses	864,806	589,269
State - Accrued expenses	460,767	326,190
Total accrued expenses	**11,406,866**	**8,047,665**

15. Accruals - liabilities

Accruals on the liabilities side include: deferred income (€2,617,669 relating in particular to warranty extensions that will be made over a period of between one and four years) as well as unrealised foreign exchange gains (€165,872).

16. Revenues

Statement expressed in euros			December 31, 2023	December 31, 2022
	France	Export	12 months	12 months
Sales of goods	705	-	705	914,265
Production sold (goods)	70,383,263	106,508,812	176,892,075	105,494,673
Production sold (services and works)	485,240	3,043,772	3,529,012	1,840,158
Net revenues	70,869,208	109,552,584	180,421,792	108,249,098

17. Other purchases and external expenses

Statement expressed in euros	December 31, 2023	December 31, 2022
Insurance	879,105	342,481
Studies and external services	5,682,400	4,342,051
Non-stocked purchases and supplies	1,485,568	1,497,645
Transport costs	2,569,692	2,428,689
Fees	5,772,141	3,217,084
Leases, lease expenses and maintenance	3,290,987	2,823,984
Subcontracting and external personnel	2,146,234	1,210,031
Other external expenses	2,597,117	2,188,509
Total Other purchases and external expense	**24,423,243**	**18,050,474**

18. Personnel costs and compensation of management and administrative bodies

18.1. Workforce

		December 31, 2023 Internal	December 31, 2022 Internal
Average workforce by category	Managers and senior professionals	194	172
	Intermediary professions	16	17
	Employees	83	75
	Workers	61	59
	TOTAL	**354**	**323**

		December 31, 2023	December 31, 2022
Salaries and contribution	Wages and salaries	20,478,870	17,277,244
	Personnel social security charges	8,870,167	7,531,581
	TOTAL	**29,349,037**	**24,808,825**

18.2. Compensation of the management bodies

The management bodies include the members of the Board of Directors and the members of the Company's Executive Committee.

Directors' fees for the members of the Board of Directors in the amount of €373 thousand were recognized as expenses for the financial year ended December 31, 2023.

The compensation of the members of the Executive Committee for 2023 amounted to €3,092 and breaks down as follows:

Statement expressed in euros	December 31, 2023
Actual gross remuneration	1,619,690
Benefits in kind	16,336
Variable remuneration	452,297
Employer's contributions	1,003,504
Total	3,091,827

In addition, a free share plan was set up in 2023 for the benefit of managers of the Company (see note 10.4).

19. Tax and duties

Statement expressed in euros	December 31, 2023	December 31, 2022
CFE - CVAE	160,568	88,548
Solidarity social contribution tax (C3S)	258,649	143,852
Professional training	186,453	167,241
Apprenticeship tax	124,946	124,946
Other taxes and duties	203,016	115,407
Total tax and duties	**933,632**	**639,994**

20. Amorization and provisions

Statement expressed in euros	December 31, 2023	December 31, 2022
Operating allocations		
On fixed assets:		
- allocations to fixed assets	6,857,666	6,924,998
- allocations to provisions	-	-
On current assets: allocations to provisions	5,207,864	5,937,248
For Risks and charges: allocations to provisions	6,672,936	3,882,996
Depreciation, amortization and operating provisions	**18,738,466**	**16,745,242**

21. Other expenses

Statement expressed in euros	December 31, 2023	December 31, 2022
Directors' fees	372,842	285,343
Foreign exchange losses on trade receivables and liabilities	1,526,657	1,928,142
Miscellaneous management expenses	64,374	402
Total other purchases and external expenses	**1,963,872**	**2,213,887**

22. Net financial income (expense)

Statement expressed in euros		December 31, 2023	December 31, 2022
FINANCIAL INCOME	Other interest and similar income	265,507	66,156
	Foreign exchange gains	237,972	1,245,497
	Net proceeds from disposals of marketable securities	232,059	
	Total financial income	**735,539**	**1,311,653**
FINANCIAL EXPENSES	Depreciation, amortization and provisions(1)	5,671,768	
	Interest and similar expenses	2,548,068	2,369,060
	Foreign exchange losses	258,866	876,256
	Net expenses on disposals of marketable securities	35,217	89,778
	Total financial expenses	**8,513,921**	**3,335,096**
NET FINANCIAL INCOME (EXPENSE)		**(2,023,442)**	**(7,778,382)**

Net financial income (expense) includes the following items:

- Financial income received from financial instruments such as income from securities, loans and receivables;
- Financial expenses disbursed such as financial expenses on bank overdrafts, borrowings, finance leases and factoring, but also fees relating to banking services;
- Impairment of financial assets.

1) The provision corresponds to the impairment of the shares and shareholder loan of the subsidiary Forsee Power India.

23. Net exceptional items

Statement expressed in euros		December 31, 2023	December 31, 2022
EXCEPTIONAL INCOME	On management transactions	551,999	
	On capital transactions		
	Reversals of provisions, depreciation and amortization, and		
	Total exceptional income	**551,999**	**-**
EXCEPTIONAL EXPENSES	On management transactions	117,343	118,960
	On capital transactions		
	Depreciation, amortization and provisions		
	Total exceptional expenses	**117,343**	**118,960**
	NET EXCEPTIONAL ITEMS	**434,656**	**(118,960)**

Statement expressed in euros	Expenses	Income	Net
Penalties and fines	(40,766)	-	(40,766)
Other exceptional income/expenses on management transactions	(76,577)	551,999	475,422
Depreciation, amortization and provisions allocations and reversals	-	-	-
Exceptional income/expenses from previous years	-	-	-
NET EXCEPTIONAL ITEMS	**(117,345)**	**551,999**	**434,656**

24. Taxes

24.1. Corporate income tax

The corporate income tax rate for the 2023 financial year is 25%.

There is no tax consolidation in France.

Statement expressed in euros	CHANGES IN DEFERRED TAXES					
TYPE	START OF YEAR		CHANGES		END OF YEAR	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES
I. TAX AND ACCOUNTING TIMING DIFFERENCES						
1. Regulated provisions						
11. Provisions to be added back at a later date						
- provision for price increases						
-						
12. Accelerated depreciation and amortization						
2. Investment grants						
3. Temporarily non-deductible expenses						
31. To be deducted the following year						
- paid leave (old scheme)						
- employee profit-sharing						
- Organic sales tax	**36,883**		**114,797**		**151,680**	
32. To be deducted later						
- provisions for retirement	**87,636**		**120,135**		**207,771**	
- other rent						
- other taxes						
- other interest						
- other fines						
4. Temporarily non-taxable income						
- net short-term capital gains (4)						
- merger gains (3)						
- deferred long-term capital gains (3)						
5. Expenses deducted (or income taxed) for tax purposes and not yet recognized						
TOTAL	**72,769**	**-**	**234,932**	**-**	**359,451**	**-**
II. TAX LOSS CARRYFORWARDS		**(172,630,906)**		**(25,323,002)**		**(197,953,908)**

24.2. Research tax credit

Since the second half of 2021, Management has appointed an expert firm to assist it in assessing the research tax credit.

The work carried out by this expert firm led to an additional filing of research tax credit claims for the 2018 financial year, and to an assessment for the 2019 and 2020 financial years, for which a claim was filed in 2022. The income relating to the research tax credit for 2020 and 2019 and the additional research tax credit for 2018 were recognized in the financial statements for the year ended December 31, 2021.

Management and the expert firm also finalised the assessment of the research tax credit for the expenses incurred for the 2021 and 2022 financial years by December 31, 2022. The income relating to the research tax credit for 2021 and 2022 was recognized in the Company's consolidated financial statements for the year ended December 31, 2022.

Income relating to the research tax credit for 2023 was recognized in the financial statements for the year in the amount of €1,223 thousand.

25. Table of subsidiaries and equity interests

Statement expressed in euros	Country	Share capital	Shareholders' equity	Percentage of share capital held (%)	Carrying amount of securities held	
					Gross	Net
A. Detailed information						
1. Subsidiaries (more than 50%)						
FORSEE POWER SPZ	Poland	11,337	(302,677)	100.00	90,000	-
FORSEE POWER SOLUTIONS LIMITED HONK-KONG	China	-	(104,489)	100.00	992	-
FORSEE POWER PTE.LTD	Singapore	6,352	(2,564)	100.00	6,417	6,417
FORSEE POWER INDIA PRIVATE LTD	India	15,948	(810,543)	100.00	2,233,816	-
ZHONGSHAN FORSEE POWER DEVELOPMENT CO., LTD	China	119,835	538,519	100.00	120,000	120,000
FORSEE POWER NORTH AMERICA	USA	9	(1,832)	100.00	9	9
FORSEE POWER GK	Japan	328,969	347,035	100.00	319,413	319,413
TOTAL EQUITY					**2,770,647**	**445,840**
2. Equity interests (10% to 50%)						
NEOT CAPITAL SAS	France	9,727,121	4,061,312	33.21	4,006,906	4,006,906
TOTAL SUBSIDIARIES					**4,006,906**	**4,006,906**
TOTAL SUBSIDIARIES AND EQUITY INTERESTS					**6,777,554**	**4,452,746**

1. Subsidiaries (more than 50%)	Loans and advances granted	Amount of guarantees and endorsements given	Revenues	Profit for the last financial year	Dividends received
FORSEE POWER SPZ	130,629		1,661,720	176,150	
FORSEE POWER SOLUTIONS LIMITED HONK-KONG	2,244,320		47,490	-	
FORSEE POWER PTE.LTD	290,780		281,328	2,374	
FORSEE POWER INDIA PRIVATE LTD	3,437,953		1,608,934	(1,180,834)	
ZHONGSHAN FORSEE POWER DEVELOPMENT CO., LTD	-		2,141,170	171,188	
FORSEE POWER NORTH AMERICA	5,507,964		-	(1,267)	
FORSEE POWER GK	-		483,557	27,975	
2. Equity interests (10% to 50%)					
NEOT CAPITAL SAS	-		2,742,444	(211,124)	

26. Other information

26.1. Information about related parties

Material non-arm's length transactions with related parties during the 2023 financial year are:

- **Collaboration Agreement entered into with Mitsui & Co., Ltd.**

  The Company entered into a “Collaboration Agreement” with Mitsui & Co., Ltd. dated September 27, 2021. Mitsui & Co., Ltd. is a shareholder of Forsee Power, with more than 10% of the voting rights, and Mr Kosuke Nakajima, a member of the Board of Directors of the Company, is General Manager of the battery solutions department at Mitsui & Co., Ltd.

It is specified that the purpose of this agreement is to establish a framework for the business collaboration established between Forsee Power and Mitsui & Co., Ltd. The financial conditions in consideration of the services rendered by Mitsui & Co., Ltd. will be discussed case-by-case for each project, taking into account the financial impact on the Forsee Power Group.

- **Business Contribution Agreement entered into with Mitsui & Co., Ltd.**

  On 21 December 2020, the Company entered into a “Business Contribution Agreement” with Mitsui & Co., Ltd., which was amended by an amendment dated April 28, 2021. Mitsui & Co., Ltd. is a shareholder of Forsee Power, with more than 10% of the voting rights, and Mr Kosuke Nakajima, a member of the Board of Directors of the Company, is General Manager of the battery solutions department at Mitsui & Co., Ltd.

  Under this agreement, Mitsui & Co, Ltd. is responsible in particular for assisting Forsee Power in business development, sales and marketing activities on behalf of Forsee Power, as its exclusive agent for Japan. In consideration of the work performed, Mitsui & Co., Ltd. will receive a success fee based on the sales invoiced by the Company to any customer having its registered office in Japan.

  Under this agreement, Mitsui & Co. Ltd invoiced Forsee Power SA €161,332 during the financial year ended.

- **Consultancy Agreement entered into with AMILU**

  Forsee Power entered into a “Consultancy Agreement” with AMILU, dated July 24, 2020.

  AMILU is managed by Mr Pierre Lahutte, a director of Forsee Power (and former member of the Supervisory Committee of Forsee Power).

  Under this agreement, AMILU is responsible in particular for advising the Company on its strategy and development in the market for batteries for road and non-road vehicles, analysing Forsee Power's addressable market, products and technological portfolio, and proposing new segments, customer markets or partnerships. In consideration of the work performed, AMILU receives a fixed monthly fee of €10,000 and a success fee, which varies between 0.5% and 0.1% of the revenues achieved by Forsee Power on certain contracts it enters into.

  Under this agreement, AMILU invoiced the Company €129,919 during the financial year ended December 31, 2023.

26.2. Statutory auditor's fees

The fees of the statutory auditors are not mentioned in the notes to the company financial statements as they will be mentioned in the notes to the consolidated financial statements.

27. Off-balance sheet commitments

27.1. Commitments given

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

On July 25, 2022, Forsee Power obtained a SBLC (stand-by letter of credit) credit letter from a French bank for a maximum amount of $1 million in favor 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.

Pledge of the purchased goodwill in favor of the EIB

A pledge of the purchased goodwill in favor of the EIB was granted at the time of the drawdown of the €21.5 million tranche A in June 2021 as part of IEB loan of 2020.

Stand-by letter of credit from a credit institution

On July 11, 2023, Forsee Power obtained an SBLC (stand-by letter of credit) credit letter from a French bank for guarantee a cash facility and a customs guarantee of INR 45 million with ICICI Bank on behalf of the subsidiary Forsee Power India Private Limited.

This SBLC is accompanied by a cash pledge for an amount of €650 thousand from July 10, 2023 to July 10, 2025.

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 favor 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 financial statements (April 23, 2024). The maximum amount of compensation that could be due by Forsee Power SA is capped at €4.5 million. However, this ceiling is rather theoretical as Forsee Power SA's indemnification commitment expired in June 2019 for most of the matters covered by the guarantee. Only losses arising from breaches of declarations relating to tax, anti-corruption or environmental matters remain covered until their limitation period plus 30 days (i.e., until January 31, 2021 for most tax matters and until the expiration of a 30-year period running since December 2017 for anti-corruption and environmental matters).

27.2. Commitments received

The Company has not received any commitment.

28. Post 2023 closing events

There are no significant events after the closing date of 31 December 2023.

4.2. Statutory Auditors’ report on the financial statements of Forsee Power S.A. as of December 31, 2023

For the year ended December 31, 2023

This is a translation into English of the Statutory Auditors’ report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors’ report includes information required by French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders’ Meeting of Forsee Power SA

Opinion

In compliance with the engagement entrusted to us by your Shareholders’ Meeting, we have audited the accompanying financial statements of Forsee Power SA (hereinafter the “Company”) for the year ended December 31, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the “Statutory Auditors’ Responsibilities for the Audit of the Financial Statements” section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2023 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Recognition of fixed assets relating to development expenditure

Notes 2.2.3, 3.1 and 3.2 to the 2023 financial statements

Risks identified and main judgments

- As of December 31, 2023, project development expenditure, including projects in progress, corresponded to:
  - A net carrying amount of €19.2 million,
  - Total capitalized expenses of €8.7 million for the year,
  - Amortization of -€3.2million,
  - Total development expenditure of -€9 million expensed in the period.

Forsee Power SA capitalizes its development expenditure once the capitalization criteria defined by accounting regulations are satisfied and it is probable that the developed project will generate future economic benefits. The capitalization of development expenditure is considered to be a key audit matter due to the judgments and estimates made by Management to assess:

- Compliance with all the conditions required to capitalize the corresponding costs;

- The identification of costs likely to be capitalized during project development phases.
- The life and amortization periods adopted for these projects.
- Indications of impairment and risks of impairment for projects in the course of development.

How our audit addressed this risk

- Our procedures consisted in:
  - Obtaining an understanding of the controls designed and applied by Forsee Power SA to measure capitalizable development costs,
  - Reviewing the procedures set up by the company to identify projects in the course of development such as:
    - The set-up of specific cost accounting;
    - A detailed monitoring of all projects in the course of development to validate new projects that could satisfy capitalization criteria,
  - Verifying the procedures set up by the company to identify other items that could impact these projects such as early impairment.
  - Verifying, based on the analyses prepared by the company, that the project capitalization criteria in accordance with accounting standards are met, i.e.:
    - Technical feasibility of completing the intangible asset so that it will be available for use or sale;
    - Intention to complete the intangible asset and use or sell it while ensuring that there are projected sales for the relevant project;
    - Ability to use or sell the intangible asset;
    - How the intangible asset will generate probable future economic benefits, by obtaining an analysis of projected sales relating to the various projects;
    - Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
    - Ability to measure reliably the expenditure attributable to the intangible asset during its development, particularly by verifying that the time allocated to the projects is correctly assessed on a sampling basis for the main expenditure recognized during the period.
  - Verifying estimates of development costs incurred for eligible projects and capitalized by the company, and particularly:

    - verifying, using sample techniques the correct valuation of hourly rates applied to projects;
- Verifying the absence of impairment losses at December 31, 2023 on ongoing projects through discussions with Management and a review of sales forecasts for the project's estimated duration;
- Examining the amortization period adopted according to the forecast life of the capitalized projects;
- Verifying the appropriateness of the disclosures in the notes to the financial statements.

UNU litigation

Notes 1.2.8 and 11.3 to the 2023 financial statements

Risks identified and main judgments

The Company's activities are conducted in an ever changing environment and within a complex international regulatory framework. The Company is subject to major changes in the legal environment as well as the application or interpretation of regulations and is also involved in disputes arising from its everyday business.

Litigation provisions totaled €0.5 million as of December 31, 2023, and correspond to the valuation of risks such as employee or customer disputes, and in particular the litigation with UNU GmbH which amounts to €0.25 million as of December 31, 2023.
Forsee Power SA supplies batteries to UNU GmbH, which manufactures scooters. UNU GmbH has initiated a number of legal proceedings against Forsee Power SA:

- Defects and failure to meet the agreed technical specifications for the batteries: in March 2021, UNU GmbH filed an application for a court-ordered expert assessment with the Paris Commercial Court against Forsee Power SA and its former insurer. UNU GmbH is suing the Company on the basis of product liability and common law contractual liability. In November 2021, despite the ongoing judicial assessment, UNU GmbH sued Forsee Power SA on the same grounds, claiming €15.9 million for material damages.
- House fire leading to the death of an individual: in May 2022, UNU GmbH summoned Forsee Power to appear before the Lyon Court. A judicial expert appraisal is ongoing to determine the cause of the fire.
- Finally, 7 summonses for forced intervention by UNU GmbH were implemented in Germany following proceedings initiated by victims of material damage and/or bodily injury in 2022 and 2023.

- Forsee Power SA exercises its judgment in assessing the risk incurred in the UNU GmbH litigation, set aside a provision when it is probable that an expense will be generated by this litigation and the amount may be quantified or estimated within a reasonable range;
- The €0.25 million provision recognized covers legal expert appraisal and procedural costs. Forsee Power SA considers UNU GmbH's claims to be unfounded and intends to assert its rights and legal arguments which, at this stage of the proceeding, justifies the absence of a provision for risks in excess of the aforementioned legal costs;

We considered this litigation to be a key audit matter given the material amounts at stake and the level of judgment required to determine provisions.

How our audit addressed this risk

We analyzed all the items made available to us regarding the disputes between Forsee Power SA and UNU GmbH with respect to damages suffered as a result of battery incidents or fires and in particular we:

- Examined the various summons and rulings relating to the ongoing proceedings in this litigation;
- Analyzed the risk estimates made by Management and compared them with information shown in the response from the lawyer in charge of the case following our confirmation requests for this litigation as well as the internal memo prepared by the company;
- Assessed Management's risk analysis of this litigation leading it to conclude that UNU GmbH's claims are unfounded;
- Verified the appropriateness of the disclosures on this litigation in the notes to the financial statements.

Impairment test on goodwill

Notes 2.2.2, 3.1 and 3.2 to the 2023 financial statements

Risks identified and main judgments

Goodwill mainly involving merger technical losses totaled €8.6 million as of December 31, 2023, compared with total assets of €179.9 million.
Each year, Management verifies that the carrying amount of this goodwill does not exceed its recoverable amount and presents no risk of impairment. The impairment testing methods used by Management include significant judgments and assumptions mainly regarding:

- Future cash forecasts;
- Long-term growth rates adopted for projected cash flows;
- Discount rates (WACC) applied to estimated cash flows.

Accordingly, any change in these assumptions is therefore likely to have a significant impact on the recoverable amount of this goodwill and require the recognition of an impairment loss.

We consider the measurement of goodwill to be a key audit matter due to its materiality and the judgments and assumptions that are needed to determine its value in use.

How our audit addressed this risk

We:

- Analyzed the compliance of the methodologies adopted by the Company with prevailing accounting standards with regard to the methods of estimating the value in use of the goodwill;
- Based on the most recent available Business Plans provided by Management as well as the impairment tests for goodwill, we:
  - Reviewed the determination of the recoverable amount of goodwill
  - Assessed the reasonableness of the key assumptions adopted for all Cash-Generating Units (CGUs) and particularly:
  - ▪ The determination of cash flows in line with available information, including market outlooks and previous actual figures, and compared with the most recent Management estimates as presented as part of the budgetary process;
  - ▪ The determination of long-term growth rates adopted for these projected flows, comparing them with market analyses.

We also assessed the relevance of the discount rate used (WACC), with the help of our financial valuation specialists.

We obtained and examined the sensitivity analyses performed by Management, and compared them with our own calculations to verify that an unreasonable change in the assumptions would likely necessitate the recognition of an impairment loss for the goodwill.

We verified the appropriateness of the disclosures in the financial statements.

Impairment tests on equity investments and receivables related to equity investments

Notes 2.2.5 and 4 to the 2023 financial statements

Risks identified and main judgments

- Equity investments and receivables from equity investments totaled €7 million as of December 31, 2023, compared with total assets of €179.9 million.

- They are recognized on the basis of their entry value at acquisition cost and impaired on the basis of their value in use. The latter is assessed using the DCF (Discounted Cash-Flow) method for each subsidiary through discounted cash flows determined using the business plan validated by management. Other methods may be used, such as recent transaction values or the amount of equity, taking into account the future prospects of the subsidiaries concerned. The carrying amount of receivables from equity investments is determined in relation to the risk of recoverability.

We considered the measurement of equity investments to be a key audit matter due to the judgments and assumptions needed to determine the value in use, particularly regarding the profitability and future outlook of the relevant investments.

How our audit addressed this risk

To assess the reasonableness of estimates of the value in use of equity investments and based on information communicated to us, our work mainly consisted in verifying that estimated values determined by Management are based on an appropriate justification of the valuation method and the quantified data used to:

- Obtain the cash flow and operating forecasts for the activities of the entities concerned established by the management of Forsee Power SA and assess their consistency with the forecast data from the latest Business Plans;
- Check the consistency of the assumptions used with the economic environment at the closing date and the date of preparation of the accounts;
- Compare the forecasts used for previous periods with the corresponding achievements in order to assess the achievement of past objectives;
- We verified that the valuation method described in the notes to the annual financial statements corresponds to that used by the Company, the application of which we were able to observe during our work.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

Information given in the management report and in the other documents addressed to the shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code.

Report on corporate governance

We attest that the corporate governance section of the Board of Directors' report sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L.22-10-11 of the French Commercial Code, we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other Legal and Regulatory Verifications or Information

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of Chief Executive Officer , complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Forsee Power SA by the Annual General Meeting of June 23, 2023 for Deloitte & Associés and December 20, 2018 for Jean Lebit.

As of December 31, 2023, Deloitte & Associés was in its seventh year of uninterrupted engagement, and Jean Lebit was in its sixth year of uninterrupted engagement, which was the third year for both Firms since the Company’s shares were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors on April 23, 2024.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore.

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537-2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Sarcelles, April 24, 2024

The Statutory Auditors

French original signed by

Deloitte & Associés	Jean Lebit
Thierry QUERON	

4.3. Consolidated financial statements of the Group as of December 31, 2023

4.3.1. Consolidated statement of financial position

in € thousands	Notes	December 31, 2023	December 31, 2022
Non-current assets		**68,175**	**49,509**
Goodwill	7.1	1,523	1,523
Intangible assets	7.2	23,024	14,955
Property, plant and equipment	7.3	35,433	25,978
Non-current financial assets	7.4	2,089	1,751
Investments in equity-accounted companies	7.5	4,328	4,043
Other non-current assets	7.8	1,291	935
Deferred tax assets	7.19	488	323
Current assets		**119,265**	**97,017**
Inventories	7.6	44,481	37,476
Trade accounts receivable	7.7	27,633	15,960
Other current assets	7.8	21,248	12,566
Current financial assets	7.4	0	0
Cash and cash equivalents	7.9	25,902	31,014
Total assets		**187,440**	**146,526**
Equity		**59,238**	**39,650**
Equity attributable to the owners of the parent company		**59,238**	**39,650**
Issued share capital	7.10	7,155	5,357
Issue premiums	7.10	177,661	132,913
Translation reserves	7.10.5	(220)	(295)
Reserves	7.10	(97,395)	(65,757)
Net income	7.10	(27,962)	(32,568)
Non-controlling interests		**(0)**	**(0)**
Liabilities		**128,202**	**106,876**
Non-current liabilities		**76,069**	**67,407**
Provision for risks and charges	7.11	9,550	7,170
Employee benefits	7.12	499	379
Non-current financial liabilities	7.13	57,477	51,455
Derivatives on financial instruments	7.14	4,835	4,108
Other non-current liabilities	7.18	3,396	4,116
Deferred tax liabilities	7.19	311	178
Current liabilities		**52,133**	**39,469**
Provisions for risks and charges	7.11	0	0
Current financial liabilities	7.13	9,626	8,711
Trade payables	7.17	23,588	20,152
Other current liabilities	7.18	18,919	10,606
Total shareholders' equity and liabilities		**187,440**	**146,526**

4.3.2. Consolidated statement of income

in € thousands	Notes	December 31, 2023	December 31, 2022
Revenues	8.1	**171,238**	**111,018**
Other operating income and expenses	8.2	850	(430)
External services and purchases consumed	8.3	(147,651)	(95,302)
Personnel costs	8.4	(29,837)	(30,086)
Taxes and duties	8.5	(1,086)	(771)
Depreciation and amortization	8.6	(9,988)	(9,090)
Net impairment	8.6	(4,301)	(3,599)
Net provisions	8.6	(2,380)	(1,854)
Current operating income		**(23,155)**	**(30,113)**
Non-current operating income	8.7	**0**	**0**
Operating income (loss)		**(23,155)**	**(30,113)**
Financial income	8.8	232	2
Cost of gross financial debt	8.8	(2,721)	(2,982)
Other net financial income and expenses	8.8	(2,195)	1,254
Net financial income (expense)	8.8	**(4,684)**	**(1,726)**
Income in equity-accounted companies	7.5	288	(331)
Income before tax		**(27,551)**	**(32,170)**
Income tax	8.9	(411)	(398)
Consolidated net income		**(27,962)**	**(32,568)**
Of which share attributable to owners of the parent company		*(27,962)*	*(32,568)*
Of which non-controlling interests		*(0)*	*(0)*
Net earnings per share	7.10.6	**(0.43) €**	**(0.61) €**
Net diluted earnings per share	7.10.6		

4.3.3. Statement of other comprehensive income

in € thousands	Notes	December 31, 2023	December 31, 2022
Consolidated net income (A)		**(27,962)**	**(32,568)**
Other comprehensive income			
Translation differences over the period	7.10.5	71	(100)
Translation difference on non-monetary assets at the date of the change in functional currency		-	-
Total gains and losses recognized in equity and transferable to the income statement		**71**	**(100)**
Change in actuarial gains and losses for defined benefit plans	7.12	(99)	(151)
Tax effect		17	40
Total gains and losses recognized in equity that cannot be transferred to the income statement		**(82)**	**(111)**
Total gains and losses recognized in equity, net of tax (B)		**(11)**	**(211)**
Comprehensive income (A) + (B)		**(27,974)**	**(32,779)**
Of which share attributable to owners of the parent company		*(27,974)*	*(32,779)*

4.3.4. Consolidated statement of cash flows

in € thousands	Notes	December 31, 2023	December 31, 2022
Operating income (loss)		**(23,155)**	(30,113)
Elimination of calculated and other cash flow items			
Income from equity-accounted companies		288	(331)
Depreciation, amortization and provisions	9.1	12,378	10,998
(Gains)/Loss on disposal	9.4	0	0
Share-based payments	7.10.3.2	1,092	3,389
Income tax expense (income)	8.9	411	398
Research tax credit income charged to operating expenses	9.2	(1,223)	(2,078)
Cash flow from operations before cost of net financial debt and tax		**(10,210)**	**(17,737)**
Change in grants		**0**	**0**
Change in income tax receivables and payables (excl. research tax credits)	9.2	152	1,000
Tax (expense) / income due	7.8	0	(189)
Tax expense paid		**152**	**812**
Inventories	9.2	(7,222)	(9,288)
Trade receivables	9.2	(11,754)	(5,496)
Other receivables	9.2	(9,453)	6,526
Trade payables	9.2	3,400	2,374
Other liabilities	9.2	7,811	(1,683)
Change in working capital requirement		**(17,218)**	**(7,567)**
Cash flow from operating activities (A)		**(27,278)**	**(24,491)**
Acquisition of fixed assets (net of liabilities and advances paid)	9.3	(24,621)	(9,156)
Set-up of cash pledge	7.4	(650)	(1,000)
Repayment of cash pledge	7.4	0	4,305
Assets managed under liquidity contract	7.4	75	186
Realized gains (losses) on liquidity contract	7.4	38	(101)
Disposal of fixed assets (net of receivables)	5.1	370	0
Proceeds from financial assets	7.4	306	0
Change in scope	9.6	0	(2,292)
Cash subscription to the NEoT capital increase	5.1	0	(1,058)
Cash flow from investing activities (B)		**(24,481)**	**(9,116)**
Capital issue through IPO	7.10	49,283	0
Payment of IPO issue expenses	7.10	(2,737)	(1,230)
Change in other financial liabilities	7.13	0	(18)
Debt issues	7.13	10,000	0
Loan repayments	7.13	(5,092)	(3,120)
Debt repayments on leased assets	7.13	(1,622)	(1,126)
Factoring financing	7.13	1	1
Payment of EIB loan issuance costs	7.13	45	0
Change in financial liabilities with related parties	7.13	23	340
Bank charges paid	8.8	(1,428)	(232)
Financial expenses paid	8.8	(1,683)	(637)
Cash flow from financing activities (C)		**46,789**	**(6,021)**
Impact of currency translation rates		(141)	(126)
Change in cash (A) + (B) + (C)		**(5,112)**	**(39,756)**
Net cash at beginning of period	7.9	31,014	70,770
Net cash at end of period	7.9	25,902	31,014
Change in net cash		**(5,112)**	**(39,756)**

4.3.5. Consolidated statement of changes in equity

in € thousands	Notes	Issued share capital	Share premium	Translation reserves	Reserve on share-based payments	Treasury shares	Other reserves and comprehensive income	Total attributable to owners of the parent company	Non-controlling interests	Equity
Equity at December 31, 2021[1]		**5,321**	**132,949**	**-196**	**6,232**	**-167**	**(74,916)**	**69,224**	**-**	**69,224**
Capital increase	7.10.1	36	(36)	-	-	-	0	**0**	0	**0**
Share-based payments	7.10.3.2	-	-	-	3,389	-	-	**3,389**	**-**	**3,389**
Lapsed share-based payments	7.10.3.2	-	-	-	(103)	-	103	**-**	**-**	**-**
Share-based payments exercised	7.10.1	-	-	-	(2,353)	-	2,353	**-**	**-**	**-**
Comprehensive income		-	-	(100)	-	-	(32,679)	**(32,779)**	**0**	**(32,779)**
Treasury shares held under liquidity contract	7.10.4	-	-	-	-	(93)	-	**(93)**	**-**	**(93)**
Gains or losses on disposals of treasury shares and change in fair value of treasury shares held	7.4	-	-	-	-	(92)	-	**(92)**	**-**	**(92)**
Equity at December 31, 2022		**5,358**	**132,913**	**(295)**	**7,165**	**(352)**	**(105,139)**	**39,650**	**0**	**39,650**
Capital increase	7.10.1	1,766	47,516	-	-	-	0	**49,282**	-	**49,282**
Issue costs on capital increase	7.10.1	-	(2,737)	-	-	-	-	**(2,737)**	-	**(2,737)**
Subscription of BSA Warrant E by BEI	7.14	-	-	-	-	-	-	**-**	-	**-**
NeoT capital increase		-	-	-	-	-	-	**-**	-	**-**
Share-based payments	7.10.3.2	-	-	-	1,092	-	-	**1,092**	-	**1,092**
Share-based payments lapsed	7.10.3.2	-	-	-	(107)	-	107	**-**	-	**-**
Share-based payments exercised	7.10.1	31	(31)	-	(2,184)	-	2,184	**-**	-	**-**
Total income		-	-	71	-	-	(28,045)	**(27,974)**	**-**	**(27,974)**
Treasury shares held under the liquidity contract	7.10.4	-	-	-	-	(28)	-	**(28)**	-	**(28)**
Profit on disposal of treasury shares and change in fair value of treasury shares held	7.4	-	-	-	-	(50)	-	**(50)**	-	**(50)**
Other		-	-	-	-	-	-	**-**	0	**0**
Equity at December 31, 2023		**7,155**	**177,661**	**(224)**	**5,966**	**(430)**	**(130,893)**	**59,238**	**0**	**59,238**

4.3.6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

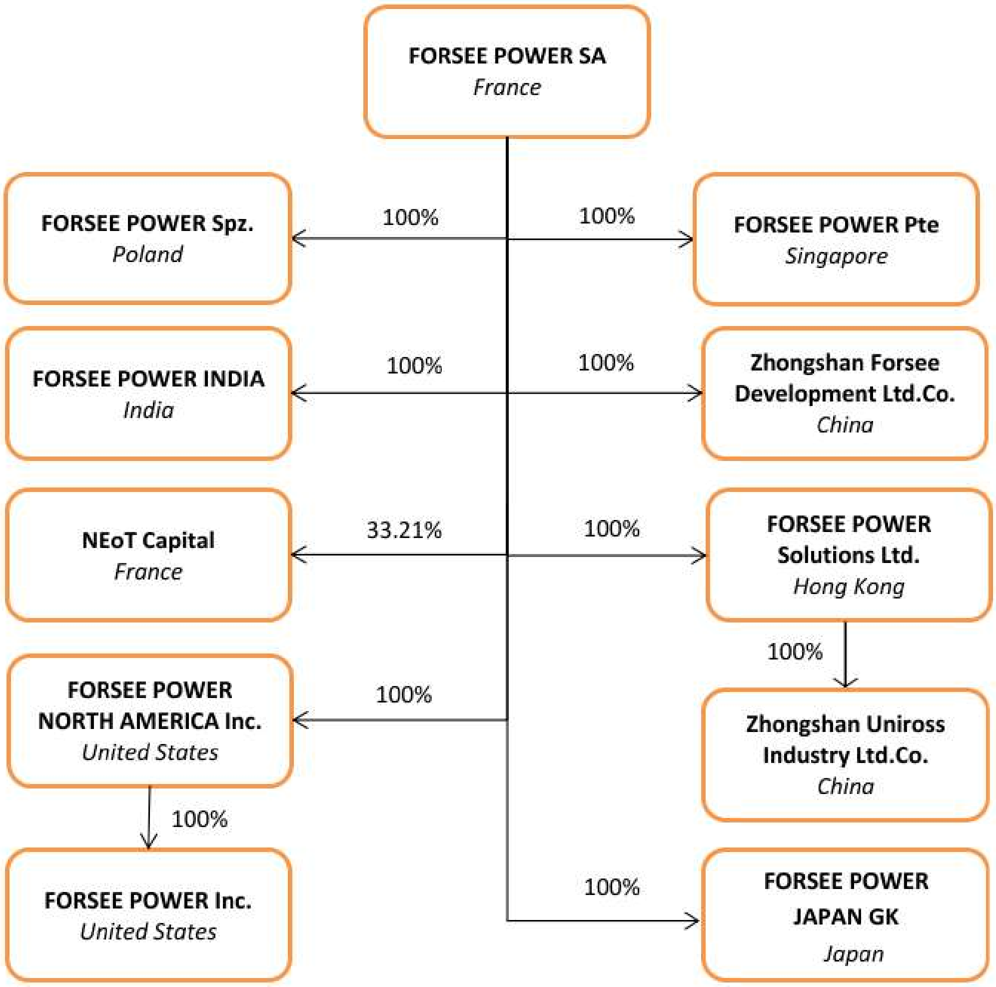
1. Presentation of the Forsee Power Group

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 operating in the design and integration of specialized batteries in the field:

- Of autonomy and mobility (bicycles, scooters, rolling stock, medical facilities, home automation, professional tooling and construction equipment);
- In electric transport (buses, trucks, short supply chain vehicle and rail transport).

The Group was formed through several company creations and acquisitions of Uniross Batteries' businesses (formerly Alcatel Saft) in 2011, Ersé in 2012 and Dow Kokam France (formerly Société de Véhicules Electriques - SVE) in 2013.
The consolidated financial statements have been prepared in accordance with IFRS and were approved by the Board of Directors of Forsee Power S.A. on April 23, 2024.
Forsee Power S.A. has been listed since November 3, 2021, on the regulated market Euronext Paris Compartment B under the number FR0014005SB3.

Group organization chart as of December 31, 2023:



2. Highlights

The main events of the financial year ended December 31, 2023, are 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 year 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.
  - Contract with Kawasaki to equip Ninja and Z motorbikes;
  - Contract with Peugeot to equip its new e-streetzone scooters;
  - Contract with Toyota to equip the APM for the world sporting event to be held in Paris in the summer of 2024.

  The Group has also entered 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 of17,664,108 new ordinary shares. This capital increase is intended to finance the acceleration of the Group's commercial, industrial and technological development.

- **€10 million drawdown of Tranche C of the financing agreement with the EIB**

  On December 4, 2023, Forsee Power drew down €10 million of Tranche C from the financing agreement with the EIB signed in December 2020. The drawdown of this Tranche C was subject to a revenue level achieved by the end of the 2020 financial year and the completion of a €10 million capital increase, which was carried out and subscribed in November 2021. The tranche C loan bears interest at 3% payable annually and capitalized interest at 1.5% payable at maturity when the principal is repaid in 5 years.

  The drawdown of Tranche C is accompanied by the issue of 1,000 share subscription warrants called BSA $_{\text{EIB Warrant E}}$ giving access to 300,000 ordinary shares to be issued by the company.

- **Search for financing**

  Over 2023, Management has considered options for financing its growth strategy, in debt (bank and non-bank), which could be implemented in 2024 to increase its financial flexibility. Expenses relating to this search for financing, which had not been finalized at the reporting date, are included in net financial result in the amount of €637 thousand on December 31, 2023.

- **Deployment of the Group in Japan**

  Forsee Power continues 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 GK has seven employees as of December 31, 2023.

- **Change in the NEoT Capital stake**

  On July 26, 2023, Forsee Power signed a Share purchase and investment agreement with EDF Pulse and Mitsui concerning the NEoT Capital stake.
  On November 2, 2023, in accordance with this investment agreement, Forsee Power and EDF Pulse completed: the joint sale of their respective 4.01% stakes; authorized a cash capital increase of €3,500 thousand, fully subscribed by Mitsui; authorized individual investors to acquire shares in NEoT Capital; and approved a plan to grant free preference shares to NEoT Capital employees.
  The completion of these transactions on November 2, 2023, led to a reduction in Forsee Power's stake from 50% to 33.21%, resulting in the recognition of dilution income of €356 thousand, shown under "Income from equity-accounted companies".
  Following the completion of these transactions, Forsee Power, EDF Pulse and Mitsui each hold a 33.21% stake in NEoT Capital.

- **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. The disputed item relates to the rejection of a deduction of a €3.2 million provision, which impacts the company's tax loss carryforwards, which amount to €196.9 million on December 31, 2023. Management decided not to dispute this point.
  The company has sent the customs authorities the information requested as part of a customs inspection dated July 26, 2022. This information is currently being processed by the tax authorities, but no notification has yet been received.

- **Dispute with Unu GmbH**

  Note 7.11 presents in detail the various disputes with Unu GmbH.

  On November 23, 2023, Forsee Power was informed that Unu GmbH had been placed under receivership by the Berlin Charlottenburg District Court. A receiver was appointed. This German receiver will have to decide whether Unu GmbH should continue as a going concern and whether the ongoing legal proceedings should be maintained.

  The emergency expertise and substantive legal proceedings opened in 2021 before the Paris Commercial Court have not changed significantly in 2023. In its deliberations of June 22, 2023, the court stayed the proceedings until the expert report had been submitted. As disagreements persisted over the content of the expert appraisals to be carried out, on November 22, 2023, Forsee Power referred the matter to the judge supervising the appraisals to order the experts to begin their expert appraisals without delay and to set a reasonable timetable. At the hearing on December 21, 2023, the judge supervising the appraisals ordered the judicial experts to begin their expert assessments, with a view to submitting their reports by the end of 2024.

  In July, August, November and December 2023, Unu GmbH initiated new legal proceedings before civil courts in Germany, following proceedings initiated by the victims of various claims. These proceedings are similar to those initiated in 2022 before other civil courts in Germany.

The preliminary expert appraisal proceedings initiated in 2022 before the Lyon Court of Justice, and the legal proceedings initiated since 2022 before civil courts in Germany, continued in 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 commercial activities (i.e., inflation, the increase 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 the potential increase in its cost structures (raw material prices, wage inflation and supply chain inflation), and generally includes a price adjustment clause in customer contracts, such that it has only limited exposure to changes in raw material prices.

3. Accounting standards, consolidation methods, valuation methods and rules

3.1. Basis of preparation of the consolidated financial statements

3.1.1. Accounting standards

The accounting policies used in the preparation of the consolidated financial statements comply with IFRS (International Financial Reporting Standards) as published by the IASB (International Accounting Standard Board) and adopted by the European Union as of December 31, 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 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 the same transaction. Application of these standards had no material impact on the financial statements and disclosures on December 31, 2023.

The Group has not applied in advance the standards and interpretations published by the IASB and adopted by the European Union but whose application is not mandatory as of December 31, 2023. In an initial analysis, the Group does not expect any significant effect from the application of these texts on its financial statements and on the information to be presented.

The standards and interpretations published by the IASB but not yet adopted by the European Union will only enter into force as from this adoption and are therefore not applied by the Group as of December 31, 2023. The texts likely to concern the Group are the amendments to IAS 1 relating to the presentation of liabilities as current or non-current. The impact of applying these texts is currently being analyzed.

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 judgments used by Management for the December 31, 2023, financial statements

The preparation of the Group's financial statements, in compliance with international accounting standards, requires Management to make estimates and assumptions that affect the application of the accounting methods, the amounts of assets and liabilities, income and expenses, and the disclosure of assets and contingent liabilities.

The estimates and underlying assumptions are established according to the information available when the financial statements were prepared. These estimates may be reviewed if circumstances on which they were based change or as a result of new information. Actual future results may differ from these estimates. Management is required to revise these estimates based on past experience and its view of the market. When an estimate is revised, it does not constitute a correction of an error.

Accounting estimates that require the use of assumptions are used mainly for the following items:

(a) *Assessment of the recoverable amount of goodwill (see Notes 3.3.2 and 7.1)*

The main assumptions used by Management to assess the recoverable amount of goodwill on an annual basis are future cash flows and the discount rate.

The future cash flows used to determine the value in use are those resulting from discounted forecasts covering a five-year horizon according to the latest strategic plan. The strategic plan covers the period 2024-2028 and has been drawn up on the basis of economic assumptions that Management considers realistic, for both revenue levels and production costs.

The discount rates used by GCU correspond to the weighted average cost of capital calculated on the basis of comparable parameters. A spread reflecting the specific risk level of the asset tested may be added. Data used to determine these rates comes mainly from an independent external source.

(b) *Research and development costs (see Notes 3.3.3 and 7.2)*

Management has identified development projects related to the improvement or creation of a product and/or technology used by one or more customers. These projects and the expenses allocated to them are regularly analyzed by Management based on information obtained during the period. Management assesses the amortization periods for development projects on the basis of internal feedback on the lifespan of the technologies developed in the current divisions and sales outlook. These amortization periods are reviewed by Management according to changes in products and/or technologies.

(c) *Research Tax Credit (CIR) (see Notes 3.3.23)*

Management assesses the income relating to the research tax credit on the basis of eligible expenses, past discussions with the tax authorities on certain types of expenses retained, and the conclusions obtained from the advisers and experts appointed to assess the CIR.

Since 2021, Management has appointed an expert firm to assist it in assessing the CIR.

Management has estimated the income relating to the 2023 research tax credit on the basis of eligible expenses incurred in the year to December 31, 2023. Income relating to the 2022 research tax credit included eligible expenses incurred in the years ended December 31, 2021, and December 31, 2022.

(d) *Valuation of batteries inventories (see Notes 3.3.8 and 7.6)*

Management assesses the net realizable value based on the price at which the batteries could be sold, either as finished products or as components and cells. This assessment of net realizable value considers technical and technological developments in batteries, in particular for the oldest battery ranges, which may face competition from other products launched more recently by the company.

(e) *Customer credit risk*

Management conducted a detailed review of trade receivables due as of December 31, 2023, and recorded impairment on a case-by-case basis.

No significant expected credit loss risk has been identified for the outstanding amount on December 31, 2023.

(f) *Fair value measurement of share-based payments (stock options and free shares) (see Notes 3.3.14.2 and 7.10.3.2)*

The cost of equity-settled employee stock option and free share transactions is measured by Management at the fair value of the equity instruments on the date on which they were granted.

Estimating the fair value of these share-based payments requires the use of the Black & Scholes option pricing model, which takes into account complex assumptions and variables: the value of the company's share, the life of the option, the exercise price, the expected volatility of the share, the risk-free interest rate, the share risk premium and the share liquidity premium. These assumptions are determined based on an expected exercise schedule of the options.

Management assesses changes in the company's share price in the event of share-based payments with performance conditions in order to adjust the probable number of instruments expected to vest at the end of the vesting period.

(g) Provisions (see Notes 3.3.16 and 7.11)

With the aid of its legal advisors, Management analyses disputes and guarantee commitments (after-sales service and recycling) and assesses the provisions to be recognized if the Group is required to disburse cash.

(h) Retirement benefit commitments (see Notes 3.3.15 and 7.12)

Management reviews the actuarial assumptions used in the valuation of post-employment commitments (defined benefit plans), including the discount rate, the turnover rate and the salary increase rate.

(i) Measurement of financial liabilities on leases (see Notes 3.3.5 and 7.3)

Management has assessed all facts and circumstances to determine the likelihood that early termination or any of the renewal options included in the leases should be exercised in the future in order to measure the lease liability under IFRS 16.

Management has used available data such as the company's risk premium and spread compared to the risk-free interest rate to assess the incremental debt ratio used to measure liabilities under IFRS 16.

(j) Fair value measurement of derivatives on financial instruments (see Notes 3.3.19 and 7.14)

The fair value of financial instruments giving access to the share capital (BSAs) is measured using the Black & Scholes model, which takes into account complex assumptions and variables: the value of the company's share, the life of the option, the exercise price, the expected volatility of the share, the risk-free interest rate, the risk premium of the share, the liquidity premium of the share, etc.

(k) Recognition of deferred tax assets on tax losses (see Notes 3.3.25 and 7.19)

Deferred tax assets relating to tax loss carryforwards are recognized if Management has on the one hand sufficient visibility over a three-year horizon of the recovery of these losses in light of forecast future taxable profits, and on the other hand, the tax rules for allocation and deferral.

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 December 31, 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 December 31, 2023, have been prepared on a going concern basis considering the following items:

- The level of available cash on December 31, 2023, which amounts to €25.9 million, mainly consisting of funds obtained during the capital increase in cash carried out on May 9, 2023 for approximately €49.3 million and the drawdown of €10 million from Tranche C of the EIB loan made in December, 2023;
- 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.

Since December 21, 2023, the Group has also had a new non-recourse factoring program with Facto France, with an uncapped amount of receivables in euros and dollars (within the limits per customer set by the credit insurer). This trade receivables assignment program replaces the factoring program with HSBC, capped at €2.1 million for euro receivables and $2.9 million for other receivables. However, this new factoring contract with Facto France has no impact on December 31, 2023, since the first assignments of trade receivables were made in January 2024. Forsee Power also has a factoring contract as part of a reverse factoring program with Banco Santander.

Management is also considering options for financing its growth strategy, in equity or debt (bank and non-bank), which could be implemented to increase its financial flexibility.

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

3.1.4. Consideration of climate change risks

The Group is potentially impacted by the effects of climate change and is implementing measures to reduce them through a CSR strategy in all areas of its business (see the non-financial performance statement in chapter 5). These risks are operational, i.e., linked to the physical impacts of climate change.

The impacts of climate change in the consolidated financial statements were immaterial as of December 31, 2023.

3.2. Consolidation methods

3.2.1. Reporting date and annual financial statements of the consolidated companies

These consolidated financial statements have been prepared on the basis of the individual financial statements of the subsidiaries of Forsee Power SA. All these financial statements cover a period of 12 months and were drawn up on December 31, 2023. The only exception is Forsee Power India Private Ltd, which draws up its accounts to March 31, 2024, and for which an interim financial statement as of December 31, 2023 has been established ad taken into consideration.

The financial statements used for comparative information are those for the year ended December 31, 2022, for the statement of financial position and for the statement of income and the cash flow statement, which cover a period of 12 months.

The financial statements of the consolidated companies for the periods presented have been prepared in accordance with the accounting principles and valuation methods used by the Group. They have been restated to bring them into line with the accounting principles and the IFRS framework used to prepare the consolidated financial statements.

3.2.2. Consolidation methods

3.2.2.1. Equity interests under exclusive control: full consolidation

An equity interest is a subsidiary controlled by the Group. Control exists where the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing whether control exists, potential voting rights that are exercisable or convertible at the reporting date are taken into account.

Subsidiaries' financial statements are included in the consolidated financial statements from the date on which the Group obtains control and until the date that such control ceases.

Full consolidation consists of:

- Incorporating the items from the consolidated companies' financial statements into the consolidating company's financial statements, after any restatements;
- Dividing the equity and the profit or loss between the interests of the consolidating company, called "Share attributable to owners of the parent company" or "Group share", and the interests of other shareholders or partners, called "Non-controlling interests" or "Minority interests";
- Eliminating transactions in the financial statements between the fully consolidated company and the other consolidated companies

3.2.2.2. Investment in NEoT Capital

Since 2016, the Group has had a 15% stake in NEoT Capital, a company dedicated to financing projects in the renewable energy and electric mobility sectors. Until December 31, 2021, the partners Mitsubishi Corporation and EDF (via EDF Pulse Holding) held 85% of the company's share capital in equal shares.

In order to strengthen the implementation of the Group's strategy of offering a complete range of products and services for battery systems, the Group 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%) for an amount of €2,292 thousand. This acquisition was finalized on May 31, 2022 following the EIB's approval, leading the Forsee Power 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 partners Forsee Power and EDF Pulse taken on June 30, 2022, leading to the recapitalization 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 shareholders' 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.

A Share purchase and investment agreement was signed on July 26, 2023 between Forsee Power, EDF Pulse and the new partner Mitsui. This agreement led Forsee Power and EDF Pulse to jointly sell their 4.01% stakes on November 2, 2023 for €370 thousand each, authorized a cash capital increase of €3,500 thousand fully subscribed by Mitsui, authorized members of Management to acquire shares in NEoT Capital, and approved a plan to grant free preference shares to NEoT Capital employees. Following the completion of these transactions, Forsee Power, EDF Pulse and Mitsui each hold a 33.21% stake in NEoT Capital.

In parallel with these operations, the shareholders' agreement was updated, and NEoT Capital's articles of association were amended to reflect the desire of the partners Forsee Power, EDF Pulse and Mitsui to have the same number of shares, the same number of votes, and perfect equality between the two partners in governance and decision-making within 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.

3.2.2.3. Transactions eliminated in the consolidated financial statements

The following items have been eliminated in the consolidated financial statements:

- Reciprocal receivables and payables;
- Intra-Group transactions such as purchases, sales, dividends, internal margins, etc.;
- Provisions for consolidated companies;
- Any other transaction involving Group companies.

3.2.2.4. Translation of financial statements prepared in foreign currencies

The financial statements established in foreign currencies is made using the “closing rate” method:

- Monetary and non-monetary assets and liabilities are translated into euros at the closing exchange rate, with the exception of equity components, which are translated at the historical exchange rate;
- Statement of income and cash flow items are translated into euros using the exchange rate on the transaction dates or, in practice, at a rate that is similar, that corresponds to the average rate of the reporting period, unless significant fluctuations occur;
- The resulting translation difference is recorded in other comprehensive income (OCI) and comprises the "Translation Reserve" divided between the Group share and minority interests, if any.

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

Currency	Currency code	Rate on December 31, 2023 €1 = currency	Average rate 12 months December 2023 €1 = currency	Rate on December 31, 2022 €1 = currency	Average rate 12 months December 2022 €1 = currency
Hong Kong Dollar	HKD	8.63140	8.46497	8.31630	8.24510
Chinese Yuan Renminbi	CNY	7.85090	7.66002	7.35820	7.07880
Polish Zloty	PLN	4.33950	4.54197	4.68080	4.68611
Indian Rupee	INR	91.90450	89.30011	88.17100	82.68639
Singapore Dollar	SGD	1.45910	1.45232	1.43000	1.45116
United States Dollar	USD	1.10500	1.08127	1.06660	1.05305
Japanese Yen	JPY	156.33000	151.99027		

3.2.2.5. Treatment of business combinations and industrial business lines acquired

The Group considers itself to be the acquirer as soon as it has obtained control in substance of the business or branches of industry acquired.

The cost of each acquisition is measured at fair value on the date of acquisition. External acquisition costs incurred are recognized as an expense in the period in which the related services are received.

The period for measuring the fair value of the purchase price (including any earn-outs), and for determining the fair value of the identifiable assets and liabilities is 12 months after the date of acquisition. After this period, any change in the purchase price and in the value of the identifiable assets and liabilities is recognized in the statement of income.

The Group has proceeded with:

- The takeover in June 2011 of the industrial activities of Uniross Batteries SAS (in France) and of Zhongshan Uniross Industry Ltd (ZUI) renamed “Zhongshan Forsee Power Industry Ltd” in China.

  The takeover of the industrial activities of Uniross Batterie and Zhongshan Uniross Industry Ltd resulted in the recognition of negative goodwill, as the acquisition cost was lower than the fair value of the net assets acquired. Management verified the value of the assets and liabilities acquired in order to ensure that there was no impairment or provisions for risks and charges to be recognized, and limited the valuation of intangible assets, in particular the customer contracts and IT databases relating to the technical and commercial specificities of the products of the business line acquired, which resulted in no recognition of negative goodwill on these intangible assets. Following these analyses, the negative goodwill was considered as a profit resulting from an acquisition under favorable conditions and was recognized in the statement of income in 2011.

- The acquisition in March 2012 from Ersé of the Polish company Energy One subsequently renamed “Forsee Power Spz”.

  This 51% acquisition of control of Energy One was treated by measuring the fair value of the identifiable net assets for non-controlling interests (minority interests) resulting in the recognition of full goodwill shared between the Group share and the share relating to non-controlling interests.

  The successive purchase between October 2013 and October 2014 of the 49% held by minority interests was treated in the consolidated financial statements as a transaction between shareholders’ equity in accordance with IFRS 10, without impact on the goodwill measured at the 2012 acquisition.

- The acquisition in November 2013 of Dow Kokam France later renamed “Forsee Power Industry”.

  The Group measured the identifiable assets and liabilities of the acquired entity at fair value, except as provided for in IFRS 3. Non-identifiable assets, such as purchased goodwill or technical losses, have not been included in the assets acquired. Contingent liabilities, in particular the contingent liability for a tax dispute pending at the date of acquisition relating to research tax credits for the activities acquired by Dow Kokam France at the acquisition date, have been measured and recognized as a provision if they were a current obligation at the acquisition date, without it being probable that an outflow of cash will be required to settle this obligation.

  The provisions for these contingent liabilities were reversed through the statement of income as soon as a positive response was received from the tax authorities. The impact of deferred taxation has been recognized in accordance with IAS 12.

- The purchase of assets in July 2021 from Holiwatt.

  Forsee Power SA acquired part of the business and assets by a judgement of the Lyon Commercial Court dated July 21, 2021, and confirmed the takeover of the workforce from Holiwatt (formerly Centum Adetel Transportation). The assets and liabilities acquired were measured at fair value, leading to the recognition of €28 thousand in negative goodwill, which was recognized in operating income. The most significant identifiable assets and liabilities acquired are patents, inventories and social debts of the employees acquired.

3.2.2.6. Non-controlling interests

The Group does not have any non-controlling interests (minority interests) in the periods presented.

3.3. Accounting methods and valuation rules

3.3.1. Presentation of non-current and current items

The statement of financial position presents current and non-current assets and liabilities in accordance with IAS 1 on the presentation of financial statements.

Assets and liabilities are considered to be "current" when:

- The Group expects to be able to realize the asset or settle the liability during its normal operating cycle or within 12 months after the reporting date;
- The asset or liability is held for trading or transaction purposes;
- The asset consists of cash or cash equivalents;

All assets or liabilities that do not meet any of the above detailed criteria are qualified as "non-current."

Non-current financial assets and other non-current assets measured at amortized cost are discounted at the original effective interest rate, which generally corresponds to the 1-year Euribor rate at the reporting date of the consolidated financial statements.

3.3.2. Goodwill

Full goodwill from business combinations is allocated to the relevant cash-generating unit (CGU). CGUs are defined as the smallest group of related assets generating cash inflows that are largely independent of cash flows from other assets or groups of assets.

Goodwill is not amortized but is tested for impairment through the CGU to which it belongs, at least at each annual closing. An impairment related to an impairment loss is recognized if the recoverable amount of a CGU is less than its carrying amount. The impairment loss to be recognized for a CGU is first deducted from the carrying amount of any goodwill allocated to the CGU, and then deducted from the carrying amount of each of the unit's assets. Impairment losses on goodwill are irreversible and are recognized in operating income on the line "Goodwill impairment".

The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. The fair value of a CGU is determined either by reference to transactions similar to the asset to be tested, or by valuations carried out by independent experts with a view to disposal. To determine the value in use of a CGU, future cash flows are discounted at a rate, after tax, which reflects the market's current assessment of the time value of money and the risks specific to the CGU. The Group uses a discount rate by CGU for its future cash flows, taking into account country risk and tax rates by geographical area, and a premium in the event that the assumptions used in the business plan are not met. This discount rate is calculated based on the average cost of capital employed. Future cash flows are determined on the basis of reasonable and documented assumptions. The Group uses the most recent projections, the plan between 2024 and 2028, and beyond this period, the terminal value is determined by capitalizing the final year's projected cash flow to infinity, based on a long-term growth rate determined by geographic area.

3.3.3. Development costs

Expenses incurred for development costs must be recorded as intangible assets when the conditions defined by IAS 38 are met:

- Technical feasibility and technical capacity to complete the development and use or sell the asset;
- Intention to complete the development, ability to use or sell the asset, and availability of financial resources;
- Probability of future economic benefits;
- Reliability of the measurement of expenses incurred.

The development costs incurred relate to the improvement of products or technologies that will be used by one or more customers. The Group regularly assesses eligible expenses, the project start date and the estimated project end date through a Project Monitoring Committee.

The costs capitalized in respect of development costs relate to personnel expenses, external costs and project-specific purchasing expenses. The portion of the Research Tax Credit relating to capitalized expenses is presented as a deduction from development costs.

The amortization periods for development projects are derived from internal feedback relating to the lifespan of the technologies developed by Forsee Power. The amortization period is between 2 and 6 years for projects, considered from the estimated project end date. These amortization periods are reviewed by Management according to changes in products and/or technologies.

Expenses incurred that do not meet the criteria for capitalizing development costs, and research costs, are recognized in expenses over the period and are presented in note 7.2.

3.3.4. Intangible assets and property, plant and equipment

Property, plant and equipment and intangible assets are recorded in the consolidated financial statements at their acquisition price or production cost, or their fair value when acquired as part of a business combination, less accumulated amortization, depreciation and impairment losses recognized.

The Group has chosen to record property, plant and equipment and intangible assets using the amortized historical cost method.

Depreciation and amortization are calculated on the basis of the estimated useful life of each asset class. Where applicable, the total cost of property, plant and equipment is allocated to its component parts, each of which is recognized separately. This is the case when the different components of an asset have different useful lives or provide benefits to the company at a different pace, thereby requiring different depreciation rates and methods.

Depreciation and amortization are calculated based on the expected pattern of consumption of the future economic benefits embodied in the asset based on acquisition cost, according to its probable use. Depreciation and amortization periods are reviewed annually and modified if expectations differ from previous estimates; such changes in estimates are recognized prospectively.

Depreciation and amortization are calculated using the straight-line method, based on the estimated useful life of each asset as follows:

Software and licenses	Straight-line method	5 years
Industrial equipment	Straight-line method	5 years
General installations and fittings	Straight-line method	8 to 10 years
Transport equipment	Straight-line method	5 years
Office and IT equipment	Straight-line method	3 years

3.3.5. Leases

IFRS 16 on leases replaces IAS 17 and related interpretations. It introduces a single principle of lease accounting for lessees with the recognition of a fixed asset and a lease liability for the vast majority of leases.

The lessee thus records:

- A non-current asset representing the right of use of the leased property under assets in the consolidated statement of financial position;
- A financial liability representing the obligation to pay for this right under liabilities in the consolidated statement of financial position;
- Depreciation of right-of-use assets and interest expenses on lease liabilities in the consolidated statement of income.

The main assumptions used to measure the right of use and the lease liability are:

- **The term of a lease**

  The term of a lease corresponds to the non-cancellable period during which the lessee has the right to use the underlying asset, plus the optional renewal or termination periods that the Group has reasonable certainty of exercising (for the renewal option) or not exercising (for the termination option). The probability of exercising or not exercising an option is determined by contract type or on a case-by-case basis on the basis of contractual and regulatory provisions and the nature of the underlying asset (in particular, its technical specificity and strategic location);
  The terms of leases for industrial and commercial buildings correspond to the length of the longest contractual enforceable periods if there is a termination option for French commercial leases. This term reflects Management's best estimate of the period during which the Group is reasonably certain to continue the lease until the end of its term. Tacit renewal periods of the initial lease have not been used by Management when evaluating the initial term of the lease as any change in the Group's future needs could lead to the size of certain sites being adjusted.
  Leases for industrial and commercial buildings were established with the following life span:

  - Industrial site at Chasseneuil-du-Poitou: the lease in future state of completion (BEFA) expires on August 2, 2033, i.e., an initial term of 14 years;
  - Commercial premises and head office in Ivry-sur-Seine: the leases expire on April 30, 2026, or March 31, 2032, or September 30, 2032, and were agreed for an initial term of 9 years;
  - Commercial premises in Dardilly (Lyon): BEFA lease commencing on October 1, 2023 and ending on September 30, 2032, i.e., an initial term of 9 years;

- Industrial site in Zhongshan (China):
  - The lease for the 5,200 m^2 industrial premises was renewed from February 29, 2024 to February 28, 2026;
  - The lease for the 3,500 m^2 industrial and storage premises expires on January 31, 2025 and has been extended to June 30, 2025 in view of the lessor's expected renewal of these leases and Management's development plans in China.
- Industrial site in Hilliard, Ohio: the lease expires on January 31, 2033, i.e., an initial term of 11 years;
- Industrial premises in Poland: lease renewed every 3 years, expiring on January 31, 2028;
- Industrial site located in Pune (India): lease for industrial premises of 1,700 m^2 commencing on October 1, 2023 for a term of 5 years.

Management reviews the terms of the leases at each reporting date, either by renewing the initial lease or by using a tacit extension period, depending on the occurrence of events.

- **Discount rate used for lease liabilities**
  The discount rate used is the lessee's marginal borrowing rate (risk premium added to the company's spread relative to the risk-free rate).
  The discount rates used at December 31, 2023 to measure financial liabilities are as follows:

Duration of the contract	Type of leased asset	Number of contracts	France	China	Poland	United States
Less than 3 years	Vehicles Industrial equipment and tools Short-term premises	37	Between 3.21% and 4.02%	NA	Between 3.21% and 4.02%	NA
Between 4-7 years	Industrial equipment and tools	6	3.84%	NA	NA	NA
More than 7 years	Industrial buildings and commercial premises	17	Between 3.21% and 3.721%	3.72%	NA	4.48%

At the inception of the lease, the lease liability is recognized for an amount equal to the present value of the minimum lease payments remaining to be made over the non-cancellable term of the lease and payments related to options that the lessee is reasonably certain to exercise. This amount is then measured at amortized cost using the effective interest rate method.

On the same date, the right of use is recognized at a value corresponding to the initial amount of the liability plus, if applicable:

(i) advance payments made to the lessor, net of any benefits received from the lessor;

(ii) the initial direct costs incurred by the lessee in entering into the contract;

(iii) and the estimated costs of dismantling or restoring the leased property under the terms of the lease. This amount is then reduced by recognized depreciation and impairment losses. Right-of-use assets are depreciated on a straight-line basis over the term of the lease, including early termination and renewal options that the lessee is reasonably certain to exercise. Where the contract transfers ownership of the asset to the lessee or includes a purchase option, which will be exercised with reasonable certainty, the right of use is depreciated over the useful life of the underlying asset on the same terms as those applied to owned assets.

Lease payments are broken down between the financial expense and the repayment of the principal of the lease liability and are recognized in cash flows from financing activities in the consolidated statement of cash flows.

Subsequently, the debt and the right to use the underlying asset must be re-estimated to take into account the following situations:

- Revision of the lease term;
- Any change related to the assessment of whether or not an early termination or renewal option is reasonably certain to be exercised;
- Re-estimation of residual value guarantees;
- Revision of rates or indices on which rents are based;
- Rent adjustments.

The main simplification measures provided by the standard and adopted by the Group are:

(i) The exclusion of short-term leases and;

(ii) The exclusion of leases relating to low-value assets.

Rents for leases that are excluded from the scope of IFRS 16 as well as variable payments not taken into account in the initial measurement of the debt are recognized in operating expenses.

3.3.6. Impairment of fixed assets

Fixed assets with defined useful lives are tested for impairment when there is an indication that they may be impaired as a result of events or circumstances that occurred during the period, and when it appears that their recoverable amount will remain lower than their net carrying amount.

Fixed assets with indefinite useful lives, such as goodwill and assets in progress, are tested for impairment at each year-end, and when there is evidence of impairment due to events or circumstances occurring during the period.

Impairment tests are performed by comparing the recoverable amount with the net carrying amount of the asset. When an impairment appears necessary, the amount recognized is equal to the difference between the net carrying amount and the recoverable amount. The recoverable amount is the higher of the fair value net of disposal costs and value in use.

3.3.7. Financial assets

Financial assets are recognized in accordance with IFRS 9 and presented in accordance with IAS 32 and IFRS 7.

The Group recognizes a financial asset when it becomes a party to the contractual provisions of a financial instrument. A financial asset is classified according to the Group's business model, which is based on the intention to collect contractual cash flows and the compliance of the asset with the contractual characteristics of the SPPI test (solely payments of principal and interest or "basic loan").

- Financial assets at amortized cost including:

  Held-to-maturity investments such as deposits and guarantees: fixed or determinable income securities that the Group has the intention and ability to hold to maturity. These securities are initially recognized at their acquisition price and subsequently according to the amortized cost method at the effective interest rate. An impairment loss is recognized for the difference between the carrying amount and the estimated recoverable amount, incorporating an expected future credit loss, i.e., the estimated future cash flows discounted at the original effective interest rate.

Loans and receivables, whether or not related to equity interests: this category records non-derivative financial assets with fixed or determinable payments. These assets are measured at amortized cost using the effective interest rate method. Loans and receivables due less than 12 months after the reporting date are not discounted. An impairment loss is recognized for the difference between the carrying amount and the estimated recoverable amount, incorporating an expected future credit loss, i.e., the estimated future cash flows discounted at the original effective interest rate.

- Financial assets at fair value through profit or loss

  Financial assets at fair value through profit or loss, such as marketable securities: these are securities acquired by the Group with the objective of making a profit from short-term price fluctuations.

  They are initially recognized at fair value (excluding direct transaction costs recognized in the income statement). At each reporting date, changes in fair value are recognized in the income statement.

- Financial assets at fair value through other comprehensive income

  The Group has elected to present equity instruments not held for trading through other comprehensive income (OCI) and not in the income statement. This category includes other financial assets such as non-consolidated investments not recognized using the equity method. These securities are initially recognized at their acquisition price (including transaction costs). At each reporting date, these assets are measured at fair value in accordance with IFRS 13. Changes in fair value are recorded in equity in a special reserve within "Other comprehensive income" (OCI). If there is any indication of a decrease in the fair value, the unrealized loss is also recognized in equity. Changes in fair value are not released to the income statement in the financial year when these financial assets are sold. Dividends received are recognized in the income statement for the year, except for dividends received immediately after the acquisition of the securities, which are then presented in OCI.

  No equity instruments not held for trading were identified as of December 31, 2023.

3.3.8. Inventories

Inventories consist of raw materials and other supplies, purchased parts (battery cells, components, etc.), semi-finished/semi-assembled products and finished products.

Inventories of raw materials, other supplies and purchased parts are measured at acquisition cost using the weighted average unit purchase cost method. This acquisition cost includes the purchase price, approach costs (transport and customs clearance) and incidental costs.

Inventories of finished products are valued at production cost, which includes forwarding costs, customs duties, transport costs on purchase and production labor costs. Financial expenses are not presented in the valuation of inventories.

Inventories are impaired to take into account the net realizable value of the products at the reporting date.

Inventory impairment is assessed on a case-by-case basis taking into account both the prospect for sale of a product in relation to its declining life cycle and changes in the sale prices of the kWh market. Impairment takes into consideration both finished products and components that could not be used in the subsequent production of another range of batteries. It reduces the net value to the net realizable value at which it is probable that this product will be sold, or these components will be used. Low-turnover cells and components, and certain finished products, are thus fully impaired.

Internal margins applied between the various Group companies on goods carried in inventory at the reporting date are eliminated from the consolidated financial statements.

3.3.9. Trade receivables

Trade receivables are initially measured at fair value and consist mainly of the difference between recognized invoiced revenues and payments received from customers, including advance payments.

The Group has opted for the simplified model for impairment of receivables as far as trade receivables do not include a significant financing component. Impairment is measured at the initial recognition date and throughout the life of the receivable and corresponds to expected credit losses over the life of the receivable.

The expected credit loss is assessed on the basis of an impairment matrix established on the basis of historical past due amounts, adjusted for forward-looking information. The average historical loss rate on revenues observed over the last five years is less than 0.04%, and the average historical credit loss rate on customer outstandings is less than 0.2%.

Impairment losses on trade receivables are recognized in profit or loss for the period in "Net impairment."

3.3.10. Working capital financing instruments

The Group has several financing instruments for its Working Capital Requirements (WCR):

(a) *Non-recourse factoring program*

At the end of 2020, the Group renegotiated its factoring contracts and now has a non-recourse factoring program, i.e., with a transfer of the risks of late payment, non-payment, foreign exchange and a limitation of the factoring company's recourse in the event of non-payment of guaranteed receivables.

As the renegotiated factoring contract transfers to the factoring company the contractual rights to cash flows and almost all the associated risks and benefits, the trade receivables assigned and transferred without recourse are derecognized from "Trade receivables" in the consolidated statement of financial position in accordance with IFRS 9, with the exception of security deposits, which are maintained under "Financial assets". Trade receivables assigned to the factor and not used, i.e., for which the Group has not obtained financing, are shown under "Financial assets".

The non-recourse factoring contract with HSBC Factoring France covers outstandings with an indefinite term limited to €2,100 thousand for receivables denominated in euros and $2,900 thousand (divided between $200 thousand for receivables denominated in US dollars and $2,700 thousand for outstandings covering the export market).

A new non-recourse factoring contract was signed with Facto France on December 21, 2023. This new factoring contract covers outstandings with an indefinite term and an uncapped amount up to the amount per indemnifiable customer by the credit insurer. This new factoring contract replaces the factoring contract signed with HSBC Factoring France. The first assignments of trade receivables under this new factoring contract took place in January 2024.

Outstanding receivables financed by non-recourse factoring are presented in Note 7.7.

(b) *Factoring contract included in a customer's reverse factoring program*

A factoring contract included in a customer's reverse factoring program (Heuliez Bus-IVECO-Case NewHolland) with a banking institution (Banco Santander) was set up with variable discount payment terms depending on the maturity of the receivable on the date of assignment to the factoring company.

This factoring contract is non-recourse at the time of discounting, i.e., with a transfer of the risks of late payment, non-payment and foreign exchange, and a limitation of the factoring company's recourse in the event of non-payment of guaranteed receivables. Under IFRS 9, this leads to the derecognition of trade receivables as soon as they are presented to the factoring company for discounting.

This factoring is for an unlimited period and with no ceiling on the receivables of the customer Heuliez-Iveco (Case New Holland group).

Outstanding receivables financed by factoring under a reverse factoring program are presented in note 7.7.

(c) *Cash pledge on Stand-by Letters of Credit*

On July 25, 2022, Forsee Power obtained a SBLC from a French bank for a maximum amount of $1 million in favor 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.

On July 11, 2023, Forsee Power obtained an SBLC (stand-by letter of credit) from a French bank in favor of the Indian bank ICICI Bank on behalf of the subsidiary Forsee Power India Private Limited, in order to guarantee an overdraft facility and customs guarantee for 45 million Indian rupees (€490 thousand). This SBLC is accompanied by an interest-bearing cash pledge of €650 thousand covering a period from July 10, 2023 to July 10, 2025.

Cash collateral amounts are presented in Note 7.4.

Interest charges and fees relating to these financing programs are presented in Net financial income (expense) in the income statement.

3.3.11. Cash and cash equivalents

Cash and cash equivalents comprise sight deposits in euro (€), US dollar ($), subsidiaries' local currency (Indian rupee, Chinese yuan, Polish zloty), and short-term euro investments offering high liquidity and not subject to a negligible risk of change in value.

Short-term investments are measured at fair value at the reporting date (financial assets at fair value through profit or loss). Changes in value are recognized in Net financial income (expense).

3.3.12. Share capital and capital issuance costs

When equity instruments are issued, they are recorded at the transaction price after deduction of transaction costs. Equity instruments are not reassessed. If the equity instrument is cancelled or redeemed, the consideration paid is deducted directly from equity and no profit or loss is recognized in the income statement.

Costs directly attributable to a capital increase are recognized as a deduction from the issue premium, i.e., as a deduction from equity in accordance with IAS 32. Costs directly attributable to a capital increase are recognized net of deferred taxes when it is probable that the tax savings will be recovered (see Note 3.3.25.2).

3.3.13. Share liquidity contract

In November 2021, the company signed a stabilization contract with an independent investment services provider (ISP) to trade in compartment B of the Euronext Paris market with a view to ensure the liquidity of transactions and regular trading of Forsee Power shares.

This contract, still in force in 2023 was entered into for a period of 12 months, tacitly renewable except in the event of termination, and with an overall ceiling (cash and securities) of €500 thousand.

Cash made available to the investment services provider for stabilization is recorded and presented in "Non-current financial assets" in the statement of financial position. Realized gains and losses on disposals of securities are recognized directly in equity.

Purchases and sales of treasury shares carried out by the investment services provider on behalf of Forsee Power are recognized directly in the Group's equity in the same way as any direct transaction in treasury shares. Changes in fair value (unrealized gains or losses) on securities held are recognized directly in equity.

3.3.14. Share-based payments

3.3.14.1. Transactions with investor shareholders

Share-based transactions with investor shareholders are not classified as share-based payments under IFRS 2 but are treated as equity instruments and recognized in accordance with IAS 32. They are recognized in equity at their transaction price (subscription amount) and are not revalued at subsequent reporting dates.

3.3.14.2. Transactions with Management and employees

Distributions of stock options (SO) and free shares (AGA) to employees are treated as share-based payments, measured and presented in the consolidated financial statements in accordance with IFRS 2.

Share-based payments are measured at the fair value of the equity instruments in return for the services rendered by the members of staff. The fair value is determined on the date the stock options (SO) and free shares are granted using the Black & Scholes option pricing model. This valuation model includes several assumptions and complex variables: the value of the company's share, the life of the option, the exercise price, the expected volatility of the share, the risk-free interest rate, the share risk premium, the share liquidity premium, etc. These parameters are determined according to the expected timing of the exercise of options and free share warrants.

The cost of a share-based payment is recognized as an expense for the period on the "Personnel costs " line, in proportion to the services rendered from the date the free shares were granted. If the vesting period is spread over several periods, the cost of a share payment is allocated *pro rata temporis* over the same period.

The cost is adjusted at each reporting date if the number of shares to be issued varies during the period. The cost recognized as an expense is not included in income even if the beneficiary does not exercise the option.

The expense relating to the URSSAF employer contribution of 30% is recognized and paid on the allocation date of the Stock Options. The expense relating to the URSSAF employer contribution of

20% on Free Shares is determined on the date of allocation of the free shares and recognized for accounting purposes over the vesting period of the rights and paid *in fine*.

3.3.15. Employee Benefits

Employee benefits are measured and presented in accordance with IAS 19 according to whether they are:

- Short-term benefits such as wages, social security contributions, bonuses payable, employee vehicles whether owned by the Group or leased, expenses related to training, and other employee fringe benefits;
- Long-term benefits, such as long-service awards and bonuses payable after the 12 months after the reporting date;
- Severance benefits;
- Post-employment benefits (defined benefit or defined contribution plans).

Short-term benefits are recognized in the income statement under "Employee benefits" and are presented in Note 8.4 below.

The Group contributes to various defined contribution plans:

- French employees: contributions to provident funds under the two basic pension schemes (mandatory and supplementary);
- Employees located in China: contributions to the basic pension scheme and the compulsory supplementary scheme;
- Employees located in Poland: contributions to the Public Social Insurance Institute (ZUS) for both mandatory pension schemes (pay-as-you-go and funded), and no voluntary insurance contract.
- Employees in the United States have subscribed to a private pension scheme known as "401k", to which the company contributes 6% of the amounts saved;
- Employees located in Japan: contributions to the basic pension scheme and the compulsory supplementary pension scheme.

Under these defined contribution post-employment benefit plans, the Group has no obligation other than to pay the premiums recognized in the income statement under "Employee benefits", with a corresponding social security liability that runs until the premiums are paid.

The Group has not set up any defined benefit pension plan for employees. Its commitment is limited to the statutory retirement benefit plan for French employees, which is valued using the projected unit credit method. Under this method, each period of service results in an additional unit of benefit entitlement, and each of these units is valued separately to arrive at the final obligation. This obligation takes into account the IFRIC provisions on IAS 19 published in April 2021 relating to the allocation of rights to years of service. This obligation is then discounted to obtain the final obligation. These calculations incorporate financial and demographic assumptions presented in Note 7.12.2. Costs relating to services rendered by employees during the period, costs of past services, i.e. profits or losses relating to a contractual or regulatory amendment to the plan and/or the reduction of the plan (significant reduction in the number of employees covered by the plan), are presented in the income statement under the heading "Employee benefits". Actuarial gains or losses arising from changes in financial and demographic assumptions, and costs of past services in the event of a non-material reduction in the plan (i.e., the departure of employees representing less than 10% of the workforce covered by the plan) that are treated as actuarial gains or losses, are presented in the statement of other comprehensive income (OCI).

3.3.16. Provisions for risks and charges

A provision for risks and charges is recognized when there is a clearly defined obligation resulting from events that have occurred or are occurring, and which makes an outflow of resources likely to occur at an unknown future date. The amount provided for in the financial position is the best estimate of the expenditure required to settle the obligation at the reporting date, excluding any expected income. Each risk or expense is assessed on a case-by-case basis at the reporting date and provisions are adjusted to reflect the best estimate at that date.

Provisions are considered current if they cover an obligation to be settled or unwound within 12 months of the reporting date. Failing this, provisions are classified as non-current.

Non-current provisions are discounted if the time value effect is material in accordance with IAS 37.

Contingent assets and liabilities, i.e., assets or liabilities whose existence depends on uncertain future events, are not recognized in the financial position, except for contingent liabilities recognized in a business combination.

As a producer, the Group is subject to the following legal and regulatory obligations:

- The obligation to repair or replace any defective element of the battery systems sold classified as a provision for after-sales service (SAV).

  This obligation is covered by a provision for after-sales service (SAV) assessed on the basis of a percentage of revenues excluding extended warranty sales. This percentage was determined on the basis of both a sector benchmark and an estimate of probable repair costs weighted by a probability of return. Management adjusts this estimate based on actual repair costs.

- The obligation to collect and process end-of-life batteries (European regulations on Waste Electrical and Electronic Equipment – WEEE).

  This obligation is covered by a "recycling" provision, which is assessed on the basis of the number of items sold (by weight) and to be recycled over time.

3.3.17. Financial liabilities

Financial liabilities are measured in accordance with IFRS 9 and presented in accordance with IAS 32 and IFRS 7.

They are recognized at fair value at their acquisition date (incremental transaction cost, directly attributable to the debt) and are subsequently recognized at amortized cost using the effective interest rate method.

Financial liabilities are broken down in the consolidated financial statements between:

- Long-term loans and financial liabilities for the portion of the liabilities due in more than 12 months after the reporting date, which are classified as non-current liabilities;
- Short-term loans and financial liabilities for the portion due in less than 12 months after the reporting date, which are classified as current liabilities.

Non-current interest-bearing financial liabilities are not discounted at the reporting date.

Cash generated by receivables assigned with recourse and discounted with the factoring company is presented as financial debt net of reserves and guarantee deposits applied by the factoring company.

The Group has no financial liabilities measured at fair value (other than derivatives) in the statement of financial position at the reporting date.

Financial liabilities obtained under non-market conditions (zero-interest or below-market rate loans) are presented at fair value with a corresponding entry to profit or loss. The profit is then written back to the income statement and incorporated into the effective interest rate of the loan in order to bring it back to the normal market rate.

Debt issuance costs are deducted from the initial fair value of the debt issued and spread over the term of the loan using the effective interest rate method.

3.3.18. Trade payables

Trade payables are measured at the initial recognition date at the fair value of the consideration to be given. This value corresponds to the nominal value, due to the relatively short period of time between the recognition of the instrument and its payment liability.

3.3.19. Derivative instruments

Share subscription warrants (*Bons de souscription d'action - BSA*) issued by the company that do not meet the definition of an equity instrument, i.e., when the settlement of the instrument does not result in the delivery of a fixed number of company shares, are classified and measured as a derivative instrument and presented as a liability.

This liability financial instrument is measured at fair value at the date of issue of the instrument and on each reporting date. The estimate of fair value, which corresponds to the cost of the option if these share subscription warrants are exercised, requires the use of the Black & Scholes option valuation model which takes into account complex assumptions and variables: the value of the company's share, the life of the option, the exercise price, the expected volatility of the share, the risk-free interest rate, the share risk premium and the share liquidity premium. The change in fair value of the derivative instrument is recognized in the income statement and presented as a financial expense.

3.3.20. Hedge accounting

The Group occasionally subscribes to currency hedges (forward contract) on the US dollar ($) and the Japanese yen (¥) to limit the foreign exchange risk in the payment of invoices to certain foreign suppliers. Forward contracts are individually subscribed to in notional amounts for the amount of the trade payable, in the same currency and with the same maturity as the trade payable.

Management has opted to apply hedge accounting in accordance with IFRS 9 to reflect in the financial statements the impact of the management of currency risk through the use of currency forwards.

To ensure that hedge accounting criteria are met, Management has documented the hedging strategy and objective for the management of the dollar currency risk, the nature of the currency risk, the type of hedging relationship and the identification of the hedged items and hedging instrument. Qualitative effectiveness tests by comparing the main characteristics and quantitative effectiveness tests (dollar offset method) are established to verify that the hedging ratio is appropriate and that there is no imbalance between the foreign currency payables and the hedge made up of foreign currency forward contracts.

The currency hedge derivative is presented in the statement of financial position under financial debt.

The change in fair value of the currency hedge is recognized in the income statement for the period under "Purchases consumed". Similarly, the change in the fair value of trade payables in foreign currencies between the initial exchange rate and the exchange rate at the end of the period is recognized in the income statement under "Purchases consumed". Consequently, the changes in fair value recognized in the income statement for hedging instruments consisting of forward contracts and for the hedged item consisting of trade payables offset each other to the extent that the hedge is effective.

Swap points for forward contracts are excluded from hedge accounting.

3.3.21. Translation of transactions denominated in foreign currencies

The recognition and measurement of transactions denominated in foreign currencies are defined by IAS 21 "The effects of changes in foreign exchange rates".

In accordance with this standard, transactions denominated in foreign currencies are translated at the exchange rate prevailing on the transaction date.

At year-end, monetary assets and liabilities denominated in foreign currencies are translated at the closing exchange rate. The resulting foreign exchange gains and losses are recognized in the income statement:

- In operating income for commercial transactions;
- In cash income or in the cost of financial debt for financial transactions.

3.3.22. Revenue recognition

The Group's revenues is measured and presented in accordance with IFRS 15. Revenue is assessed by considering the transfer of control over the batteries.

Contract liabilities mainly consist of deferred income on invoices issued for batteries not yet delivered to the customer and extended warranties on batteries.

The Group has no commitment to return goods or to take back goods, except for the legal and regulatory commitments made in respect of after-sales service and battery recycling (see Note 3.3.16).

Income, that is not likely to be recovered, is not recognized in financial statements for the period in which the transaction was completed.

3.3.23. Operating grants, Research Tax Credit (CIR)

Income relating to operating grants is presented in other operating income.

Research tax credits (CIR) are granted to companies by the French government to encourage them to carry out technical and scientific research. Companies that can prove that their expenses meet the required criteria are entitled to a tax credit that can be used to pay the corporate income tax due for the year in which the expenses were incurred and for the three following years, or, where applicable, be reimbursed for the excess portion. The income relating to the Research Tax Credit is presented, net of the fees incurred for the assessment of this tax credit, i.e.:

- As a deduction from the expenses to which it is linked (personnel costs, research and services);
- As a deduction from development costs presented under intangible assets when the related expenses have been capitalized in respect of development costs (see Note 3.3.3).

Cash flows from research tax credits are presented in cash flows relating to financing transactions.

Operating subsidies that operate in the same way as the research tax credit are treated in the same way for accounting purposes.

Tax receivables relating to the tax credit are presented under "Other non-current assets" if the settlement or offset against taxes payable is more than 12 months after the reporting date and are discounted when the effect of discounting is material.

3.3.24. Public grants

Zero-interest state-guaranteed loans (PGE) are loans at below-market interest rates.

The difference between the amount received in cash and the initial fair value of the loan granted (recognized in accordance with IFRS 9) constitutes a public grant or subsidy received pursuant to IAS 20. Accordingly, the borrower:

- Recognizes the corresponding debt at fair value (i.e., with a discount corresponding to the interest rate differential, discounted at the market rate), so as to bring the effective interest rate (EIR) at the date of issue to that of a normal debt. The discount is recognized in the income statement as a financial expense using the effective interest rate method over the life of the state-guaranteed loan, with an actuarial portion;
- Recognizes the benefit received (against the discount) as a grant, i.e., as deferred income. This aid is spread over the term of the loans using the effective interest rate method in accordance with IFRS 9 and presented in the income statement under "Other financial income".

3.3.25. Taxation

3.3.25.1. Corporate income tax

There is no tax consolidation in France within the Forsee Power Group as of December 31, 2023.

3.3.25.2. Deferred taxes

Deferred taxes are recognized for all timing differences between the value of an asset or liability in the consolidated financial statements and its tax base in accordance with IAS 12. Permanent differences such as goodwill impairment and share-based payments are not subject to deferred taxation.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

The effects of changes in tax rates (liability method) are recognized in the income statement in the period in which the change is decided by the local tax authorities, except where the counterparty was initially recognized in equity, in which case the effect of the change in rate is also recognized in equity.

Deferred tax assets and deferred tax liabilities are presented in a net position (net deferred taxes) for each tax entity. Deferred tax assets and deferred tax liabilities are not presented in a net position according to the maturity of the reversal of timing differences (i.e., net deferred taxes less than 12 months, and net deferred taxes more than 12 months).

In the case of net deferred tax assets generated by tax loss carryforwards, deferred tax assets are recognized in the financial position only if it is highly probable that they will be offset within three years against the projected future taxable profits of the relevant entity, considering the tax rules for offset and deferral.

Unrecognized deferred tax assets are mentioned in Note 7.19.

Deferred taxes are presented in the non-current part of the financial position and are not discounted.

3.3.26. Territorial Economic Contribution (CET)

The territorial economic contribution (*contribution économique territoriale* - CET) of Forsee Power SA is presented in the consolidated income statement:

- In "Taxes and duties" for the corporate property contribution (*Contribution Foncière des Entreprises* - CFE); as this is based solely on the rental value of property subject to property taxes, it is therefore equivalent to an operating expense;
- In "Corporate income tax" for the corporate value-added contribution (CVAE); as this is based on the value added produced by Forsee Power SA, it has the characteristics of income tax in accordance with IAS 12. Restatements affecting added value as defined by the French General Tax Code for the determination of the CVAE are subject to deferred tax at the CVAE rate in accordance with IAS 12.

  However, the expense relating to the CVAE is zero for the periods presented.

3.3.27. Current operating income

The Group's operational performance is assessed on the basis of current operating income established in accordance with ANC recommendation no. 2020-01 of March 2020.

3.3.28. Non-current operating income

Non-current operating income includes transactions relating to major events occurring during the year, the amounts of which are particularly significant, and which would distort the reading of the performance of the business if they were presented in the other income statement items. These events are limited in number, unusual and infrequent.

The items presented in non-current operating income may include transactions such as: costs related to the IPO that are not eligible to be deducted from the share premium, acquisition costs of equity securities, transactions relating to disposals of equity securities, impairment of goodwill and impairment of the value of assets of significant materiality, costs relating to restructuring, costs relating to a litigation of a significant amount, etc.

Details of Non-Current Operating Income are provided in Note 8.7 and is a zero figure for the 2023 financial year.

3.3.29. Net financial income (expense)

Net financial income (expense) includes the following items received:

- Financial income received from financial instruments such as income from securities, loans and receivables;
- Financial expenses disbursed such as financial expenses on bank overdrafts, borrowings, finance leases and factoring, but also fees relating to banking services;

Net financial income (expense) also includes the following calculated items:

- The effects of discounting financial position items;
- The change in the fair value of financial instruments with a cash flow hedging relationship;
- Impairment of financial assets measured at amortized cost;

The cost of net debt consists of financial expenses paid less financial income received and is presented in Note 8.8.

3.3.30. Earnings per share

Basic net earnings per share are determined by dividing the earnings attributable to shareholders of Forsee Power SA by the weighted average number of ordinary shares outstanding during the period. Treasury shares held during the period under the liquidity program (see Note 3.3.13) are not included in the number of ordinary shares outstanding.

The weighted average number of ordinary shares outstanding over the periods presented is adjusted to reflect events that changed the number of common shares outstanding without a corresponding change in resources, such as stock splits or bonus share issues. The number of ordinary shares outstanding is thus adjusted pro rata to the change as if the event had occurred at the beginning of the first period presented. The weighted average number of ordinary shares outstanding presented for the comparative year ended December 31, 2020 has thus been adjusted by the reduction in the par value of Forsee Power SA shares decided by the Extraordinary Shareholders' Meeting of October 15, 2021.

Diluted net earnings per share are determined by dividing the earnings attributable to shareholders of Forsee Power SA by the weighted average number of dilutive potential ordinary shares outstanding during the period.

Potential ordinary shares are treated as dilutive if, and only if, their conversion into ordinary shares has the effect of reducing earnings per share.

If the inclusion of deferred equity instruments in the calculation of diluted earnings per share results in an anti-dilutive effect, these instruments are not taken into account.

Under IAS 33, diluted earnings per share are equal to earnings per share if there is a loss.

3.3.31. Segment reporting

An operational segment is a distinct component:

- Which engages in business activities from which the Group may earn revenues and incur expenses, including revenues and expenses related to transactions with other parties of the Group;
- Whose operating income is regularly reviewed by Group Management to make decisions about resources to be allocated to the segment and to assess its performance; and
- For which isolated financial information is available.

The Group remains a single segment under IFRS 8 for the year 2023.

The Group nevertheless has two business segments called:

- “Light Vehicles and Industrial Tech” (hereinafter “LeV & Ind Tech”): covers the light electric mobility market as well as other electric applications (e-scooters, 2- to 4-wheeled light vehicles, e-bikes, medical equipment, Internet of Things, home automation, robotics and professional tooling);
- “Heavy Vehicles” (hereinafter “HeV”): covers the market for solutions adapted to the development of vehicles with electric or hybrid engines for various means of transport (buses, commercial and "last-mile" vehicles, trams, trains, trucks and marine) and the market for stationary storage (residential, commercial and industrial).

The Group's primary segment reporting level is the business segment, and the secondary level is the geographical segment.

Segment data in internal reporting and in Note 6 below follow the same accounting policies as those used for the consolidated financial statements.

The performance of each business segment is measured on the basis of revenues; the allocation of certain costs by segment is not currently monitored in Management's internal reporting. There were no significant changes in the management tools used in 2022 to give greater depth to sector information.

The Chairman and Chief Executive Officer (CEO) and the Executive Committee (Comex) of Forsee Power SA are the main operational decision-makers of the Group.

3.3.32. Related parties

Related parties presented in the consolidated financial statements are defined as:

- The parties controlled by the Group: no other controlled shareholding or associated company has been identified with the exception of the shareholding in the associated company NEoT Capital held at 33.21% as of December 31, 2023;
- Legal entities controlling or exercising significant influence over the Group, such as the companies that are shareholders of Forsee Power SA;
- Natural persons who are employee members of the Group’s Management (Executive Committee) and Directors (Board of Directors, Board Committees) of Forsee Power SA.

Financial assets and liabilities relating to related parties are presented as current financial assets or liabilities if they are paid or become due within 12 months of the reporting date, otherwise these items are presented as non-current financial assets and liabilities. Assets and liabilities relating to related parties are discounted for their non-current portion if the time value effect is material.

Related party disclosures are presented in Note 10.2 in accordance with IAS 24.

4. Information on the scope of consolidation

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

			December 31, 2023			December 31, 2022		
Company	**Location**	**Currency**	**% control**	**% ownership**	**Consolidation method**	**% control**	**% ownership**	**Consolidation method**
1 - Forsee Power SA	France	Euro	100%	100%	Parent company	100%	100%	FC
2 - Forsee Power Solutions Ltd.	Hong Kong	Hong Kong dollar	100%	100%	FC	100%	100%	FC
3 - Zhongshan Forsee Power Industry Co. Ltd.	China	Yuan renminbi	100%	100%	FC	100%	100%	FC
4 - Zhongshan Forsee Power Development Co Ltd.	China	Yuan renminbi	100%	100%	FC	100%	100%	FC
5 - Forsee Power Spz	Poland	Zloty	100%	100%	FC	100%	100%	FC
6 - Forsee Power India Private Ltd.	India	Indian rupee	100%	100%	FC	100%	100%	FC
7 - Forsee Power Pte Ltd.	Singapore	Singapore dollar	100%	100%	FC	100%	100%	FC
8 - NEoT Capital	France	Euro	33.21%	33.21%	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 GK	Japan	Japanese Yen	100%	100%	FC	NA	NA	NA

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) on December 31, 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 914420007545119XY 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 GK, a company incorporated under Japanese law 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 Registry.

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.

5. Information about comparability of the financial statements

5.1. Change in the scope of consolidation for the year

The changes in the scope of consolidation for the year ended December 31, 2023 are as follows:

- **Creation of a company in Japan**

  Forsee Power has created Forsee Power Japan GK, registered in Yokohama, Japan.

- **Change in the NEoT Capital stake**

  On July 26, 2023, Forsee Power signed a Share purchase and investment agreement with EDF Pulse and Mitsui concerning the NEoT Capital stake.

  On November 2, 2023, in accordance with this investment agreement, Forsee Power and EDF Pulse completed: the joint sale of their respective 4.01% stakes worth €370 thousand each; authorized a cash capital increase of €3,500 thousand, fully subscribed by Mitsui; authorized individual investors to acquire shares in NEoT Capital; and approved a plan to grant free preference shares to NEoT Capital employees.

  Following the completion of these transactions, Forsee Power, EDF Pulse and Mitsui each hold a 33.21% stake in NEoT Capital.

  The completion of these transactions on November 2, 2023 led to a reduction in Forsee Power's stake from 50% to 33.21%, resulting in the recognition of dilution income of €356 thousand, shown under "Income from equity-accounted companies".

  NEoT Capital will continue to be accounted for using the equity method in 2023.

5.2. Change in scope for the previous year

- **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 finalized 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 recapitalization 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 shareholders' 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 itself 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 year ended December 31, 2023 compared with the published financial statements for the year ended December 31, 2022.

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, Internet of Things, home automation, robotics and professional tooling);
- "Heavy Vehicles" (HeV): covers the market for solutions adapted to the development of vehicles with electric or hybrid engines for various means of transport (buses, commercial and "last-mile" vehicles, trams, trains, trucks and marine) and the market for stationary storage (residential, commercial and industrial).

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, has not been monitored until now by Management given the limitations of its internal information system in the allocation of costs by business segment. The presentation of net income information by business segment limited solely to the presentation of revenues comply 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)	December 31, 2023
Total revenue	**25,831**	**145,405**	**171,238**
Breakdown in %	*15.1%*	*84.9%*	100%

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	December 31, 2022
Total revenue	**23,175**	**87,844**	**111,018**
Breakdown in %	*20.9%*	*79.1%*	100%

The amount of revenues generated with customers representing individually more than 10% of revenues was €129 million in the *HeV (Heavy Vehicles)* segment on December 31, 2023 (compared with €74.9 million at December 31, 2022).

Revenue from customers in the *LeV & Ind Tech (Light Vehicles and industrial tech)* segment individually represent less than 10% of revenues as of December 31, 2023 and 2022.

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

in € thousands	Business segment concerned	December 31, 2023	% of revenues	December 31, 2022	% of revenues
Customer 1	HeV	60,360	*35.2%*	40,322	*36.3%*
Customer 2	HeV	68,647	*40.1%*	34,571	*31.1%*
Total		**129,007**	***75.3%***	**74,893**	***67.5%***
Total Revenue	**HeV**	**145,405**	***84.9%***	**87,844**	***79.1%***

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	Inter-sector and other	December 31, 2023
Non-current segment assets	13,128	41,532	13,516	68,175
Current segment assets	74,526	183,595	(138,857)	119,265
Non-current segment liabilities	(13,082)	(15,202)	(47,784)	(76,069)
Current segment liabilities	(47,501)	(182,915)	178,281	(52,133)
Total	**27,071**	**27,010**	**5,156**	**59,238**
Capitalization of R&D costs	-	10,854	-	10,854
Acquisition of fixed assets	3,209	-	10,558	13,767
Other non-current capital expenditure	-	-	-	-
Total	**3,209**	**10,854**	**10,558**	**24,621**

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	Inter-sector and other	December 31, 2022
Non-current segment assets	18,285	34,466	(3,243)	49,509
Current segment assets	23,509	40,235	33,273	97,017
Non-current segment liabilities	(10,929)	(13,712)	(42,765)	(67,407)
Current segment liabilities	(7,571)	(15,077)	(16,821)	(39,469)
Total	**23,293**	**45,912**	**(29,556)**	**39,650**
Capitalization 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**

6.2. Information by geographical area

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	December 31, 2023	*Distribution %*
France	8,534	2,026	**10,560**	*6.2%*
Europe	6,075	137,703	**143,779**	*84.0%*
Asia	9,170	4,367	**13,537**	*7.9%*
United States	1,977	199	**2,176**	*1.3%*
Rest of the world	76	1,110	**1,185**	*0.7%*
Total Revenue	**25,831**	**145,405**	**171,238**	***100%***

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	December 31, 2022	*Distribution %*
France	8,826	42,447	**51,273**	*46.2%*
Europe	4,369	44,771	**49,140**	*44.3%*
Asia	7,793	253	**8,046**	*7.2%*
United States	2,186	146	**2,332**	*2.1%*
Rest of the world	-	227	**227**	*0.2%*
Total Revenue	**23,175**	**87,844**	**111,018**	***100%***

in € thousands	December 31, 2023	December 31, 2022
France	52,777	39,853
Europe	161	265
Asia	2,592	2,425
United States	12,442	6,966
Rest of the world	0	0
Total non-current Assets	**67,972**	**49,509**

in € thousands	December 31, 2023	December 31, 2022
France	14,257	7,019
Europe	28	54
Asia	3,181	1,901
United States	7,154	182
Rest of the world	0	0
Total Investments	**24,620**	**9,156**

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

7.1. Goodwill

Goodwill is allocated to the following CGUs:

in € thousands	December 31, 2023	December 31, 2022
Goodwill from Ersé activities in Poland in 2012 (1)	219	219
***Light Vehicles and Industrial Tech* CGU goodwill**	**219**	**219**
Goodwill from the Dow Kokam activities in France in 2013 (2)	1,304	1,304
***Heavy Vehicles* CGU goodwill**	**1,304**	**1,304**
Total	**1,523**	**1,523**

(1) The acquisition in March 2012 from Ersé of the Polish company Energy One (subsequently renamed Forsee Power Spz).

The acquisition of a 51% stake in Energy One in March 2012 was treated by measuring the fair value of the net identifiable assets of the non-controlling interests (minority interests), resulting in the recognition of full goodwill allocated between the Group share and the share of minority interests.

The successive purchase between October 2013 and October 2014 of the 49% held by minority interests was treated in the consolidated financial statements as a transaction between shareholders in equity in accordance with IFRS 10, and without impact on the goodwill measured at the 2012 acquisition.

(2) The acquisition of Dow Kokam France business activities in 2013 generated goodwill of €1,304 thousand after recognition of a contingent liability of € 6.5 million related to an ongoing dispute at the acquisition date with the tax authorities over the Research Tax Credit (CIR) for financial years 2010 to 2012 (see Note 3.2.2.5). The tax authorities abandoned all grounds for dispute on July 3, 2017, and the provision for this contingent liability was reversed in its entirety in the income statement as of June 30, 2017.

Impairment tests are performed using a valuation model described in Note 3.3.2. The key assumptions used in the model are the business growth rate, the long-term growth rate and the discount rate (see note 3.1.2(a)). The discount rate is determined by taking into account the specific characteristics of each CGU's business in terms of country risk and tax rate, and a premium in the event that the assumptions used in the business plan are not met. The average growth rate over the period 2024 to 2028 includes an initial period of strong growth in activity over the period 2024 to 2026, followed by a limited increase of 20% from 2026. The long-term growth rate is determined on the basis of growth forecasts by geographic region, taking into account the breakdown of revenues by region.

As a %	Light Vehicles and Industrial Tech (LeV & Ind Tech)		Heavy Vehicles (HeV)	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Discount rate (WACC)	16.11%	16.04%	15.50%	15.54%
Average growth rate of revenues over the period 2024-2028	49.51%	41.54%	37.45%	42.04%
Long-term growth rate	3.81%	3.70%	2.17%	2.01%

No indication of impairment was identified as of December 31, 2023. In addition, the impairment test did not lead to the recognition of any impairment on December 31, 2023 since the recoverable amounts obtained by the model for each CGU are higher than the net book value of the capital employed for each CGU.

The Group has not recognized any impairment on these two goodwill items since their acquisition.

No reasonably possible change in the key assumptions would result in an impairment being recognized. An impairment would have to be recognized in the event of the following change in key assumptions:

	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)
	Impairment to be recognized from a rate of:	
Discount rate (WACC)	28.55%	41.67%
Average revenues growth rate over the period 2024-2028 with maintenance of the business plan margin rates	10.37%	(9.24)%

Changes for the years 2023 and 2022 are as follows:

in € thousands	December 31, 2022	Increase related to changes in scope	Impairment	Currency translation effects	December 31, 2023
Goodwill	1,523	-	-	-	1,523
Total	**1,523**	**-**	**-**	**-**	**1,523**

in € thousands	December 31, 2021	Increase related to changes in scope	Impairment	Currency translation effects	December 31, 2022
Goodwill	1,523	-	-	-	1,523
Total	**1,523**	**-**	**-**	**-**	**1,523**

7.2. Intangible assets

in € thousands	December 31, 2022	First-time consolidations	Increase in allocations	Decrease reversals	Reclassification	Currency translation effects	Grant for R&D funding	December 31, 2023
Gross intangible assets								
Development costs	15,364	-	596	-	(503)	(50)	-	15,407
Ongoing development costs	6,707	-	10,854	-	-	-	-	17,561
Software and patents	2,810	-	262	-	-	-	-	3,072
Other intangible assets	440	-	204	(87)	-	(27)	-	531
Intangible assets in progress	461	-	69	-	503	-	-	1,034
Total	**25,781**	**-**	**11,986**	**(87)**	**0**	**(76)**	**-**	**37,604**
Amortization and impairment								
Development costs	(8,768)	-	(3,250)	-	-	2	-	(12,017)
Software	(1,867)	-	(414)	-	-	-	-	(2,282)
Other intangible assets	(191)	-	(190)	87	-	12	-	(281)
Total	**(10,826)**	**-**	**(3,854)**	**87**	**-**	**14**	**-**	**(14,580)**
Net intangible assets	**14,955**	**-**	**8,132**	**(0)**	**0**	**(63)**	**-**	**23,024**

No indication of impairment of intangible assets has been identified as of December 31, 2023.

Uncapitalized research and development costs amounted to €9,695 thousand for the 2023 financial year, compared with €5,471 thousand for the 2022 financial year.

Changes in the previous period in 2022 are as follows:

in € thousands	December 31, 2021	Holiwatt acquisition	Increase in allocations	Decrease reversals	Reclassification	Currency translation effects	Grant for R&D funding	December 31, 2022
Gross intangible assets								
Development costs	13,489	-	1,874	-	-	-	-	15,364
Ongoing development costs	4,833	-	1,600	-	274	-	-	6,707
Software and patents	2,748	-	62	-	-	-	-	2,810
Other intangible assets	209	-	244	-	-	(14)	-	440
Intangible assets in progress	164	-	571	-	(274)	-	-	461
Total	**21,444**	**-**	**4,351**	**-**	**-**	**(14)**	**-**	**25,781**
Amortization and impairment								
Development costs	(4,920)	-	(3,848)	-	-	-	-	(8,768)
Software	(1,499)	-	(368)	-	-	-	-	(1,867)
Other intangible assets	(133)	-	(63)	-	-	5	-	(191)
Total	**(6,552)**	**-**	**(4,279)**	**-**	**-**	**5**	**-**	**(10,826)**
Net intangible assets	**14,892**	**-**	**72**	**-**	**-**	**(8)**	**-**	**14,955**

7.3. Property, plant and equipment

Property, plant and equipment in € thousands	December 31, 2022	Expired leases	Increase in allocations	Decrease in reversals	Reclassification	Currency translation effects	New leases (1)	December 31, 2023
Gross property, plant and equipment								
Buildings	167	-	-	-	-	(5)	-	162
Right-of-use asset, property (2) (3)	18,702	-	-	-	-	(308)	3,417	21,812
Technical installations, equipment and tools	13,777	-	4,018	-	319	(166)	-	17,947
Other property, plant and equipment	5,363	-	669	(70)	(245)	(46)	-	5,672
Right-of-use asset, other property, plant and equipment	593	(268)	-	-	11	3	323	662
Property, plant and equipment in progress	1,921	-	7,529	-	(457)	(150)	-	8,843
Advances and prepayments on property, plant and equipment	748	-	270	-	-	-	-	1,018
Total	**41,272**	**(268)**	**12,485**	**(70)**	**(372)**	**(671)**	**3,740**	**56,116**
Depreciation and impairment								
Buildings	(47)	-	(23)	-	-	1	-	(69)
Right-of-use asset, property	(4,300)	-	(2,126)	-	-	79	322	(6,026)
Technical installations, equipment and tools	(8,415)	-	(3,169)	-	-	82	-	(11,502)
Other property, plant and equipment	(2,210)	-	(674)	70	-	16	-	(2,797)
Right-of-use asset, other property, plant and equipment	(321)	266	(220)	-	(9)	(2)	(1)	(288)
Total	**(15,293)**	**266**	**(6,212)**	**70**	**(9)**	**175**	**320**	**(20,683)**
Net property, plant and equipment	**25,978**	**(2)**	**6,274**	**(0)**	**(381)**	**(496)**	**4,060**	**35,433**

1) The new leases for 2023 concern: the extension of industrial and storage premises in Zhongshan (China) by 3,500 m^2 from February 1, 2023 for a period of 2 years; the extension of office premises at the Ivry sur Seine site from April 1, 2023; new office premises in Pune (India) from April 1, 2023 for a period of 18 months, the direct takeover of the leasing contract for the industrial premises of 1,700 m2 industrial premises in Pune (India) with effect from October 1, 2023 for a period of 5 years; a 108 m^2 technical facility in Kawasaki City (Japan) from June 19, 2023 and offices in Yokohama (Japan) with effect from June 1, 2023 for the subsidiary Forsee Power Japan Limited Liability Co; and the new 1,992 m^2 premises in Dardilly (Lyon) with effect from October 1, 2023.
The terms of the leases at Zhongshan (China) for the 5,200 m^2 industrial premises for which the lease has been renewed from February 29, 2024 to February 28, 2025, for the 3,500 m^2 industrial premises for which the lease expires on January 31, 2025, and for the storage premises for which the lease expires on January 31, 2025, have been set until June 30, 2025, taking into account the lessor's expected renewals of these leases and Management's development projects in China.

2) The right-of-use asset for property include the lease agreement signed on July 25, 2022 for a 12,820 m^2 industrial building located in Hilliard on the outskirts of the city of Columbus, Ohio. This lease is for an initial term of 11 years, from 1 November 2022 to 31 January 2033 and may be renewed twice for a period of 5 years. The period used to assess the right-of-use asset for this property corresponds to the minimum duration of the lease contract, i.e., until January 31, 2033.

The development work for this site is in progress and will end in the second quarter of 2024. This work will be essentially borne by Forsee Power in return for a lease with favorable long-term financial conditions, the owner will assume responsibility for part of the work as agreed in the lease and the Ohio region will also reimburse certain expenses for the refurbishment and adaptation of the building to Forsee Power's business.

Forsee Power is also examining the possibility of funding/subsidies the work by the US Federal Government under the Inflation Reduction Act, the terms of which were published in 2023.

This lease is secured by a stand-by letter of credit signed on July 25, 2022 by a French bank for a maximum amount of $1 million and covering the period until November 1, 2032. This guarantee is accompanied by the establishment of an interest-bearing cash pledge of €1 million from July 25, 2022 until July 25, 2025.

3) 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 of Holiwatt (formerly Centum Adetel Transportation), whose initial term was April 30, 2022, was extended until October 31, 2022, and then until August 31, 2023 pending receipt of new 1,992 m^2 premises in Dardilly (Lyon). This lease agreement in Ecully is not valued in accordance with IFRS 16 given the initial term of less than 12 months inherent in the precarious status of the commercial lease signed with the lessor. This lease was not renewed following delivery of the new 1,992 m^2 premises in Dardilly (Lyon), with a lease effective from October 1, 2023.

No indication of impairment of property, plant and equipment has been identified as of December 31, 2023.

The changes in the previous period in 2022 are as follows:

in € thousands	December 31, 2021	Holiwatt acquisition	Increase in allocations	Decrease reversals	Reclassific ation	Currency translation effects	New leases (2)	December 31, 2022
Gross property, plant and equipment								
Buildings	171	-	4	-	-	(7)	-	167
Right-of-use asset, property	11,059	-		-	-	(110)	7,754	18,702
Technical installations, equipment and tools	8,707	-	2,887	-	2,268	(86)	-	13,776
Other property, plant and equipment	3,714	-	1,910	(212)	-	(49)	-	5,363
Right-of-use asset, other property, plant and equipment	160	-	-	-	(11)	(0)	444	593
Property, plant and equipment in progress	4,192	-	(0)	-	(2,268)	(2)	-	1,921
Advances and prepayments on property, plant and equipment	1,109	-	(0)	(360)	-	-	-	748
Total	**29,112**	-	**4,801**	**(572)**	**(11)**	**(257)**	**8,198**	**41,272**
Depreciation and impairment								
Buildings	(20)	-	(29)	-	-	2	-	(47)
Right-of-use asset, property	(3,109)	-	(1,142)	-	-	21	(70)	(4,300)
Technical installations, equipment and tools	(5,526)	-	(2,939)	-	-	50	-	(8,415)
Other property, plant and equipment	(1,741)	-	(689)	212	-	8	-	(2,210)
Right-of-use asset, other property, plant and equipment	(73)	-	(171)	-	9	0	(87)	(321)
Total	**(10,469)**	-	**(4,969)**	**212**	**9**	**82**	**(158)**	**(15,293)**
Net property, plant and equipment	**18,643**	-	**(168)**	**(360)**	**(1)**	**(175)**	**8,040**	**25,978**

7.4. Financial assets

in € thousands	December 31, 2022	Increase in allocations	Decrease reversals	Reclassification	Translation and discounting effects	December 31, 2023
Financial assets						
Financial instruments not held for trading	0	-	-	-	0	0
Other fixed assets	0	-	-	(0)	-	-
Assets and securities held under liquidity agreements (1)	142	-	(75)	0	5	72
Deposits and guarantees paid	632	149	(306)	-	(69)	407
Pledge on cash (2)	977	650		-	(17)	1,610
Total	**1,751**	**799**	**(381)**	**-**	**(81)**	**2,089**
Of which						
Current	0	0	0	0	0	0
Non-current	1,751	799	(381)	0	(81)	2,089

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

The breakdown and change in the liquidity contract in 2023 are as follows:

in € thousands	*Number of shares*	December 31, 2023	December 31, 2022
Total liquidity portion presented in financial assets at beginning of year	***74,081***	**147**	**333**
Purchase of Forsee Power shares	*238,318*	(700)	(918)
Sale of Forsee Power shares	*(207,115)*	626	733
Total liquidity portion presented as financial assets at the end of the reporting period		**72**	**147**
Forsee Power shares held under liquidity contract	*105,284*	289	249
Change in fair value		(15)	(3)
Total shares held, deducted from shareholders' equity		**274**	**246**
Total Liquidity Agreement		**346**	**394**

(2) Interest-bearing cash pledge of €1 million from July 25, 2022 until July 25, 2027 under the SBLC (stand-by letter of credit) for a maximum amount of $1 million in favor of the owner of the industrial building leased in Hilliard in the USA.

Interest-bearing cash pledge for an amount of €650 thousand from July 10, 2023 to July 10, 2025 under the SBLC (stand-by letter of credit) in favor of the Indian bank ICICI Bank on behalf of the subsidiary Forsee Power India Private Limited in order to guarantee an overdraft facility and a customs guarantee for 45 million Indian rupees (€490k thousand).

Non-current non-interest-bearing financial assets were discounted by €55 thousand on December 31, 2023 based on the maturity of the asset (1 year or 5 years).

Changes in the previous period in 2022 are as follows:

in € thousands	December 31, 2021	Change in scope	Increase in allocations	Decrease reversals	Reclassification	Currency translation effects	Other	December 31, 2022
Financial assets								
Financial instruments not held for trading (1)	842	(842)	-	-	-	(0)	-	0
Other fixed assets	5	-	-	(5)	-	0	0	0
Assets and securities held under liquidity agreements (2)	333	-	733	(919)	0	(5)	-	142
Deposits and guarantees paid	435	-	364	-	-	(41)	(126)	632
Pledge on cash (3)	3,973	-	1,000	(4,305)	-	308	-	977
Total	**5,588**	**(842)**	**2,097**	**(5,229)**	**0**	**263**	**(126)**	**1,751**
Of which								
Current	0	0	0	0	0	0	0	0
Non-current	5,588	(842)	2,097	(5,229)	0	263	(126)	1,751

7.5. Investments in equity-accounted companies

The item “Equity-accounted investments” only includes NEoT Capital, in which Forsee Power holds 33.21% of the share capital as of December 31, 2023, in partnership with the EDF Group and Mitsui (see Note 3.2.2.2).

The NEoT Capital stake was recapitalized on November 2, 2023 following a €3.5 million cash capital increase fully subscribed by Mitsui. At the same time, Forsee Power and EDF Pulse jointly sold their 4.01% stakes in the company for €370 thousand, and authorized individual investors to acquire shares in NEoT Capital. Following the completion of these transactions, Forsee Power, EDF Pulse and Mitsui each hold a 33.21% stake in NEoT Capital.

Changes in the NEoT Capital stake over 2023 were as follows:

in € thousands	NEoT CAPITAL
Stake as of January 1, 2022	842
Acquisition on May 31, 2022 of the stake held by Mitsubishi Corporation (1)	2,292
Capital increase in cash by collective decision of the shareholders of June 30, 2022 (1)	1,058
Capital increase by converting a receivable by collective decision of the shareholders of June 30, 2022 (1)	185
Share of net income for 2022	(331)
Share of comprehensive income (OCI)	(3)
Stake as of December 31, 2022	**4,043**
Dilution income from the November 2, 2023 transactions (2)	359
Share of net income	(72)
Share of comprehensive income (OCI)	(3)
Total equity-accounted investment on December 31, 2023	**4,328**

(1) In the first half of 2022, Forsee Power increased its stake in NEoT Capital in order to accelerate the implementation of the Group’s strategy to offer a complete range of products and services related to battery systems.

(2) The €3.5 million capital increase, fully subscribed by partner Mitsui, and the sale by Forsee Power and EDF Pulse of their respective 4.01% stakes, led to a reduction in Forsee Power's stake from 50% to 33.21%, resulting in the recognition of dilution income of €356 thousand, shown under "Income from equity-accounted companies".

NEoT Capital's summarized financial statements for the year ended December 31, 2023, and for the year ended December 31, 2022, are as follows:

in € thousands	December 31, 2023	December 31, 2022
Fixed assets (3)	1,096	77
Trade receivables	1,506	575
Other receivables	85	99
Cash	3,679	1,826
Total assets (A)	**6,366**	**2,577**
Financial liabilities (3)	1,320	761
Provisions for risks and charges	38	27
Trade payables	413	348
Other liabilities	658	614
Total Liabilities (B)	**2,429**	**1,750**
Equity (A) - (B) = (C) (1)	**3,938**	**827**
Share of equity (C) x rate of ownership = (D)	**1,308**	**414**
Goodwill (E) (2)	**3,020**	**3,629**
Total equity-accounted investment (D) + (E)	**4,328**	**4,043**

(1) By collective decision of November 2, 2023, the shareholders of NEoT Capital authorized a plan for the grant of up to 1,000 preferred shares (PS A) to be created. Under this plan, rights vest in three installments, divided into thirds (1/3), with a vesting period with a presence requirement of one year for the first installment, two years for the second installment and three years for the third installment. A grant of 400 free shares was made on November 2, 2023 to NEoT Capital management employees. A share-based payment expense (IFRS 2) relating to this grant of free shares was recognized in the value of the NEoT Capital stake on December 31, 2023.

(2) The 16.79-point reduction in the NEoT Capital ownership rate led to the sale of a portion of goodwill of €609 thousand in 2023.

(3) Rights of use and lease liabilities include the commercial lease for office space in Paris for the period from July 1, 2023 to June 30, 2032.

The share of profit or loss of the equity-accounted investment in NEoT Capital was an expense of €(72) thousand as of December 31, 2023.

There is no impairment to be recognized as of December 31, 2023 on the NEoT Capital investment with respect to the value used when the partner Mitsui acquired a stake in the company on November 2, 2023.

7.6. Inventories

in € thousands	December 31, 2023	December 31, 2022
Inventories of raw materials (1)	29,577	19,216
Inventories of products in production (2)	7,106	4,756
Inventories of finished products (3)	17,524	19,845
Impairment of inventories (4)	(9,727)	(6,341)
Net inventories	**44,481**	**37,476**

(1) Including €20,791 thousand in France and €7,401 thousand in China on December 31, 2023, compared with €11,841 thousand in France and €7,139 thousand in China at December 31, 2022;
(2) Including €5,311 thousand in France and €1,796 thousand in China on December 31, 2023, compared with €3,610 thousand in France and €1,146 thousand in China at December 31, 2022;
(3) Including €15,885 thousand in France and €1,639 thousand in China on December 31, 2023, compared with €19,653 thousand in France and €192 thousand in China at December 31, 2022;
(4) Including €2,190 thousand in impairment losses recognized in 2023 in France and €1,269 thousand in impairment losses recognized in 2023 in China.

The gross value of inventories as of December 31, 2023 amounts to €54.2 million, with an impairment loss of €9.7 million.

The change in inventories by geographical area is as follows:

in € thousands	December 31, 2023	December 31, 2022
France	33,919	29,226
Poland	1	0
China	9,176	8,040
India	1,385	210
Total inventories	**44,481**	**37,476**

7.7. Trade receivables

in € thousands	December 31, 2023	December 31, 2022
Trade receivables	27,606	17,483
Impairment of trade receivables	(527)	(1,522)
Assets on customer contracts (invoices to be issued)	554	0
Trade receivables	**27,633**	**15,960**

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

- Receivables assigned without recourse (HSBC contract), and which are no longer presented in the statement of financial position totaled €3,175 thousand at December 31, 2023 (€2,563 thousand at December 31, 2022), broken down into €2,998 thousand received in cash and €177 thousand shown as reserves/retained guarantees on assignments of trade receivables.
- Under the factoring contract included in a customer's reverse factoring program, the Group has as of December 31, 2023 discounted with Banco Santander receivables totaling €2,036 thousand with a maturity date later than December 31, 2023, compared with €5,354 thousand of receivables sold as at December 31, 2022 and whose maturity date was later than December 31, 2022.
- The first assignments of trade receivables to Facto France under the new factoring contract took place in January 2024.

The amount of expected credit losses is not material and is not recognized as of 31 December 2023.

The maturity of due trade receivables is as follows:

in € thousands	December 31, 2023	December 31, 2022
Due trade receivables	**27,606**	**17,483**
Trade receivables due, not past due	23,389	5,485
Trade receivables due, past due	4,217	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	December 31, 2023	December 31, 2022
Trade payables - Advances and deposits paid	6,760	3,870
Social security receivables	119	21
Tax receivables	5,419	4,221
Factoring accounts and reserves on assignments of trade receivables (1)	4,107	428
Shareholder loans	6	5
Other receivables (2)	1,305	618
Prepaid expenses (3)	1,631	1,521
Impairment of other current assets	(530)	(121)
Other receivables presented in WCR	**18,816**	**10,563**
Borrowing costs in the process of being issued at the reporting date	(0)	0
Trade payables - Advances paid on fixed assets	0	0
Corporate income tax receivables (4)	3,723	2,939
Other assets	**22,539**	**13,501**
Of which		
Current	*21,248*	*12,566*
Non-current	*1,291*	*935*

(1) On December 31, 2023, €3,573 thousand of the last assignments of trade receivables with HSBC Factoring were sold but not mobilized (financed). The holdbacks on receivables assigned to HSBC Factoring amounted to €534 thousand on December 31, 2023.
The first assignments of trade receivables under the new Facto France factoring contract took place in January 2024.

(2) Including €221 thousand in credit notes and discounts receivable from suppliers at December 31, 2023;

(3) Including €904 thousand on lease liabilities on December 30, 2023 compared with €906 thousand at December 31, 2022; Research tax credit receivables amounted to €4,916 thousand before the discounting effect on December 31, 2023. Research tax credit receivables were discounted in the total amount of €(1,199) thousand at the Euribor rate depending on the repayment maturity of the receivable.

(4) Research tax credit receivables amounted to €3,698 thousand at December 31, 2022, before the discounting effect of €(759) thousand.
Research tax credit receivables at December 31, 2023 break down as follows: €841 thousand for 2019, €569 thousand for 2020 (€438 thousand after discounting), €812 thousand for 2021 (€568 thousand after discounting), €1,348 thousand for 2022 (€936 thousand after discounting) and €1,346 thousand for 2023 (935 K€ after discounting).
Research tax credit receivables at December 31, 2022 break down as follows: €868 thousand for 2019, €670 thousand for 2020 (€491 thousand after discounting), €812 thousand for 2021 (€596 thousand after discounting), and €1,341 thousand for 2022 (€983 thousand after discounting).

7.9. Cash

in € thousands	December 31, 2023	December 31, 2022
Cash equivalents	435	0
Cash	25,466	31,014
Cash and cash equivalents	**25,902**	**31,014**

in € thousands	December 31, 2023	December 31, 2022
Cash and cash equivalents	25,902	31,014
Bank overdrafts (cash liability)	0	0
Net cash presented in the consolidated statement of cash flows	**25,902**	**31,014**

Cash consists of sight deposits in euros (€), in US Dollars ($), and in the local currency of the subsidiaries (Chinese Yuan, Indian Rupee, Polish Zloty), and an Indian rupee term deposit of €435,000 at December 31, 2023.

The currency breakdown of cash is as follows:

in € thousands	December 31, 2023	December 31, 2022
Cash in euros (€)	17,572	15,078
Cash denominated in US Dollars ($)	5,689	13,095
Cash denominated in other currencies (Chinese Yuan, Indian Rupee, Polish Zloty, Japanese Yen)	2,641	2,841
	25,902	**31,014**

The balances for the previous period are as follows:

in € thousands	December 31, 2022	December 31, 2021
Cash equivalents	0	0
Cash and cash equivalents	31,014	70,770
Cash and cash equivalents	**31,014**	**70,770**

in € thousands	December 31, 2022	December 31, 2021
Cash in euros (€)	15,078	68,406
Cash denominated in US Dollars ($)	13,095	1,257
Cash denominated in other currencies (Chinese Yuan, Indian Rupee, Polish Zloty, Japanese Yen)	2,841	1,107
	31,014	**70,770**

7.10. Equity

7.10.1. Share capital and issue premium

The change in share capital and issue premium during the year was as follows:

in € thousands	*Number of shares and units*	*Par value*	Amount of the share capital	Amount of issue premium net of expenses
On December 31, 2021	***53,210,003***	***0.10 €***	**5,321**	**132,949**
Capital increase of September 15, 2022	*362,000*	*0.10 €*	36	(36)
On 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	44,780
Capital increase of June 20, 2023	*32,000*	*0.10 €*	3	(3)
Capital increase of October 15, 2023	*282,616*	*0.10 €*	28	(28)
On 31 December, 2023	***71,550,727***	***0.10 €***	**7,155**	**177,661**

The number of outstanding shares in Forsee Power SA as of December 31, 2023, is 71,550,727 with a par value of €0.10, i.e., a total amount of the share capital of €7,155,072.70.

Forsee Power's share capital changed in the 2023 financial year as a result of the following transactions:

- A capital increase of €49,283 thousand was carried out on May 9, 2023 by the issue of 17,664,108 new ordinary shares on May 9, 2023.
- A capital increase of €3 thousand was carried out on June 20, 2023 by deduction from the issue premium, following the exercise of 32,000 free shares (2022 free share grants) and the creation of 32,000 new ordinary shares.
- A capital increase of €28 thousand was carried out on October 15, 2023 by deduction from the issue premium, following the exercise of 282,616 free shares (2021 R free share grants) and the creation of 282,616 new ordinary shares.

7.10.2. Dividends

Forsee Power SA did not pay any dividend in 2023 relating to the financial year ended December 31, 2022, nor on the last two previous years.

The company does not intend to pay a dividend for 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 $_{\text{EIB Warrant A}}$ and the BSA $_{\text{EIB Warrant C}}$, the number of ordinary shares to be issued has been adjusted to take into account the capital increase of May 9, 2023, the definitive acquisition on October 15, 2023 of 282,616 free shares (AGA R 2021) approved by the Ordinary General Meeting of June 24, 2022, the issuance of 1,000 BSA $_{\text{EIB Warrant E}}$ on December 4, 2023, and the grant of 208,000 free shares on 21 December 21, 2023 following the Board of Directors' meeting of September 14, 2023:

- 6,857 BSA $_{\text{EIB Warrant A}}$ giving access to 1,127,387 ordinary shares (AO) issued on March 18, 2018 in addition to the €20 million financing subscribed in 2017 and repaid in 2021;
- 3,500 BSA $_{\text{EIB Warrant C}}$ giving access to 500,090 ordinary shares (AO), issued on June 4, 2021 in addition to the €21.5 million financing (Tranche A subscribed in June, 2021).

In its resolution of June 23, 2023, the Extraordinary General Shareholders' Meeting authorized the Board of Directors to carry out a capital increase through the issue of 1,000 BSA $_{\text{EIB Warrant E}}$ to the European Investment Bank (EIB), the terms and conditions of which were set out in the financing agreement dated October 14, 2021 and amended on July 27, 2022. These 1,000 BSA $_{\text{EIB Warrant E}}$ were subscribed by the EIB on December 4, 2023 in addition to the €10 million financing (Tranche C) and give access to 300,000 ordinary shares (AO).

7.10.3.2. Stock options and Free Shares

The table below shows the Stock Options (SO) granted in previous financial years as of December 31, 2023:

	Grant date	Number of SO granted	Number of SO cancelled	Number of outstanding SO	Number of shares subscribed when the SO are exercised	Vesting period of rights	Last date for exercising stock options
Stock options (SO 2018) (1) (3)	April 02, 2019	600,000	0	600,000	600,000	4 years	December 20, 2033
Stock options (SO 2018) (1) (3)	January 28, 2020	180,000	(75,000)	105,000	105,000	4 years	December 20, 2033
Stock options (SO 2018) (1) (3)	November 13, 2020	75,000	0	75,000	75,000	4 years	December 20, 2033
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 21, 2018. These 2018 SOs include a vesting period set at 4 years with a presence requirement ending between April 2, 2023 and November 13, 2024. The grants were made to the Chairman, members of the Management Board and employees considered key to the company Forsee Power SA.

(2) Following authorization by the Annual General Meeting of August 5, 2021, 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 lifted 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 (AGA) allocated, as of 31 December 2023 and 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 of rights	Vesting date for AGA
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) (4) (5)	September 14, 2022	64,000	(32,000)	32,000	32,000	1 year	September 14, 2023
Free shares (AGA 2022) (6)	December 21, 2023	208,000	0	208,000	208,000	1 year	December 21, 2024
Total free shares (AGA)		**728,616**	**(52,000)**	**676,616**	**676,616**		

(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 a presence 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 authorized 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 presence 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 recognized in the financial statements for the 2021 and 2022 financial years, pro rata to the beneficiary's attendance requirement.

These 282,616 free shares vested on October 15, 2023 and were exercised on the same day by the issue of 282,616 new ordinary shares.

(3) The number of free shares has been adjusted following the division by 100 of the par 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 a presence requirement that ends on September 14, 2023.

(5) 32,000 definitively vested 2022 free share grants were exercised on June 20, 2023 by the issue of 32,000 new ordinary shares.

(6) The Board of Directors granted 208,000 free shares (2022 free share grant plan) on December 21, 2023 to members of the Executive Committee and employees of Forsee Power SA and its subsidiaries. These 2022 free share grants have a one-year vesting period with a presence requirement ending on December 21, 2024.

The expense recognized in the periods presented for share-based transactions is as follows:

in € thousands	December 31, 2023	December 31, 2022
Costs recognized as a specific reserve at the start of the period	**7,165**	**6,232**
Expenses recognized in profit or loss for the period (services rendered)	1,092	3,389
Cancellation of past costs of options that lapsed over the period: forfeit linked to the presence condition	(107)	(103)
Costs of options exercised during the period: vested related to the exercise of options	(2,184)	(2,353)
Specific reserve costs at the end of the period	**5,966**	**7,165**
Expense to be recognized in future years	589	1,151
Total probable cost of grants estimated at the reporting date	**6,555**	**8,316**

The IFRS 2 expense recognized in profit or loss for the 2023 and 2022 financial years breaks down as follows:

in € thousands	December 31, 2023	December 31, 2022
Stock options (SO 2018)	201	469
Stock options (SO 2021)	0	0
Free shares (AGA 2021)	0	1,721
Free shares (AGA R 2021)	808	1,024
Free shares (AGA 2022)	82	175
Total	**1,092**	**3,389**

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

in € thousands	December 31, 2023	December 31, 2022
2023	0	1,104
2024	589	47
2025	0	0
Total	**589**	**1,151**

The expense to be recognized in future financial years by SO and AGA plan breaks down as follows:

in € thousands	December 31, 2023	December 31, 2022
Stock options (SO 2018)	47	248
Stock options (SO 2021)	0	0
Free shares (AGA 2021)	0	0
Free shares (AGA R 2021)	0	808
Free shares (AGA 2022)	542	95
Total	**589**	**1,151**

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

	Grant date	Assumptions used to determine fair value at PER under IFRS 2 (Black & Scholes) Strike price in € (1)	Risk-free rate	Risk premium	Expected volatility	Unit valuation under IFRS 2 (1)	IFRS 2 probable cost at the grant date in € thousands	Residual probable cost on December 31, 2023 in € thousands
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**	**0**
Free shares (AGA R 2021) (3)	October 15, 2021	- €	-0.67%	0.0%	71.5%	€7.25	**2,049**	**0**
		- €	-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**	**0**
Free shares (AGA 2022) (6)	December 21, 2023	- €	3.24%	0.0%	36.1%	€2.68	**557**	**557**
Total							**11,227**	**6,555**

(1) 100-fold split of the par 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.

These 282,616 free share grants definitively vested on October 15, 2023 and were exercised on the same day by the issue of 282,616 new ordinary shares.

(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 definitively vested 2022 free share grants were exercised on June 20, 2023 by the issue of 32,000 new ordinary shares.

(6) Grant on December 21, 2023 of 208,000 free share grants with a one-year vesting period.

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

in € thousands	December 31, 2023	December 31, 2022
Employer contribution recognized in previous years	1,925	1,791
Employer contribution recognized during the year	174	134
Total employer contribution recognized	**2,099**	**1,925**

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

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 and 7.4).

Under this liquidity contract, the Group held 105,284 Forsee Power SA shares at December 31, 2023, representing a value of €289 thousand, less a fair value adjustment of (15) K€, i.e., 274 K€.

Treasury shares held under the liquidity contract are recognized as a deduction from consolidated equity.

7.10.5. Translation reserves

The translation reserve by currency is as follows:

in € thousands		December 31, 2023	December 31, 2022
Hong Kong Dollar	HKD	17	13
Chinese Yuan Renminbi	CNY	(168)	(202)
Polish Zloty	PLN	(22)	5
Indian Rupee	INR	(102)	(113)
Singapore Dollar	SGD	(1)	(1)
United States Dollar	USD	62	1
Japanese Yen	JPY	(10)	0
Currency translation reserve - Group share		**(224)**	**(296)**

7.10.6. Earnings per share

	December 31, 2023	December 31, 2022
Consolidated net income	(27,962)	(32,568)
Weighted average number of shares outstanding	64,989,546	53,359,614
Earnings per share	**€ (0.43)**	**€ (0.61)**

Under IAS 33, diluted earnings per share are equal to earnings per share if there is a loss.

7.11. Provisions for risks and charges

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

in € thousands	December 31, 2022	Change in scope	Additions	Reversals	*Of which used*	Reclassification	Fair value	Currency translation effects	December 31, 2023
Provisions for after-sales service cover	4,884	-	4,283	(2,533)	*(2,533)*	-	-	(0)	6,633
Provisions for recycling	1,597	-	830	(30)	-	-	-	-	2,397
Provisions for disputes	249	-	189	(167)	*(167)*	-	-	-	270
Provision for dispute with Unu GmbH	441	-	-	(192)	*(192)*	-	-	-	249
Provisions	**7,170**	**-**	**5,302**	**(2,922)**	**(2,892)**	**-**	**-**	**(0)**	**9,550**
Of which									
Current									
Non-current	7,170		5,302	(2,922)	*(2,892)*			(0)	9,550

in € thousands	December 31, 2021	Change in scope	Additions	Reversals	*Of which used*	Reclassification	Fair value	Currency translation effects	December 31, 2022
Provisions for after-sales service cover	3,279	-	2,508	(903)	*(903)*	-	-	0	4,884
Provisions for recycling	709	-	888	-	-	-	-	-	1,597
Provisions for disputes	677	-	89	(517)	*(411)*	-	-	-	249
Provision for dispute with Unu GmbH	651	-	-	(210)	*(210)*	-	-	-	441
Provisions	**5,316**	**-**	**3,485**	**(1,630)**	**(1,524)**	**-**	**-**	**0**	**7,170**
Of which									
Current									
Non-current	5,316	-	3,485	(1,630)	*(1,524)*	-	-	0	7,170

The main provisions for risks and charges are detailed below:

- **The provision for after-sales service guarantees** recognized as of December 31, 2023 amounts to €6,633 thousand compared with €4,884 thousand as of 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 €2,397 thousand at December 31, 2023 (€1,597 thousand at December 31, 2022) was established to cover the estimated future costs of recycling battery systems sold and 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 according to 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 disputes** represent a total amount of €270 thousand at December 31, 2023 (€249 thousand at December 31, 2022), and correspond to the valuation of other risks, such as risks of customer penalties, disputes, excluding the dispute with Unu GmbH presented separately below for €299 thousand.

Disputes with Unu GmbH:

On November 23, 2023, the Company was informed that Unu GmbH had been placed under receivership by the Berlin Charlottenburg District Court.
Following the opening of these receivership proceedings in Germany, a German receiver was appointed. This German receiver will have to decide whether Unu GmbH should continue as a going concern and whether the ongoing legal proceedings in France and Germany should be maintained.
At the closing date of the financial statements for the year ended December 31, 2023, Forsee Power had no information that would enable it to assess whether or not the legal proceedings initiated in France and Germany would continue.

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. 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 the Company before the Paris Commercial Court to replace the legal expert appointed in April 2021, on the grounds that the expert was categorically biased and did 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.

As disagreements persisted over the content of the expert appraisals to be carried out, on November 22, 2023 the Company referred the matter to the judge supervising the appraisals to order the co-experts to begin their expert appraisals without delay and to set a reasonable timetable.

At the hearing on December 21, 2023, the supervisory judge responsible for overseeing the expert reports enjoined the judicial experts to start the test protocol to submit a report by the end of 2024.

The trial proceedings:

On November 2, 2021, despite the expert's report, Unu sued the Company before the Commercial Court of Paris, ruling as a judge on the merits, on the same grounds, claiming €15,845 thousand for material damages and €50 thousand for immaterial damages.

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

Expert assessment summary proceedings in Lyon:

On May 25, 2022, Unu GmbH summoned the Company 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 fire at home 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 multiplicity of possible causes at the origin of the fire.

In the event that the accident was indeed caused by the scooter, the said accident would not be covered by the Company's new insurer since it would then be a new serial incident linked to the Unu batteries. As the risk was identified in 2019, it would also be covered by the policy entered into 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.

These proceedings were supplemented by new summons received on July 19, July 31, August 22, November 30 and December 29, 2023, before four other civil courts in Germany (Landgericht of Cologne, Hamburg, Essen and Aachen) from Unu GmbH in proceedings initiated by the victims of the various claims.

The Company 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.

Risk assessment and provision:

The provision recorded in the consolidated financial statements for the period ended December 31, 2023, in the amount of €249 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. The provision was reversed and used in the amount of €192 thousand for the 2023 financial year in connection with the expenses recognized for the financial year, mainly for appraisal and legal expenses.

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 €1,624 thousand has been recognized as of December 31, 2023 (€1,450 thousand as of December 31, 2022) for defined contribution plans in France.

7.12.2. Defined benefit plans

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	December 31, 2023	December 31, 2022
Retirement bonuses	499	379
Long-service awards	0	0
Total	**499**	**379**

in € thousands	December 31, 2023	December 31, 2022
Commitments at the beginning of the period	**379**	**181**
Costs of services rendered	10	54
Interest on debt	15	2
Actuarial gains and losses on changes in financial and demographic assumptions (experience gains)	95	142
Actuarial gains and losses on departures of plan beneficiaries	0	0
Retirement benefits	0	0
Commitments at end of period	**499**	**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:

	December 31, 2023	December 31, 2022
Financial assumptions		
Discount rate	3.23%	3.86%
Salary growth rate	2.20%	1.60%
Rate of social security charges, management	48.73%	49.00%
Rate of social security charges, non-management	36.98%	37.30%
Demographic assumptions		
Employee turnover aged under 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%
Age of retirement used for management	64 years	64 years
Age of retirement used 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-December, 2023.

The Sensitivity analyses of the commitment have been performed as of December 31, 2023 on the following key assumptions:

	Gross impact on commitments as of December 31, 2023	% of total commitments as of December 31, 2023
Discount rate		
Change in discount rate of -0.25%	13	2.6%
Change in discount rate of +0.25%	(13)	(2.6)%
Turnover rate		
-1.00% change in employee turnover	(65)	(13.0)%
+1.00% change in employee turnover	55	11.0%
Salary increase rate		
Change of +1.00%	59	11.8%
Change of +1.50%	92	18.4%
Retirement age		
Departure at age 63	(17)	(3.4)%
Departure at age 65	39	7.8%

7.13. Borrowings and financial liabilities

in € thousands	December 31, 2022	Issuance	Repay-ments	Debt issuance costs	Interest recognized in respect of interest free loans	Reclassi-fication	Currency translation effects	Effective interest method impact	Net change	Capitalized interest	Fair value	IFRS 16 loan issuance	December 31, 2023
Loans from the EIB (1)	22,581	10,000	-	-	-	-	-	471	(0)	-	(728)	-	32,324
Atout loan from Bpi (3)	2,188	-	-	-	-	(1,250)	-	-	-	-	-	-	938
State-guaranteed loan from BPI (2)	3,438	-	-	-	-	(1,250)	-	-	-	-	-	-	2,188
State-guaranteed loan from BNP (2)	4,209	-	-	-	-	(1,246)	-	-	-	-	-	-	2,963
State-guaranteed loan from HSBC (2)	4,156	-	-	-	-	(1,427)	-	-	-	-	-	-	2,729
Right-of-use liability - non-current	14,194	-	(110)	-	-	(2,255)	(202)	-	-	-	-	3,952	15,578
Deposits and guarantees received	-	(0)	-	-	-	20	-	-	-	-	-	-	20
Repayable advances - non-current	-	45	-	-	-	-	-	-	-	-	-	-	45
Related-party liabilities	691	-	-	-	-	(20)	-	-	23	-	-	-	694
Long-term financial debt	**51,455**	**10,045**	**(110)**	**-**	**-**	**(7,428)**	**(202)**	**471**	**23**	**-**	**(728)**	**3,952**	**57,477**
Atout loan from Bpi (3)	1,250	-	(1,250)	-	-	1,250	-	-	-	-	-	-	1,250
State-guaranteed loan from BPI (2)	1,250	-	(1,250)	-	-	1,250	-	-	-	-	-	-	1,250
State-guaranteed loan from BNP (2)	1,875	-	(1,165)	-	-	1,246	-	-	-	-	-	-	1,956
State-guaranteed loan from HSBC (2)	1,875	-	(1,427)	-	-	1,427	-	-	-	-	-	-	1,875
Accrued interest on financial liabilities	1,065	2,080	(1,064)	-	-	(1,009)	(2)	-	-	-	-	-	1,069
Right-of-use liability - current	1,390	-	(1,512)	-	-	2,256	(26)	-	-	-	-	-	2,109
Accrued interest on right of use	-	-	40	-	-	-	(1)	-	-	-	-	-	39
Fair value hedges related to foreign exchange risk (4)	6	-	-	-	-	-	-	-	70	-	-	-	77
Accrued interest not yet due	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term financial debt	**8,711**	**2,080**	**(7,628)**	**-**	**-**	**6,420**	**(28)**	**-**	**70**	**-**	**-**	**-**	**9,626**
Gross financial debt	**60,167**	**12,124**	**(7,738)**	**-**	**-**	**(1,008)**	**(230)**	**471**	**93**	**-**	**(728)**	**3,952**	**67,104**
Of which													
Current	*8,711*	*2,080*	*(7,628)*	-	-	*6,420*	*(28)*	-	*71*	-	-	-	*9,626*
Non-current	*51,455*	*10,045*	*(110)*	-	-	*(7,428)*	*(202)*	*471*	*22*	-	*(728)*	*3,952*	*57,477*

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 $_{\text{EIB Warrant C}}$ issued on June 4, 2021, leading in the event of exercise to the issuance of 500,090 ordinary shares.

Tranche C of the EIB loan was drawn down on December 18, 2023 for €10 million and a 5-year term. This tranche is accompanied by 1,000 share subscription warrants called BSA $_{\text{EIB Warrant E}}$ issued on December 4, 2023, resulting in the issue of 300,000 ordinary shares (OS) if exercised.

The financial derivatives on the EIB loans (BSA $_{\text{EIB Warrant A}}$ and BSA $_{\text{EIB Warrant C}}$) 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 – Innovation Support" 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 30 June 2025 after a one-year grace period that ended on August 31, 2021.

4) Foreign exchange swap contracts for a notional amount of €3.4 M ($3.7 M) as of December 31, 2023, to hedge over the first semester of 2024, settlements in United States Dollar ($) with several suppliers.

The changes in the previous period in 2022 are as follows:

in € thousands	*December 31, 2021*	*Issuance*	*Repay-ments*	*Debt issuance costs*	*Interest recognized in respect of interest free loans*	*Reclassification*	*Currency translation effects*	*Effective interest method impact*	*Net change*	*Capitalized interest*	*Fair value*	*IFRS 16 loan issuance*	*December 31, 2022*
Loans													
Loans from the EIB (1)	*20,351*	*-*	*(0)*	*-*	*-*	*-*	*-*	*1,262*	*-*	*-*	*968*	*-*	*22,581*
Atout loan from Bpi (3)	*4,375*	*-*	*-*	*-*	*-*	*(2,188)*	*-*	*-*	*-*	*-*	*-*	*-*	*2,188*
State-guaranteed loan from BPI (2)	*5,000*	*-*	*-*	*-*	*-*	*(1,563)*	*-*	*-*	*-*	*-*	*-*	*-*	*3,438*
State-guaranteed loan from BNP (2)	*6,746*	*-*	*-*	*-*	*-*	*(2,813)*	*-*	*276*	*-*	*-*	*-*	*-*	*4,209*
State-guaranteed loan from HSBC (2)	*6,654*	*-*	*-*	*-*	*-*	*(2,807)*	*-*	*310*	*-*	*-*	*-*	*-*	*4,156*
Right-of-use liability - non-current	*8,437*	*-*	*-*	*-*	*-*	*(1,648)*	*(79)*	*-*	*-*	*-*	*-*	*7,483*	*14,194*
Deposits and guarantees received	*20*	*-*	*-*	*-*	*-*	*(20)*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Related-party liabilities	*331*	*340*	*-*	*-*	*-*	*20*	*-*	*-*	*-*	*-*	*-*	*-*	*691*
Debt for financing trade receivables	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Long-term financial debt	*51,915*	*340*	*(0)*	*-*	*-*	*(11,018)*	*(79)*	*1,848*	*-*	*-*	*968*	*7,483*	*51,455*
Atout loan from Bpi (3)	*-*	*-*	*(938)*	*-*	*-*	*2,188*			*-*	*-*	*-*	*-*	*1,250*
State-guaranteed loan from BPI (2)	*-*	*-*	*(313)*	*-*	*-*	*1,563*	*-*	*-*	*-*	*-*	*-*	*-*	*1,250*
State-guaranteed loan from BNP (2)	*-*	*-*	*(938)*	*-*	*-*	*2,813*	*-*	*-*	*-*	*-*	*-*	*-*	*1,875*
State-guaranteed loan from HSBC (2)	*-*	*-*	*(932)*	*-*	*-*	*2,807*	*-*	*-*	*-*	*-*	*-*	*-*	*1,875*
Accrued interest on financial liabilities	*863*	*2,311*	*(1,140)*	*-*	*-*	*-*	*(0)*	*-*	*-*	*-*	*(968)*	*-*	*1,065*
Right-of-use liability - current	*878*	*-*	*(1,126)*	*-*	*-*	*1,644*	*(6)*	*-*	*-*	*-*	*-*	*-*	*1,390*
Fair value hedges related to foreign exchange risk (4)	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*6*	*-*	*-*	*-*	*6*
Accrued interest not yet due	*18*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*(18)*	*-*	*-*	*-*	
Short-term financial debt	*1,759*	*2,311*	*(5,386)*	*-*	*-*	*11,014*	*(6)*	*-*	*(11)*	*-*	*(968)*	*-*	*8,711*
Gross financial debt	**53,673**	**2,651**	**(5,386)**	**-**	**-**	**(4)**	**(85)**	**1,848**	**(11)**	**-**	**(1)**	**7,483**	**60,167**
Of which					*-*								
Current	*1,760*	*2,311*	*(5,386)*	*-*	*-*	*11,014*	*(6)*	*-*	*(11)*	*-*	*(968)*	*-*	*8,711*
Non-current	*51,912*	*340*	*(0)*	*-*	*-*	*(11,018)*	*(79)*	*1,848*	*-*	*-*	*968*	*7,483*	*51,455*

1) EIB financing

A new EIB loan was signed in December 2020 for which tranche A of €21.5 million was disbursed on June 16, 2021 for a period of 5 years. This tranche was accompanied by 3,500 BSA $_{\text{EIB Warrant C}}$ issued on June 4, 2021, resulting in the issuance of 388,761 ordinary shares.

The derivative financial instruments on the EIB loans (BSA $_{\text{EIB Warrant A}}$ and BSA $_{\text{EIB Warrant C}}$) are presented in Note 7.14 below.

2) The state guaranteed loans (PGE) with BNP for €7.5 million and HSBC for €7.5 million were granted in June 2020 at 0% and renegotiated in March 2021 at 0.75% and 0.31% respectively. The PGE with BNP is repaid quarterly from September 4, 2022 until June 4, 2026. The PGE with HSBC is repaid quarterly from September 11, 2022 until June 11, 2025.

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

3) In June 2020, Forsee Power took out a €5 million “Atout” loan from the BPI at a rate of 5%. This loan is repaid quarterly over 4 years until June 30, 2025 after a one-year grace period which ended on 31 August 2021.

4) Foreign exchange swaps hedging trade payables in US Dollar ($) taken out on December 6, 2023 for a notional amount of €3,442 thousand ($3,719 thousand) maturing on 4 January 2024 to hedge future payments in US dollars ($) in France and in foreign subsidiaries.

At December 31, 2022, the Group had a currency forward contract to hedge trade payables in Japanese Yen (¥).

The financial debt maturity schedule is as follows:

in € thousands	December 31, 2023	Due in up to 1 year	Due in 1 to 5 years	Due in more than 5 years	Covenant
EIB loans	32,324	-	32,324	-	Yes
Atout loan from BPI	938	-	938	-	No
State-guaranteed loan from BPI	2,188	-	2,188	-	No
State-guaranteed loan from BNP	2,963	-	2,963	-	No
State-guaranteed loan from HSBC	2,729	-	2,729	-	No
Debts on leased real estate	15,578	-	7,247	8,331	No
Deposits and guarantees received	20	-	-	20	No
Repayable advances	45	-	-	45	No
Related-party liabilities	694	-	694	-	No
Long-term financial debt	**57,477**	**-**	**49,082**	**8,396**	
Atout loan from BPI	1,250	1,250	-	-	No
State-guaranteed loan from BPI	1,250	1,250	-	-	No
State-guaranteed loan from BNP	1,956	1,956	-	-	No
State-guaranteed loan from HSBC	1,875	1,875	-	-	No
Accrued interest on financial liabilities	1,069	1,069	-	-	No
Debts on leased real estate	2,109	2,109	-	-	No
Accrued interest on right of use	39	39	-	-	No
Fair value hedges related to foreign exchange risk	77	77	-	-	No
Short-term financial debt	**9,626**	**9,625**	**-**	**-**	
Gross financial debt	**67,103**	**9,625**	**49,082**	**8,396**	

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 (2)	December 31, 2023	December 31, 2022
BSA Warrant A for EIB (1)	March 18, 2018	March 15, 2028	6,857	1,127,387	2,869	2,817
BSA Warrant C for EIB (1)	June 4, 2021	June 4, 2041	3,500	500,090	1,297	1,291
BSA Warrant E for EIB (1)	December 4, 2023	December 4, 2023	1,000	300,000	669	0
Total			**11,357**	**1,927,477**	**4,835**	**4,108**

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

- 6,857 BSA $_{\text{EIB Warrant A}}$ giving access to 1,127,387 ordinary shares (AO) issued on March 18, 2018 in addition of the €20 million financing;
- 3,500 BSA $_{\text{EIB Warrant A}}$ giving access to 500,090 ordinary shares (AO) issued on June 4, 2021 in addition of the €21.5 million financing.
- 1,000 BSA $_{\text{EIB Warrant E}}$ giving access to 300,000 ordinary shares (AO) issued on December 4, 2023 in addition of the €10 million financing.

These share subscription warrants are presented and measured as a derivative liability for the following reasons:

- These share subscription warrants do not fulfil the condition of an equity instrument as far 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.

(2) The conversion parities of these warrants into ordinary shares of the Company were updated following the capital increase of May 9, 2023, the allocation of free shares (AGA) on December 21, 2023 and the issue of 1,000 BSA $_{\text{EIB Warrant E}}$. The number of ordinary shares (AO) for the 6,857 $_{\text{EIB Warrant A}}$ warrants thus increased from 859,263 AO to 1,127,387 AO at December 31, 2023, and for the 3,500 $_{\text{EIB Warrant B}}$ warrants increased from 388,761 AO to 500,090 AO at December 31, 2023.

Changes in 2022 and 2023 are presented in the table below:

in € thousands	December 31, 2023	December 31, 2022
Derivative instruments at beginning of year	**4,108**	**6,972**
Change in fair value recognized in profit or loss	(1)	(2,865)
Derivative instruments issued (net of costs) (1)	728	0
Derivative instruments cancelled following conversion	0	0
Derivative instruments at end of period	**4,835**	**4,108**

(1) Issue of 1,000 BSA $_{\text{EIB Warrant C}}$ on December 4, 2023 in addition to the €10 million EIB financing.

The maturity of derivatives on financial instruments is as follows:

in € thousands	Due in up to 1 year	Due in 1 to 5 years	Due in more than 5 years	Total
BSA Warrant A for EIB	-	2,869	-	2,869
BSA Warrant C for EIB	-	-	1,297	1,297
BSA Warrant E for EIB	-	-	669	669
Total	**0**	**2,869**	**1,966**	**4,835**

Changes in the fair value of the derivatives based on the key assumption of the Forsee Power share price impact the financial statements as follows:

	BSA Warrant A for EIB	BSA Warrant C for EIB	BSA Warrant E for EIB	Gross impact on fair value as of December 31, 2023
Forsee Power share price down (25)%	2,135	971	481	**3,587**
Forsee Power share price up 10%	3,163	1,427	745	**5,335**

7.15. Risk management for financial assets and liabilities

7.15.1. Credit risk management

The Group is exposed to credit risk in the event of late payment by customers or in the event that one of its customers defaults on its obligations, resulting in a financial loss for the Group. The Group ensures that it does not create or maintain any dependency on its customers by diversifying the nature of customers and developing its export market share.

The Group is exposed to limited credit risk as of December 31, 2023 given the financial quality of its main customers.

7.15.2. Liquidity risk management

The Group faces liquidity risk, i.e., a risk that the Group may not be able to meet its financial obligations inherent in the pursuit of its business, given the financing needs of the development of its business.

At December 31, 2023, Forsee Power had several financing instruments to ensure the continuity of its liquidity:

1) A new financing agreement with the EIB was signed in December 2020, making available a loan of €21.5 million (Tranche A), of €8.5 million (Tranche B) and two new financing lines (Tranche C), 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 subscription to Tranche C for €10 million was subject to covenants concerning the level of revenue that the Group had already achieved by the end of the 2020 financial year. Tranche C of €10 million was also conditional on the completion of a €10 million capital increase by one or more shareholders, was carried out in November 2021 with the company's IPO. Hence, Tranche C was drawn down on December 4, 2023 in compliance with these two conditions.

2) A new non-recourse factoring contract was signed with Facto France on December 21, 2023. This new factoring contract covers outstandings with an indefinite term and an uncapped amount up to the amount insured by the credit insurer. This new factoring contract replaces the factoring contract signed with HSBC Factoring France. The first assignments of trade receivables under this new factoring contract took place in January 2024.
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 shareholder loan injections and financial recapitalizations in previous years.

in € thousands	December 31, 2023	December 31, 2022
Overdraft authorization	0	0
Sub-total credit facilities (a)	**0**	**0**
Cash and cash equivalents	25,902	31,014
Bank overdrafts - Cash liability	0	0
Net liquidity (b)	**25,902**	**31,014**
Total liquidity position (a) + (b)	**25,902**	**31,014**

7.15.3. Market risk management

The Group is exposed to the upward trend in the price of raw materials and energy observed on the international market. However, the Group has countermeasures presented in Note 2 "Significant events" to limit this risk.

The Group has a balanced volume of purchases of goods and sales of batteries in US Dollar, in Chinese Yuan and in Japanese Yen. In 2023, Management implemented currency hedges through foreign exchange swap contracts on the US Dollar based on purchasing and sales forecasts at the various industrial sites, and the expected change in the exchange rate between the euro and the US dollar.

7.15.4. Capital management

On November 26, 2021, Forsee Power SA signed a liquidity contract with an independent investment services firm, Kepler Cheuvreux, to ensure the liquidity of transactions and regular trading of its shares, in accordance with AMF decision no. 2021-01 of June 22, 2021.

This contract covers a period of 12 months with tacit renewal unless terminated.

The contract provides for an overall ceiling of €500 thousand (cash and securities). Nevertheless, additional contributions to the liquidity account may be made when the cash or securities balance appears insufficient to ensure the continuity of the liquidity contract provider's activities.

The cash made available to the investment services company was initially €500 thousand, and no securities were initially made available. The cash available on the liquidity account amounted to €72 thousand as of December 31, 2023, and the total net value of the Forsee Power SA shares held amounted to €274 thousand as of December 31, 2023.

Every six months, Forsee Power SA publishes a report on purchases and sales of shares carried out under the liquidity contract.

7.16. Information about fair value of financial assets and liabilities

7.16.1. Cash, loans and receivables

The Group considers that the carrying amount of cash, trade receivables, other receivables, accounts payable, other liabilities and various deposits and sureties is a good approximation of the market value as of December 31, 2023, due to 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 as of December 31, 2023.

7.16.3. Derivative and hedging financial instruments

The Group does not hold any trading derivatives as of December 31, 2023.

At December 31, 2023, the Group had a currency hedge in US Dollar ($) using two foreign exchange swap contracts in the amount of €3.4 million ($3.7 million) to hedge payments from a foreign supplier in the first half of 2024.

7.16.4. Financial liabilities at amortized cost

The Group considers that the carrying amount of trade payables is a good approximation of the market value due to the high degree of liquidity of these items.

The market value of long-term and short-term financial debt is determined using the value of estimated future cash flows disbursed, discounted using the interest rates observed by the Group at the end of the period for instruments with similar conditions and maturities.

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 recognized in the principal or most advantageous market on the measurement date. The valuation methods used for financial assets and liabilities by level are as follows:

- Level 1: fair value measured exclusively by reference to prices in active markets;
- Level 2: fair value measured by a model using directly or indirectly observable market parameters;
- Level 3: fair value measured by a model incorporating certain unobservable market parameters;

in € thousands	December 31, 2023	Fair value	Level 1 Unadjusted prices and prices	Level 2 Observable data	Level 3 Unobservable data
Cash and cash equivalents	25,902	25,902	25,902	-	-
Financial instruments not held for trading	0	-	-	-	0
Financial assets at fair value	**25,902**	**25,902**	**25,902**	**-**	**0**
Deposits and guarantees paid	407	407	-	-	407
Other financial assets	1,610	1,610	-	-	1,610
Trade accounts receivables	27,633	27,633	-	-	27,633
Other assets	22,539	22,539	-	-	22,539
Assets at amortized cost	**52,189**	**52,189**	**-**	**-**	**52,189**
Derivatives on financial instruments	4,835	4,835	-	4,835	-
Currency hedging derivative	-	-	-	-	-
Financial liabilities at fair value	**4,835**	**4,835**	**-**	**4,835**	**-**
Long-term financial debt	57,477	57,477	-	-	57,477
Short-term financial debt	9,626	9,626	77	-	9,549
Trade payables presented in WCR	23,588	23,588	-	-	23,588
Other liabilities	22,314	22,314	-	-	22,314
Liabilities at amortized cost	**113,006**	**113,006**	**77**	**-**	**112,929**

The following methods and assumptions used to estimate the fair value of financial assets and liabilities are presented in Note 3.3.7.

7.17. Trade payables

in € thousands	December 31, 2023	December 31, 2022
Suppliers	23,588	20,152
Trade payables presented in WCR	**23,588**	**20,152**
Trade payables	**23,588**	**20,152**

7.18. Other liabilities

in € thousands	December 31, 2023	December 31, 2022
Customers - Advances and deposits received	7,727	3,391
Social security liabilities	7,485	5,487
Tax liabilities	1,035	973
Liabilities related to customer contracts (1)	3,889	2,668
Other miscellaneous current liabilities (2)	1,293	972
Benefit granted on PGE loans with off-market rates	544	1,025
Other liabilities presented in WCR	**21,973**	**14,517**
Income tax liability	341	205
Debts on ACA issuance costs (3)	0	0
Liabilities on acquisitions of fixed assets	0	0
Other liabilities	**22,314**	**14,722**
Of which		
Current	*18,919*	*10,606*
Non-current	*3,396*	*4,116*

1) Of which €2,618 thousand at December 31, 2023 in deferred income on specific battery guarantee extensions (€2,285 thousand at December 31, 2022).

The change in contract-related liabilities is as follows:

Contract liabilities at the beginning of the period	**2,668**	**1,530**
- Liabilities on contracts assumed following the fulfilment of performance obligations over the period	(65)	-
- Liabilities on contracts cancelled following cancellation of the contract	-	-
+ Performance obligations not achieved on new contracts during the period	1,275	1,202
+/- Discount and translation effects	11	(63)
Liabilities on contracts at end of period	**3,889**	**2,668**

The performance obligations mainly correspond to extensions of guarantees, and are carried out over a period of between 1 and 4 years.

2) Of which €532 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).

3) Issue costs relating to the capital increase carried out on May 9, 2023 amounted to €2,697 thousand and were paid in full in 2023.

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

7.19. Deferred taxes

Deferred taxes are broken down by timing differences as follows:

in € thousands	**December 31, 2023**	**December 31, 2022**
Temporary tax differences	65	(90)
Provisions for retirement benefits	132	102
Lease liabilities on lease contracts	4,408	3,587
Rights of use on lease contracts	(4,272)	(3,452)
Borrowing costs at effective interest rate	8	8
Internal margins on inventory	124	91
Other temporary differences	(288)	(100)
Recognition of tax loss carryforwards	0	0
Total net deferred taxes	**177**	**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 carryforwards 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.

The amount of tax loss carryforwards not recognized in the financial statements for Forsee Power amounted to €197,954 thousand (i.e., €49,488 thousand in unrecognized DTA) at December 31, 2023 compared with €175,910 thousand (i.e., €43,977 thousand in unrecognized DTA) on December 31, 2022.

Changes in deferred taxes recognized in profit or loss and in equity are as follows:

in € thousands	December 31, 2023	December 31, 2022
Deferred tax assets at beginning of year	**323**	**373**
Expense recognized in comprehensive income	290	(192)
DTAs on capitalized leases	36	0
DTA/DTL offset by tax entity	134	346
Other	(296)	(204)
Deferred tax assets at end of year	**488**	**323**
Deferred tax liabilities at beginning of year	**178**	**5**
Expense recognized in comprehensive income	173	0
DTA/DTL offset by tax entity	134	346
Other	(174)	(173)
Deferred tax liabilities at end of year	**311**	**178**

in € thousands	December 31, 2023	December 31, 2022
Deferred taxes at beginning of year	**0**	**0**
Deferred tax on capital increase costs	(684)	(1,753)
Deferred tax not recognized in OCI	684	1,753
Deferred tax at end of year	**0**	**0**

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

8.1. Revenue

in € thousands	December 31, 2023	December 31, 2022
Sales of goods	168,017	108,784
Service delivery	2,750	1,370
Other activities	471	864
Total	**171,238**	**111,018**

The amount of the order book (unfulfilled firm orders) and the projected schedule for completion of unfulfilled performance obligations is as follows:

in € thousands	December 31, 2023	December 31, 2022
Order book at the beginning of the period	**117,031**	**54,601**
- Opening commitments whose services were performed over the period and recognized as revenues	(117,031)	(54,601)
- Opening commitments for which the services were not provided during the period as they were cancelled (cancellation of order)	-	-
+ Firm offers signed over the period	187,553	173,448
- Firm offers signed during the period recognized as revenues	(54,207)	(56,417)
Order book at end of period	**133,346**	**117,031**
Provisional timetable for revenue recognition		
Expected completion in 2023	-	116,111
Expected completion in 2024	124,401	920
Completion expected in 2025 and beyond	8,945	-
Total order book at end of period	**133,346**	**117,031**

8.2. Other operating income and expenses

in € thousands	December 31, 2023	December 31, 2022
Stored production	(0)	0
Operating grants	(0)	0
Gains or losses on disposals of fixed assets	370	0
Directors' fees	(373)	(285)
Miscellaneous management expenses (income) (1)	853	(140)
Other operating income and expenses	**850**	**(430)**

(1) Of which €698 thousand in indemnities receivable under a protocol agreement signed in 2023 with a customer in India.

8.3. External services and purchases consumed

in € thousands	December 31, 2023	December 31, 2022
Purchases consumed, including foreign exchange gains and losses on purchases (1)	(129,665)	(82,970)
Fees, external services	(6,547)	(4,446)
Leases, maintenance and insurance	(2,951)	(1,984)
Transport, travel and conference expenses	(4,311)	(3,558)
Study and research costs	(2,630)	(1,209)
Post and telecommunications expenses	(284)	(250)
Subcontracting (1)	(1,147)	(666)
Other	(117)	(219)
External services and purchases consumed	**(147,651)**	**(95,302)**

(1) Part of the Research Tax Credit (CIR) income is presented as a deduction from purchases for €354 thousand on December 31, 2023 and for €614 thousand as of December 31, 2022.

Part of the Research Tax Credit (CIR) income is presented as a deduction from the subcontracting expense for €74 thousand as of December 31, 2023 and for €53 thousand on December 31, 2022 (of which €22 thousand for expenses incurred in the 2022 financial year and €43 thousand for expenses incurred in the 2021 financial year).

8.4. Personnel costs and headcount

in € thousands	December 31, 2023	December 31, 2022
Personnel costs		
Remuneration (1)	(20,974)	(19,641)
Social security contributions (2)	(7,153)	(6,454)
Other short-term benefits	(435)	(414)
Defined benefit plan service costs	(10)	(54)
Costs of share-based payments	(1,092)	(3,389)
Employer contributions on share-based payments	(174)	(134)
Employee profit-sharing	0	0
Total	**(29,837)**	**(30,086)**

(1) Part of the Research Tax Credit (CIR) income is presented as a deduction from the remuneration expense for €414 thousand at December 31, 2023 and for €727 thousand at December 31, 2022 (of which €476 thousand for expenses incurred in 2022 and €275 thousand for expenses incurred in 2021).

(2) Part of the Research Tax Credit (CIR) income is presented as a deduction from social security charges for €300 thousand as of December 31, 2023 and for €526 thousand at December 31, 2022 (of which €345 thousand for expenses incurred in the 2022 financial year and €199 thousand for expenses incurred in the 2021 financial year).

The average full-time equivalent workforce is as follows:

in € thousands	December 31, 2023	December 31, 2022
Management	303	243
Non-management	410	395
Total	**713**	**638**

8.5. Taxes and duties

in € thousands	December 31, 2023	December 31, 2022
Taxes based on salaries	(479)	(476)
Other taxes	(606)	(295)
Taxes and duties	**(1,086)**	**(771)**

8.6. Depreciation, amortization and provisions allocations and reversals

in € thousands	December 31, 2023	December 31, 2022
Amortization and impairment of intangible assets	(3,765)	(4,271)
Depreciation of right-of-use assets for property, plant and equipment	(2,350)	(1,312)
Depreciation and impairment of property, plant and equipment	(3,873)	(3,507)
Provisions for risks and charges	(2,380)	(1,854)
Net impairment of inventories and receivables (1)	(4,301)	(3,599)
Net charges	**(16,669)**	**(14,543)**

(1) Of which €1,358 thousand in impairment of inventory identified as surplus or obsolete in 2023.

8.7. Non-current operating income

in € thousands	December 31, 2023	December 31, 2022
Non-capitalized expenses on capital increase and IPO	0	0
Other non-current income and expenses	(0)	0
Non-current operating income	**0**	**0**

8.8. Net financial income (expense)

in € thousands	December 31, 2023	December 31, 2022
Financial income received on financial assets	232	2
Uncollected financial income	0	0
Financial income	**232**	**2**
Interest expense on borrowings (1)	(2,721)	(2,982)
Cost of gross financial debt	**(2,721)**	**(2,982)**
Foreign exchange gains and losses	(12)	398
Net impairment of financial assets measured at amortized cost	(15)	0
Change in fair value of derivatives (2)	(76)	2,865
Discounting expense on non-current assets and liabilities or over 12 months	(507)	(746)
Charge for effective interest rate on financial liabilities (EIR) (3)	(162)	(1,293)
Interest expense on lease liabilities	(669)	(365)
Bank charges and fees	(1,428)	(232)
Other financial income	203	42
Benefit granted on PGE loans with off-market rates	471	585
Other net financial income and expenses	**(2,195)**	**1,254**
Net financial income (expense)	**(4,684)**	**(1,726)**

(1) Including, at December 31, 2023, €(1,693) thousand of interest on the EIB Tranche A loan and €(16) thousand of interest on the EIB Tranche C loan. Part of the interest was paid in June 2023 to the EIB for €671 thousand.

(2) Including at December 31, 2023 for €(52) thousand change in fair value on the BSA $_{\text{EIB Warrant A}}$ derivative and €(6) thousand change in fair value on the BSA $_{\text{EIB Warrant C}}$ derivative and €59 thousand change in fair value on the BSA $_{\text{EIB Warrant E}}$ derivative (see Note 7.14), and €1,975 thousand change in fair value on the BSA $_{\text{EIB Warrant A}}$ derivative and €893 thousand change in fair value on the BSA $_{\text{EIB Warrant C}}$ derivative at December 31, 2022.

(3) Including, at December 31, 2023 for €(447) thousand in financial expenses related to the impact of the original effective interest rate of the EIB Tranche A loan, €(4) thousand in financial expenses related to the original effective interest rate of the EIB Tranche C loan.

8.9. Corporate income tax

in € thousands	December 31, 2023	December 31, 2022
Current taxes	(415)	(189)
Deferred taxes	4	(209)
Tax expense	**(411)**	**(398)**

The tax proof for the 2023 and 2022 financial years is as follows:

in € thousands	December 31, 2023	December 31, 2022
Theoretical tax expense (at the rate in force)	6,888	8,043
Actual tax expense	(411)	(398)
Difference	**7,299**	**8,440**
Permanent differences on share-based payments	273	847
Other permanent differences	1,162	(42)
Tax credits (CIR)	(306)	(520)
Derivatives on financial instruments	40	(393)
Non-deductible and unrecognized financial expenses	0	0
Tax loss for the period not recognized on the balance sheet	6,517	8,890
Use of prior tax losses not recognized on the balance sheet	(385)	(291)
Difference in rates between countries	(5)	(52)
Other differences	3	1
Total	**7,299**	**8,440**

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

9.1. Depreciation, amortization, provisions and impairment

in € thousands	December 31, 2023	December 31, 2022
Net allocations to fixed assets	7,638	7,778
Net allocations to right-of-use assets for property, plant and equipment	2,350	1,312
Net allocations to provisions for risks and charges	2,380	1,854
Charges to defined benefit plan service costs	10	54
Net charges	**12,378**	**10,998**

9.2. Working capital requirement

in € thousands	Notes	December 31, 2022	WCR	Discounting effects and other non-cash effects in WCR	Currency translation effects	December 31, 2023
Net inventories	7.6	37,476	7,222	358	(575)	44,481
Net trade receivables	7.7	15,960	11,754		(81)	27,633
Other assets	7.8	10,563	9,453	(1,845)	646	18,816
Trade payables	7.17	(20,152)	(3,400)	(396)	359	(23,588)
Other liabilities	7.18	(14,517)	(7,811)	300	55	(21,973)
Total		**29,332**	**17,218**	**(1,584)**	**404**	**45,369**

in € thousands	Notes	December 31, 2022	Change and impact on income	Discounting effects and other non-cash effects in WCR	Currency translation effects	December 31, 2023
Change in deferred tax	7.19	146	4	15	12	177
Change in corporate tax receivables and payables (1)	7.8 and 7.18	2,734	1,071	759	17	3,382
of which CIR		*2,939*	*1,223*	*(444)*	-	*3,717*
Tax expenses recognized	8.9	(398)	411	-	-	(411)
Total changes in tax			**263**	**1,218**	**29**	

(1) Including €4,017 thousand in research tax credits (2019, 2020, 2021, 2022 and 2023) as of December 31, 2023. The CIR receivable relating to the 2018 financial year was collected in June 2022 for an amount of €725 thousand.

The changes in the previous period are as follows:

in € thousands	Notes	December 31, 2021	WCR	Discounting effects and other non-cash effects in WCR	Currency translation effects	December 31, 2022
Net inventories	7.6	28,417	9,288		(229)	37,476
Net trade receivables	7.7	10,571	5,496		(108)	15,960
Other assets	7.8	13,330	(6,526)	3,648	111	10,563
Trade payables	7.17	(12,369)	(2,374)	(5,529)	119	(20,152)
Other liabilities	7.18	(17,624)	1,683	1,472	(47)	(14,517)
Total		**22,326**	**7,567**	**(410)**	**(153)**	**29,332**

in € thousands	Notes	December 31, 2021	Change and impact on income	Discounting effects	Currency translation effects	December 31, 2022
Change in deferred tax	7.19	368	(143)		0	146
Change in corporate tax receivables and payables (1)	7.8 and 7.18	2,485	1,000	(759)	8	2,734
of which CIR		*2,237*	*2,078*	*(617)*		*3,698*
Tax expenses recognized	8.9	(134)	398			(398)
Total changes in tax			**(823)**	**(759)**	**8**	

9.3. Cash flow used in acquisitions of fixed assets

in € thousands	December 31, 2023	December 31, 2022
Acquisition of intangible assets	(11,986)	(4,351)
Acquisition of property, plant and equipment net of advances and prepayments	(12,485)	(4,441)
Acquisition of financial assets	(149)	(364)
Total investments	**(24,621)**	**(9,156)**
Debt on acquisition of fixed assets	0	0
Net cash flows used in acquisition of fixed assets	**(24,621)**	**(9,156)**

9.4. Capital gains/losses on disposals of fixed assets

in € thousands	December 31, 2023	December 31, 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 sold	0	0
Net carrying amount of property, plant and equipment sold	0	0
Net carrying amount of financial assets sold	0	0
Capital gains/losses on disposals of fixed assets	**0**	**0**

9.5. Cash flows from disposals of fixed assets

in € thousands	December 31, 2023	December 31, 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 non-current assets	0	0
Net cash flows from fixed asset disposals	**0**	**0**

9.6. Cash flows from changes in the scope of consolidation

in € thousands	December 31, 2023	December 31, 2022
Acquisition on 31 May 2022 of NEoT Capital shares from Mitsubishi Corporation	0	(2,292)
Cash subscription to the NEoT Capital increase of 30 June 2022 (1)	0	(1,058)
Net cash flows from changes in the scope of consolidation	**0**	**(3,350)**

(1) Payment on July 9, 2022 of the cash subscription of €1,058 thousand.

10. Other information

10.1. Events after December 31, 2023

There is no significant event after the closing date of December 31, 2023.

10.2. Relations with related parties

10.2.1. Compensation paid to management

The compensation awarded to the members of the Executive Committee and the members of the Board of Directors is as follows:

in € thousands	December 31, 2023	December 31, 2022
Salaries and other short-term benefits	3,611	3,256
Post-employment benefits	15	11
Other compensation	0	0
End of contract bonuses	0	0
Share-based payments	1,065	2,757
Directors' fees	373	285
Compensation of key executives	**5,064**	**6,310**

At its meeting of June 23, 2023, the ordinary general meeting approved the compensation policy for corporate officers, particularly as regards to an annual remuneration package for corporate officers in the amount of €456 thousand for 2023.

10.2.2. Transactions with related parties

in € thousands	December 31, 2023	December 31, 2022
Receivable from NEoT CAPITAL	0	0
Trade receivables with shareholders	1	65
Financial debt to shareholders	(691)	(691)
Total statement of financial position items	**(690)**	**(626)**
Salaries and other short-term benefits	(3,611)	(3,256)
Share-based payments	(1,065)	(2,757)
Fees	(130)	(130)
Other expenses	(161)	(65)
Revenue	972	0
Purchases	0	781
Interest income on receivables with NEoT CAPITAL	0	10
Total income statement items	**(3,995)**	**(5,417)**

Related parties of the Forsee Power Group are defined in Note 3.3.32.

Material transactions with related parties during the 2023 financial year were:

- **Collaboration Agreement entered into with Ballard Power Systems Inc.**

  Forsee Power SA entered into a Collaboration Agreement with Ballard Power Systems Inc. on 14 December 2022.

  Ballard Power Systems Inc., represented by Nicolas Pocard, is a Director of Forsee Power SA.

  The purpose of this agreement is to establish a framework for the strategic partnership for the joint development of integrated battery and fuel cell systems and power train solutions, consisting of hybrid energy system solutions combining batteries and fuel cells, optimized for performance and cost ("Integrated Solutions"). In particular, the agreement sets out the main objectives, tasks and schedule relating to the development of Integrated Solutions.

  Unless otherwise agreed, each of the parties is responsible for its own costs and expenses incurred in the performance of the agreement.

  The Collaboration Agreement replaces the terms of the Memorandum of Understanding concluded on 13 October 2021, which set out the main framework of the partnership between the two companies, in the context of Ballard Power Systems Inc.'s acquisition of a stake in Forsee Power at the time of its IPO.

- **Business Contribution Agreement entered into with Mitsui & Co., Ltd.**

  On 21 December 2020, Forsee Power SA entered into a Business Contribution Agreement with Mitsui & Co., Ltd., which was amended and replaced by a new agreement on 17 June 2022. This new agreement entered into force retroactively on 1 October 2021, for a period of one year, renewable by tacit renewal for successive periods of one year. This agreement was renewed by tacit agreement for a period running from 1 October 2022 to 30 September 2023.

  Mitsui & Co., Ltd. is a shareholder of Forsee Power SA, with more than 10% of the voting rights, and Mr. Kosuke Nakajima, a member of the Board of Directors of Forsee Power SA, is General Manager of the battery solutions department at Mitsui & Co., Ltd.

  Under this agreement, Mitsui & Co, Ltd. is responsible in particular for assisting Forsee Power in business development, sales and marketing activities on behalf of Forsee Power, as its exclusive agent for Japan. In consideration of the work performed, Mitsui & Co., Ltd. will receive a success fee based on the sales invoiced by Forsee Power to any customer having its registered office in Japan.

  Under this agreement, Mitsui & Co. Ltd invoiced Forsee Power SA €161 thousand during the financial year ended 31 December 2023.

- **Service Agreement entered into with Mitsui & Co. India PVT. Ltd.**

  Forsee Power India Private Limited, a subsidiary of Forsee Power, entered into a Service Agreement with Mitsui & Co. India PVT. Ltd., on 16 April 2021, which was recast in a new agreement on 6 June 2022.

  Mitsui & Co. India PVT. Ltd. is a subsidiary of Mitsui & Co., Ltd. which is itself a shareholder of Forsee Power SA with more than 10% of the voting rights, and Mr. Kosuke Nakajima, a member of the Board of Directors of Forsee Power SA, is General Manager of the battery solutions department at Mitsui & Co., Ltd.

  The purpose of this agreement is to enable Forsee Power India Private Limited to extend its development in India with the assistance of Mitsui & Co. India PVT. Ltd., in particular in sales, marketing and customer acquisition in India, in return for a fixed fee of INR 2 million (Indian rupees), excluding taxes.

  The agreement, in force from 1 April 2022 to 31 March 2023, will be tacitly renewed for periods of twelve months at a time from 1 April 2023, (unless the agreement is terminated in advance under the conditions stipulated therein).

- **Service Agreement entered into with Mitsui & Co. Ltd.**

  Forsee Power SA entered into two Service Agreements

  - dated April 7, 2022 with Mitsui & Co., Ltd., relating to the market potential with MACA PTY Ltd; and
  - dated July 1, 2022 with Mitsui & Co., Ltd., relating to the market potential with THIESS.

  Mitsui & Co., Ltd. is a shareholder of Forsee Power SA, with more than 10% of the voting rights, and Mr. Kosuke Nakajima, a member of the Board of Directors of Forsee Power SA, is General Manager of the battery solutions department at Mitsui & Co., Ltd.

  The purpose of this agreement is for Forsee Power to provide services, such as carrying out an initial pre-feasibility study on the electrification of transport trucks, with a view to Mitsui & Co., Ltd. offering services to MACA Pty Ltd. And THIESS for the electrification of its transport trucks.

In consideration of the performance of the tasks as defined in these agreements, Forsee Power will invoice Mitsui & Co., Ltd. on the basis of a fixed price of €15,000 per contract.

Forsee Power will be solely liable for all costs and expenses incurred in performing the services, subject however to any costs and expenses that Mitsui might have previously agreed to bear.

The agreements were concluded on April 7, 2022 and on July 1, 2022 and will expire upon completion by Forsee Power SA of the services forming the object of the agreement.

- **Service Agreement entered into with Mitsui Bussan Automotive Inc.**

  Forsee Power SA entered into a Service Agreement with Mitsui Bussan Automotive Inc.

  Mitsui Bussan Automotive Inc is a subsidiary of Mitsui & Co., Ltd., which is itself a shareholder of Forsee Power with more than 10% of the voting rights, and Mr. Kosuke Nakajima, a member of the Board of Directors of Forsee Power SA, is General Manager of the battery solutions department at Mitsui & Co., Ltd.

  The purpose of this agreement is the provision of services by Mitsui Bussan Automotive Inc., such as the provision of technical support for commercial development and sales activities in Japan, such as an after-sales service to Forsee Power customers located in Japan.

  In return for the performance of the tasks defined in the agreement, Mitsui Bussan Automotive Inc. will invoice Forsee Power on the basis of a fixed price of €100,000 per year (€25,000 per quarter).

  The agreement, in force from March 1, 2022 to February 28, 2023, will be tacitly renewed for periods of twelve months at a time from March 1, 2023, (unless the agreement is terminated in advance under the conditions stipulated therein).

- **Consultancy Agreement entered into with AMILU**

  Forsee Power SA entered into a Consultancy Agreement with AMILU dated July 24, 2020. This agreement was renewed by tacit agreement, for a period of 12 months, and continued from October 24, 2021 to October 23, 2022, before being renewed from October 24, 2022, for a period of twelve months.

  AMILU is managed by Mr. Pierre Lahutte, a director of Forsee Power SA and former member of the Supervisory Committee of Forsee Power SAS.

  Under this agreement, AMILU is responsible in particular for advising Forsee Power on its strategy and development in the market for batteries for road and non-road vehicles, analyzing Forsee Power's addressable market, products and technological portfolio, and proposing new segments, customer markets or partnerships. In consideration of the work performed, AMILU receives a fixed monthly fee of €10,000 and a success fee, which varies between 0.5% and 0.1% of the revenues achieved by Forsee Power on certain contracts it enters into.

  Under this agreement, AMILU invoiced Forsee Power SA €130,000 during the financial year ended December 31, 2023.

- **Collaboration Agreement entered into with Mitsui & Co., Ltd.**

  Forsee Power SA entered into a Collaboration Agreement with Mitsui & Co., Ltd. dated September 27, 2021. Mitsui & Co., Ltd. is a shareholder of Forsee Power SA, with more than 10% of the voting rights, and Mr. Kosuke Nakajima, a member of the Board of Directors of Forsee Power SA, is General Manager of the battery solutions department at Mitsui & Co., Ltd.

The purpose of this agreement is to establish a framework for the business collaboration established between Forsee Power SA and Mitsui & Co., Ltd. The financial conditions in consideration of the services rendered by Mitsui & Co., Ltd. are discussed case-by-case for each project, considering the financial impact for the Forsee Power Group.

This agreement continued in the 2023 financial year.

10.3. Off-balance sheet commitments

The commitments at December 31, 2023 are as follows:

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

  On July 25, 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 favor 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.

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

  A pledge of purchased goodwill in favor 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 favor 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 financial statements (April 23, 2024). The maximum amount of compensation that could be due by Forsee Power SA is capped at €4.5 million. However, this ceiling is rather theoretical as Forsee Power SA's indemnification commitment expired in June 2019 for most of the matters covered by the guarantee. Only losses arising from breaches of declarations relating to tax, anti-corruption or environmental matters remain covered until their limitation period plus 30 days (i.e., until January 31, 2021 for most tax matters and until the expiration of a 30-year period running since December 2017 for anti-corruption and environmental matters).

10.4. Statutory auditor's fees

in € thousands	December 31, 2023			
	Deloitte & Associés	**Jean Lebit**	**Other**	**Total**
Fees relating to statutory audit, certification and review of individual and consolidated financial statements	**232**	**25**	**18**	**275**
Issuer	*214*	*25*	*0*	*239*
Fully consolidated subsidiaries (1)	*18*	*0*	*18*	*36*
Fees for services required by law (2)	**166**	**0**	**16**	**182**
Total statutory audit and service certification assignments	**398**	**25**	**34**	**457**
Fees relating to the Independent Third-Party Body regarding the Non-Financial Performance Statement (NFPS)	16	0	0	16
Other services	0	3	0	3
Total non-audit services	**16**	**3**	**0**	**19**
Total	**414**	**28**	**34**	**475**

Excl. VAT and charges

(1) Includes specific audits performed at the request of the Group in countries where statutory audits are not required (China, India).

(2) Mainly includes specific operations relating to the May 9, 2023 capital increase.

in € thousands	December 31, 2022			
	Deloitte & Associés	**Jean Lebit**	**Other**	**Total**
Fees relating to statutory audit, certification and review of individual and consolidated financial statements	**166**	**25**	**21**	**212**
Issuer	*154*	*25*	*0*	*179*
Fully consolidated subsidiaries (1)	*12*	*0*	*21*	*33*
Fees for services required by law	**0**	**0**	**0**	**0**
Total statutory audit and service certification assignments	**166**	**25**	**21**	**212**
Fees relating to the Independent Third-Party Body regarding the Non-Financial Performance Statement (NFPS)	15	0	0	15
Other services	0	0	0	0
Total non-audit services	**15**	**0**	**0**	**15**
Total	**181**	**25**	**21**	**227**

Excl. VAT and charges

4.4. Statutory Auditors’ report on the consolidated financial statements for December 31, 2023

For the year ended December 31, 2023

This is a translation into English of the statutory auditors’ report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors’ report includes information specifically required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders’ Meeting of Forsee Power SA

Opinion

In compliance with the engagement entrusted to us by your Shareholders’ Meeting, we have audited the accompanying consolidated financial statements of Forsee Power SA for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2023 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Recognition of fixed assets relating to development expenditure

Notes 3.1.2, 3.3.3 and 7.2 to the 2023 consolidated financial statements

Risks identified and main judgments

- As of December 31, 2023, project development expenditure, including projects in progress, corresponded to:
  - A net carrying amount of €20.9 million,
  - Total capitalized expenses of €10.8 million for the year,
  - Amortization of -€3.2 million,
  - Total development expenditure of -€9,7 million expensed in the period.

The Forsee Power Group capitalizes its development expenditure once the capitalization criteria defined by IAS 38 are satisfied and it is probable that the developed project will generate future economic benefits. The capitalization of development expenditure is considered to be a key audit matter due to the judgments and estimates made by Management to assess:

- Compliance with all the conditions required to capitalize the corresponding costs;
- The measurement of costs likely to be capitalized during project development phases;
- The life and amortization periods adopted for these projects;
- Indications of loss in value/impairment for all projects.

How our audit addressed this risk

Our procedures consisted in:

- Obtaining an understanding of the controls designed and applied by the Forsee Power Group to measure capitalizable development costs to verify that they satisfy IAS 38 criteria;
- Obtaining an understanding of the identification process for projects in the course of development, by verifying:
  - The set-up of specific cost accounting;
  - A detailed monitoring of all projects in the course of development to validate new projects that could satisfy capitalization criteria,
- Verifying, based on a selection of projects, that the conditions for project capitalization in accordance with IAS 38 have been satisfied, i.e.:
  - Technical feasibility and technical ability of completing the intangible asset so that it will be available for use or sale
  - Intention to complete the intangible asset and use or sell it and availability of financial resources;
  - Probability of future economic benefits;
  - Reliable measurement of expenditure incurred.
- Verifying estimates of development costs incurred for eligible projects capitalized by the Group, and in particular:
  - Verifying, using sampling techniques, the correct valuation of hourly rates allocated to projects;
  - The deduction of research tax credits from the amount capitalised, where applicable;
- Verifying the technical feasibility needed to complete the projects through interviews with management;

- Verifying the absence of impairment losses at December 31, 2023 on ongoing projects through discussions with Management and a review of sales forecasts for the project's estimated duration;
- Verifying the availability of appropriate resources (technical, financial and other) to complete and use the developments;
- Examining the amortization period adopted according to the forecast life of the capitalized projects;
- Verifying the appropriateness of the disclosures in the notes to the consolidated financial statements.

UNU litigation

Notes 3.1.2, 3.3.16 and 7.11 to the 2023 consolidated financial statements

Risks identified and main judgments

The Group's activities are conducted in an ever changing environment and within a complex international regulatory framework. The Group is subject to major changes in the legal environment as well as the application or interpretation of regulations and is also involved in disputes arising from its everyday business.

Litigation provisions totaled €0.5 million as of December 31, 2023, and correspond to the valuation of risks such as employee or customer disputes, and in particular the litigation with UNU GmbH which amounts to €0.25 million as of December 31 2023.
Forsee Power SA supplies batteries to UNU GmbH, which manufactures scooters. UNU GmbH has initiated a number of legal proceedings against Forsee Power SA:

- Defects and failure to meet the agreed technical specifications for the batteries: in March 2021, UNU GmbH filed an application for a court-ordered expert assessment with the Paris Commercial Court against Forsee Power SA and its former insurer. UNU GmbH is suing the Company on the basis of product liability and common law contractual liability. In November 2021, despite the ongoing judicial assessment, UNU GmbH sued Forsee Power SA on the same grounds, claiming €15.9 million for material damages.
- House fire leading to the death of an individual: in May 2022, UNU GmbH summoned Forsee Power to appear before the Lyon Court. A judicial expert appraisal is ongoing to determine the cause of the fire.

- Finally, 7 summonses for forced intervention by UNU GmbH were implemented in Germany following proceedings initiated by victims of material damage and/or bodily injury during 2022 and 2023.

- The Forsee Power Group exercises its judgment in assessing the risk incurred in the UNU GmbH litigation, sets aside a provision when it is probable that an expense will be generated by this litigation and the amount may be quantified or estimated within a reasonable range;

- The €0.25 million provision recognized covers legal expert appraisal and procedural costs. Forsee Power SA considers UNU GmbH's claims to be unfounded and intends to assert its rights and legal arguments which, at this stage of the proceeding, justifies the absence of a provision for risks in excess of the aforementioned legal costs;

We considered this litigation to be a key audit matter given the material amounts at stake and the level of judgment required to determine provisions to be booked.

How our audit addressed this risk

We analyzed all the items made available to us regarding the disputes between the Forsee Power Group and UNU GmbH with respect to damages suffered as a result of battery incidents or fires and in particular we:

- Examined the various summons and rulings relating to the ongoing proceedings in this litigation;

- Reviewed the risk estimates made by Management and compared them with information shown in a letter from the lawyer in charge of the case following our confirmation requests for this litigation as well as the internal memo prepared by the company;

- Assessed Management's risk analysis of this litigation leading it to conclude that UNU GmbH's claims are unfounded;

- Verified the appropriateness of the disclosures on this litigation in the notes to the consolidated financial statements.

Specific Verifications

We have also performed in accordance with professional standards applicable in France the specific verifications required by law and regulations of the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report regarding its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance statement required by Article L.225-102-1 of the French Commercial Code is included in the Group management report in the information pertaining to the Group presented in the management report, it being specified that, in accordance with Article L.823-10 of this code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Other Legal and Regulatory Verification or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be presented identically to the accompanying consolidated financial statements.

Moreover, we have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the statutory auditors

We were appointed statutory auditors of Forsee Power SA by the Shareholders' Meeting of June 23, 2023 for Deloitte & Associés and December 8, 2018 for Jean Lebit.

As of December 31, 2023, Deloitte & Associés was in its seventh year of uninterrupted engagement, and Jean Lebit was in its sixth year of uninterrupted engagement, which was the third year for both Firms since the Company's shares were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors on April 23, 2024.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and Audit Approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of

the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Sarcelles, April 24, 2023

The Statutory Auditors

French original signed by

Deloitte & Associés	Jean Lebit
Thierry QUERON	

5
NON-FINANCIAL PERFORMANCE STATEMENT

Message from Sophie Tricaud, Vice President, Corporate Affairs

Environmental, social, and governance (ESG) issues are an integral part of Forsee Power's strategy. This year's NFPS aims to explore in depth the sustainability practices, commitments, and challenges that Forsee Power faced in 2023.

In a global environment where concerns about sustainability are becoming crucial factors, Forsee Power is firmly committed to reconciling its economic growth with respecting the environment and improving social well-being.

More than ever, we are convinced of the impact of zero-emission mobility and the importance of developing the most carbon-free products possible through eco-design and a more virtuous supply chain, supported by our IMPACT sustainability strategy, which you will discover throughout this document.

The positive impact we can have on society is very significant. Our battery technologies target medium- and heavy-duty vehicles, with batteries for collective mobility such as buses and trains, as well as for light mobility such as motorcycles, which are very present in our cities and mainly operate in intensive commercial use, offering an alternative to the use of polluting internal combustion-powered private cars.

Not only do we contribute to the development of local technological and industrial sectors, but we also strive to develop local supply chains that will enable us to decarbonize our products and the battery industry.

In 2023, Forsee Power continued its supply chain inclusion process. We have mapped our suppliers who are dependent on Forsee Power, and the process of rating and auditing these suppliers is moving forward. We are also making further progress on eco-design, and improving environmental management systems remains a priority. In 2023, we carried out our first energy audit, for our plant in Chasseneuil-du-Poitou, France.

Adopting a people-centered approach is also about addressing their concerns. Relationships with our employees and customers are a key focus: in 2023, we started conducting customer satisfaction surveys, and we continued our site-by-site employee satisfaction surveys, followed by an immediate action plan.

In 2024, we will be continuing our efforts to have a positive impact on people, the planet and governance, with an ever more innovative approach. We have also drawn up a new roadmap for 2030 that we firmly believe will contribute to a more sustainable future.

Enjoy your reading.

5.1 Forsee Power overview

5.1.1 A know-how identity and sustainable development at the heart of Forsee Power's business model

Sustainability is a key component and a driver of Forsee Power's business model. The Group enables a low-carbon, circular industry by providing the most comprehensive range of battery systems and financing solutions for the electromobility markets. The targeted markets are mainly collective mobility applications (bus, train), and light mobility, mostly in intensive commercial use (public transport, shared fleets, urban and agricultural work). Its business is to manufacture smart battery systems for sustainable electromobility. The model has many advantages, particularly in terms of services:

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

Forsee Power business model

VISION	PURPOSE	4 VALUES
Smart battery systems can mitigate climate change by promoting sustainable, zero-emission electromobility.	We contribute to the fight against climate change by offering the most comprehensive range of batteries and services possible to enable sustainable electromobility for intensive use applications (public transport, shared fleets, commercial vehicles).	Respect Innovation Operational excellence Customer care

RESOURCES

Our employees - skills and diversity
756 employees
20 nationalities
43% women

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

Global sales and industrial presence
5 production sites
3 GWh capacity
5 maintenance centres
Cell supplier partnerships

Reference shareholders
MITSUI & CO.
BALLARD
EURAZEO
bpifrance

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

A SUSTAINABLE APPROACH THROUGHOUT THE BATTERY VALUE CHAIN

FORSEE POWER

FORSEE POWER'S SOLUTIONS TO CHALLENGES OF ELECTROMOBILITY

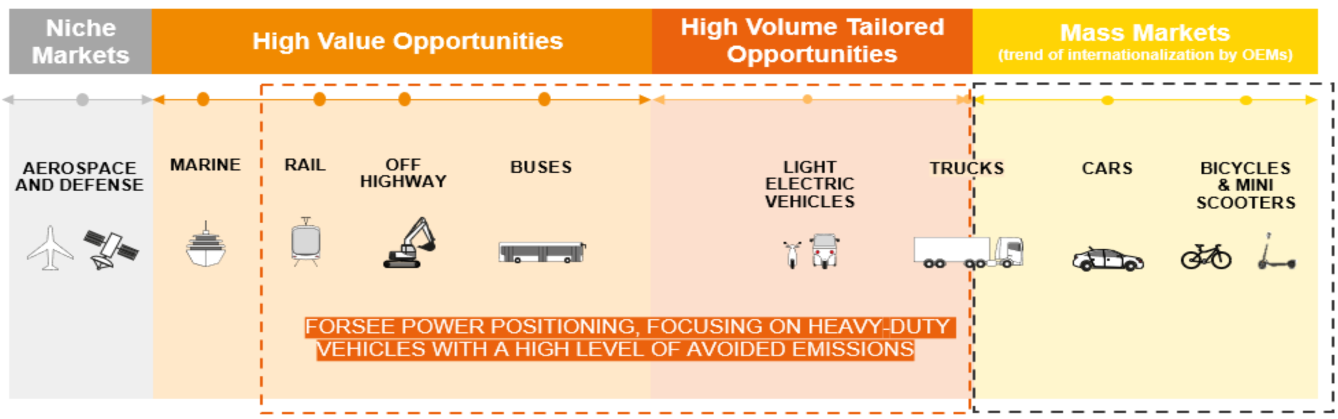
- Providing our international customers with innovative and safe technological solutions adapted to vehicles, infrastructures and uses
- Providing a comprehensive service offering for financing, design and full battery life cycle management




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

OPTIMAL POSITIONING IN HIGH VALUE-ADDED SUSTAINABLE MOBILITY MARKET SEGMENTS

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



VALUE CREATION

impact 2025

A sustainable development roadmap with 10 major objectives for 2025

People

Creating value and protecting our people wherever we operate

Planet

Contributing to the decarbonization of transport and adopting smarter consumption behaviors

Policies

Establishing a robust and transparent governance system

Contribution to the SDGs

Signatory

ESG assessments

EthiFinance

5.1.2 Key figures

The Group has a global presence, counting 8 sites around the world in 2023.

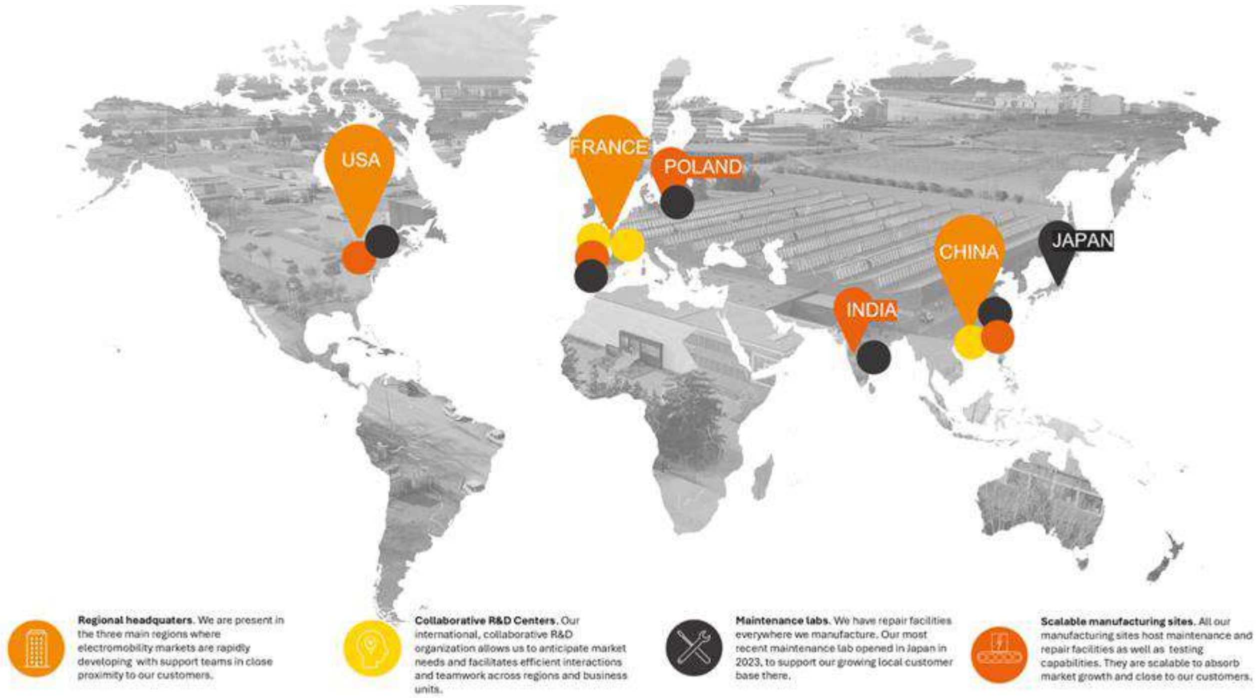


FIGURE 1 – DISTRIBUTION OF FORSEE POWER SITES

This worldwide presence enables us to offer consumers high-quality products that meet their ever-changing needs while minimizing our environmental impact.

€171 million Revenues 2023

€186.7 million market capitalization at 31.12.2023

756 employees[30] of 20 nationalities, of whom 80% are on permanent contracts

43% of employees are women, of whom 27% are managers

5.1.3 Satisfaction Survey – Great Place to Work

The Great Place to Work initiative is a valuable opportunity for Forsee Power to assess the quality of its working environment and employee satisfaction.

Between September 25 and October 17, 2023, Forsee Power submitted a questionnaire consisting of 60 Great Place To Work® standard statements, to which we added eight organization-specific questions and two open-ended questions.

The survey, which was sent out by e-mail and URLs, had an excellent response rate, with 543 employees responding, representing 84% of the 645 people invited [31] to take part.

This initiative allowed us to gather opinions, expectations, and feedback from employees on their experience at Forsee Power and provided a roadmap for continuous improvement.

The result in 2023 was a confidence rate of 67% (+7pp) and an overall perception of 67% (+9pp).

Forsee Power's Top 10	
People here are treated fairly regardless of their sexual orientation.	88%
This is a physical workplace.	87%
People here are treated fairly regardless of their race.	86%
People here are treated fairly regardless of their gender.	84%
I feel safe in my working environment.	83%
I understand how my work has an impact on Forsee Power's objectives.	82%
I am able to take time off from work when I think it's necessary.	81%
I believe that my company is committed to sustainable development.	81%
Our facilities contribute to a good working environment.	79%
I am treated as a full member here regardless of my position.	78%

Source: 2023 Great place to work evaluation – Forsee Power

[30] *The workforce includes permanent, fixed-term and temporary workers.*
[31] *Employees on fixed-term contracts, permanent contracts, work-study contracts, and internships with more than 3 months' seniority.*

5.1.4 Stakeholders

Forsee Power endeavors to build a transparent and ongoing dialogue with its stakeholders to respond more effectively to their needs and expectations, and to understand the interdependent relationships between these different players.

FIGURE 2 – STAKEHOLDERS' PRESENTATION

5.1.5 Sustainable mobility market

Forsee Power is optimally positioned in sustainable mobility market segments where the battery represents high-value-added.

FIGURE 3 – MARKETS TARGETED BY FORSEE POWER

Its focus on heavy-duty vehicles with a high level of emissions avoided represents a targeted, forward-looking vision. By specializing in these sectors, Forsee Power can not only meet the growing demand for sustainable mobility solutions but also gain a solid foothold in high-value-added markets.

By combining technological expertise, a commitment to sustainability, and an understanding of market needs, Forsee Power has established a solid, long-term foothold in the sustainable mobility market segments, offering high-value-added solutions for users while making a positive contribution to reducing emissions and preserving the environment.

5.1.6 A sustainable approach throughout the battery value chain

Forsee Power offers various solutions to the electromobility challenges present in the market, such as:

- Providing its international customers with innovative and safe technological solutions adapted to vehicles, infrastructures, and uses;
- Providing a comprehensive service offering for financing, design, and full battery life cycle management.

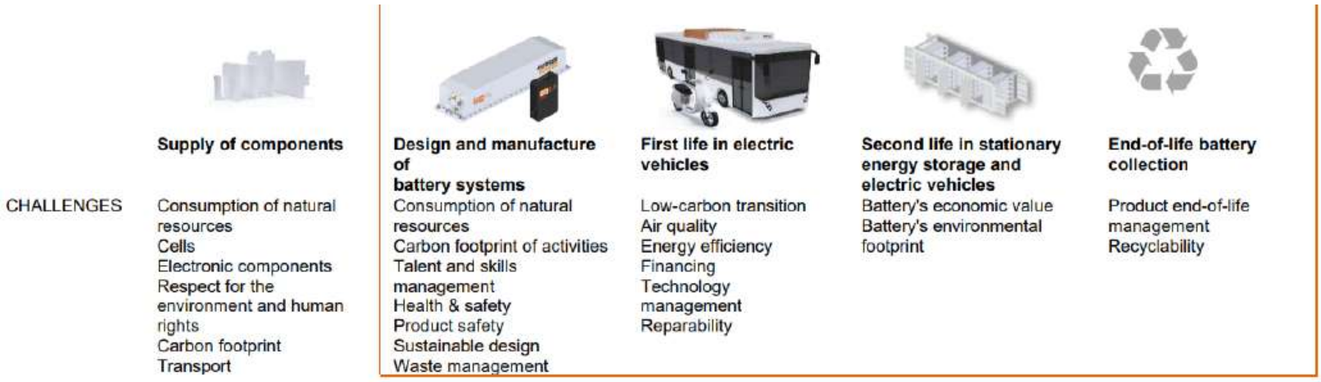


FIGURE 4 – FORSEE POWER BATTERY VALUE CHAIN

The Forsee Power business model strives to promote optimal battery system performance and reuse of systems for a second life whenever possible. These technical solutions, combined with a range of services to keep products running and lasting as long as possible, make them more sustainable.

5.2 The sustainable development strategy of the Group

5.2.1 IMPACT: The sustainable development roadmap of Forsee Power

In 2019, Forsee Power developed its sustainability strategy defining priority areas and a roadmap with targets for 2025. This roadmap was drawn up in accordance with sustainable development governance principles, which will be presented in the corresponding chapter.
In 2020, the Group incorporated the materiality matrix into this pre-existing strategy. The aim was to put in place a robust and transparent system within the company, taking into account sustainability issues in the conduct of business.
The results of the materiality analysis and the analysis of the risks and opportunities led the Group to review the structure of this strategy. With the aim of reflecting a more holistic view of environmental and climate impacts, whether associated with the product and service offering or the way the company operates, Forsee Power decided to merge the Climate and Environment pillars into a new pillar called "Planet".
The Group's sustainable development strategy has been formalized and named IMPACT and is structured around three pillars: planet, people, and policies, with a particular commitment to contributing to the Sustainable Development Goals of the United Nations Global Compact initiative.
Within these pillars, the Group has defined areas of commitment to be achieved by 2025 as part of the Impact 2025 roadmap. This represents an ongoing effort to align the company's actions with more global sustainability objectives, integrating CSR governance principles while adapting strategy to changing realities and emerging challenges.

FIGURE 5 – ESG IMPACT STRATEGY PILLARS

These pillars represent the foundation on which the company bases its sustainable development policy, published in 2022 and revised in 2023, and guide its day-to-day actions.
The commitments of Forsee Power's IMPACT strategy are formalized around 3 pillars:

people

- ✓ Promoting an inclusive working environment that values diversity and respect.
- ✓ Ensuring a high-quality social climate by developing a balanced and constructive social dialogue.
- ✓ Providing a healthy and safe working environment for our employees, by preventing and reducing the associated risks.
- ✓ Enabling the professional development of our employees at every stage of their career within the company, in particular through integration, training, career development and upskilling.

planet

- ✓ Contributing to the decarbonization of our business, by calculating our carbon footprint and then reducing our greenhouse gas emissions.
- ✓ Preventing pollution and improving air quality by equipping vehicles with Forsee Power batteries.
- ✓ Optimizing our energy consumption and making the transition to renewable energies.
- ✓ Reducing our waste and optimizing waste management by identifying the best recycling and recovery solutions.
- ✓ Limiting the environmental impact of our products by improving eco-design to make products more sustainable and optimize the use of materials.
- ✓ Developing uses for second life uses of our products to extend their life cycle and limit their environmental impact.
- ✓ Taking measures to avoid contamination of water resources at our production sites and working to reduce our water consumption at all our sites.
- ✓ Promoting the preservation and restoration of the biodiversity surrounding our production sites, thereby encouraging harmonious coexistence between our industrial activities and nature.

policies

- ✓ Ensuring that ethical, environmental, and social issues are integrated into strategy, policies, and decision-making processes through strong ESG governance.
- ✓ Assessing our non-financial performance via rating agencies, thereby ensuring transparency for our stakeholders.
- ✓ Continuously improving our ESG performance by defining sustainable development roadmaps with ambitious quantitative targets.
- ✓ Developing sustainability within our value chain, in particular through more responsible purchasing and supply chain.
- ✓ Conveying a culture of honesty, integrity, and respect by ensuring business ethics and fighting corruption.
- ✓ Guaranteeing the protection of our data and training our employees in cybersecurity issues.
- ✓ Ensuring that our products and production sites meet compliance requirements, by monitoring regulatory developments.

According to the internal assessment of Great Place to Work® in 2023, 81% of our employees feel that Forsee Power is committed to sustainable development and 77% feel involved in the company’s sustainable approach.

UN GLOBAL COMPACT

The Global Compact is a United Nations initiative launched in 2000 to encourage companies worldwide to adopt a socially responsible attitude by committing to integrate and promote several principles relating to human rights, international labor standards, the environment, and the fight against corruption.
Signing the Global Compact is a voluntary commitment by Forsee Power to progress each year by defining priority objectives for its field.
Since 2022, the Group has communicated its progress in the COP annual report, explaining the progress achieved during the year and adding quantitative and qualitative indicators.
As part of its operations, the Group contributes to several United Nations Sustainable Development Goals, in particular the following 4 specific objectives:

- **Target 5.5:** Promoting diversity and inclusion in our workplace, with increasing representation of women in management positions.
- **Target 8.8:** Developing a solid Health, Safety and Environment (HSE) culture with monitoring of workplace accidents.
- **Target 11.6:** Improving air quality using our batteries in vehicles.
- **Target 12.5:** Reduce waste production through a high recyclability rate of our products.
- **Target 13:** Taking urgent action to combat climate change and its impacts.

FIGURE 6 – SDGs TARGETS

5.2.2 Materiality analysis

In 2020, the Group carried out a materiality analysis to assess the relevant ESG challenges. To this end, the Sustainable Development team identified twenty challenges grouped under the three pillars of its strategy: Policies, People, and Planet.
This analysis was carried out in 6 stages:

- A qualitative assessment of the matrix was conducted in the form of online questionnaires. The first questionnaire, addressed to key stakeholders, asked them to assess the importance of each issue on a scale of 1 to 5 (from not very important to very important);
- A second questionnaire has been sent to the Executive Committee to assess the impact of significant issues on the company's activity, using the same scale;
- To ensure a balanced point of view, the Sustainable Development team assigned weightings to each of the stakeholders;
- The first questionnaire was sent to the top 100 suppliers (based on the 2020 financial year), site employees in France, Poland, and China, main customers, shareholders and investors, the local community and industry organizations;
- Following this quantitative assessment, an average quantitative value based on the relevant weightings was assigned to each CSR issue;

- This analysis was completed by a review of existing data and internal interviews with members of the Executive Committee to create the final version of the materiality matrix.

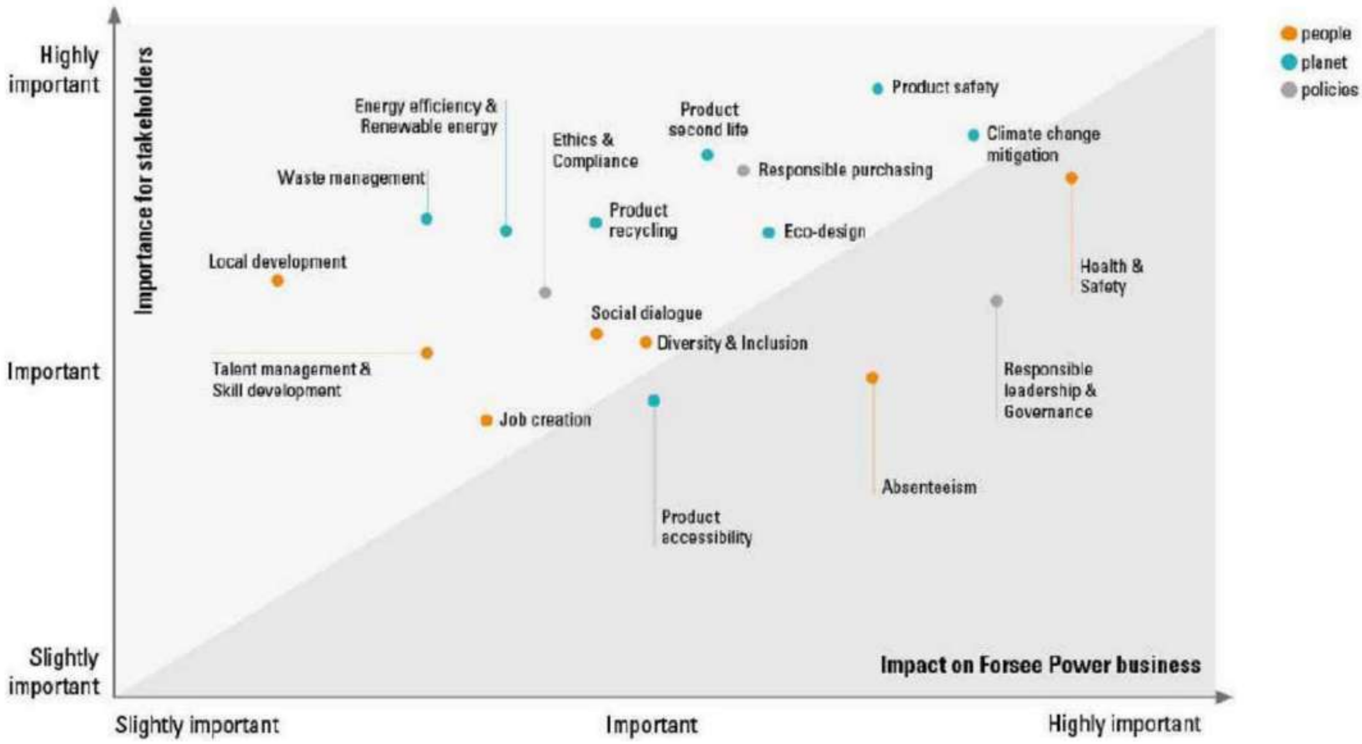


FIGURE 7 – MATERIALITY MATRIX

It should be noted that in 2024, the company plans to move to a dual materiality approach and a new IMPACT 2030 roadmap, taking into account internal and external perspectives for a more comprehensive assessment of ESG issues, thereby aligning strategies, objectives, measures, and reporting with the material issues identified.

RISKS ASSOCIATED WITH THE MATERIAL ISSUES

With regard to each of the material challenges, Forsee Power has identified the associated risks and opportunities.

The tables below show, for each pillar of the strategy, the areas of engagement, the policies, and key performance indicators that aim to prevent and reduce risks, while continuing to improve the company's performance.

Note that this data is based on the current assessment and that in 2024 a review of this information will be undertaken to ensure that they remain relevant to changes in the Group's roadmap and the company's challenges.

Themes	Areas of engagement	Risks (R) & Opportunities (O)	CSR Policies	Key performance indicators 2022	Key performance indicators 2023	Material issues
POLICIES	Establishing a robust and transparent governance system	Failure of the governance system or practices that breach market ethical standards (R)	Formalized CSR governance system Ethical measures and employee code of conduct Signature of the Global Compact and application of the 10 principles	100% of employees made aware of the code of conduct	100% of employees made aware of the code of conduct	Leadership and responsible governance Ethics and compliance Responsible purchases
		Legal risks associated with non-compliance with anti-corruption laws (Sapin II law) or non-compliance with tax regulations in the countries where the Group operates (R)	Employee code of conduct including an anti-corruption component Alert system and training on the code of conduct Supplier assessment and disciplinary procedure for code violations	100% of employees having signed the code of conduct	100% of employees having signed the code of conduct	
		Risk of loss of sensitive data and IT system security, data breaches or cyberattacks (R)	Internal rules incorporating the IT charter Virtual cybersecurity classes and awareness campaigns	100% of employees made aware and 80% of employees trained in cybersecurity	100% of employees made aware of cybersecurity	
		Human rights and environmental abuses in the supply chain (R)	Code of conduct Supplier code of conduct Responsible Purchasing policy	89.90% of suppliers of production components having signed the code of conduct	98.1% of suppliers of production components having signed the code of conduct	
		Securing the supply chain by building supplier loyalty through responsible purchasing practices (R)	Responsible Purchasing policy	30 days of payment terms	30 days of payment terms	
	Ensuring the safety of the end users of the products	Product quality defects that may compromise user safety (R)	Quality policy Customer training through the Forsee Academy Product certification and product quality tests Cooperation with SDIS86 experts			Product safety

Themes	Areas of engagement	Risks (R) & Opportunities (O)	CSR Policies	Key performance indicator 2022	Key performance indicators 2023	Material issues
PLANET O	Developing products with an optimized environmental footprint that contribute to the decarbonization of transport	Restriction of access to resources, procurement difficulties, increase in production costs (R) Increased regulatory constraints on design or end-of-life, which may generate compliance costs (R) Seizing opportunities in future markets and anticipating regulations to optimize the environmental footprint of batteries (R) Decarbonizing transport - Contributing to improved air quality in cities through the contribution of products and solutions to the development of electromobility (R) Increasing the economic value of products, creating new commercial opportunities thanks to the reuse economy and removing the end-of-life barriers to the development of electric batteries (R)	R&D and innovation policy integrating an eco-design approach aimed at developing efficient and sustainable technologies and extending the life cycle of batteries through second-life applications Financing solutions to speed up energy transformation in transport Calculation of the carbon footprint	370,400 tCO2eq of emissions avoided thanks to products + absence of fine particle emissions (e.g., vs diesel ICE bus) 94 tCO2eq scope 1 952 tCO2eq scope 2 67% sites certified ISO 14001	638,446 tCO2eq of emissions avoided thanks to products + absence of fine particle emissions (e.g., vs diesel ICE bus) 99 tCO2eq scope 1 in 2023 747 tCO2eq scope 2 in 2023 77,670 tCO2eq scope 3 in 2022 Sites ISO 14001-certified: 5	Eco-design of products Product recycling Second life of the product
	Adopting smarter consumption behaviors	Failure to control GHG emissions from operations and serious environmental damage in the manufacture of products (R) Extending the life of transport batteries in stationary energy storage applications (O)	EMS ISO 14001 Optimization of energy consumption Installation of renewable energy production and negotiation with energy suppliers Product end-of-life management Waste recycling	2,497.82 MWh total energy consumption 7.73 kWh energy consumed per kWh produced 3,913.24 kWh of energy consumed per FTE 5.23% of renewable energy in energy consumption 265,46 tonnes of waste generated 72% of waste recovered or recycled	2,577.30 MWh total energy consumption 4.79 kWh energy consumed per kWh produced 3,363.92 kWh of energy consumed per FTE 14% of renewable energy in energy consumption 366,166 tonnes of waste generated 93% of waste recovered or recycled	Climate change mitigation Energy efficiency & renewable energy Waste management

Themes	Areas of engagement	Risks (R) & Opportunities (O)	CSR Policies	Key performance Indicators 2022	Key performance Indicators 2023	Material issues
PEOPLE	Creating value for employees and communities	Difficulties in finding and retaining the talent needed to support the Group's strong growth (R)	Human resources management procedure Internal mobility charter Annual internal satisfaction survey Human Resources policy	171 new hires 25% staff turnover 46 employees who have benefited from internal mobility Great Place to Work Trust Index of 60%	264 new hires 28% staff turnover 50 employees who have benefited from internal mobility Great Place to Work Trust Index of 67%	Job creation Talent management and skills development Local development
		Mismatch of skills and know-how with needs, due to shortcomings in the system for assessing, developing and valuing skills (R)	Human resources management procedure Training plan Strategic workforce planning approach	63% of employees having taken a training course during the year 28 hours of training completed per year per employee on average 500 employees having received a performance and career development review	93% of employees having taken a training course during the year 27.4 hours of training completed per year per employee on average 599 employees having received a performance and career development review	
		Non-compliance with the principles of diversity and equality and failure to combat discrimination and harassment (R) Promoting new jobs related to the battery industry (O)	Code of conduct Human Resources policy Work-study programs and partnerships with schools and universities	46% of women on the Board of Directors 23% women managers 9 work-study contracts Gender equality index: 79/100	46% of women on the Board of Directors 27% women managers 5 work-study contracts Gender equality index: 84/100	Diversity & inclusion
		Harm to health and safety (R)	Promoting a strong HSE culture HSE training for employees Harassment whistleblower procedure	Accident frequency rate: 5.26 Accident severity rate: 0.02 3.14% absenteeism	Accident frequency rate: 3.80 Accident severity rate: 0.01 2.89% absenteeism	Health and safety Absenteeism
		Poor management or deterioration of the social climate due to a lack of social dialogue	Promotion of social dialogue Formalised bodies Signing of collective bargaining agreements	4 collective agreements signed during the year for 52.8% of all Group employees 60% average employee satisfaction rate	2 collective agreements signed during the year 67 % average employee satisfaction rate	Social dialogue
		Innovating by working with universities and schools in the battery sector Training customers and operators in battery professions (O)	Partnerships with colleges and universities Forsee Academy	Research and PhD programs	Research and Ph.D. programs	Diversity & inclusion

5.2.3 Sustainable development roadmap to 2025

impact 2025

OBJECTIVE		2019	2020	2021	2022	2023	2025 objective
people Reduction in absenteeism and workplace accidents	1. Absenteeism rate (in %)	6.38%	4.49%	**3.01%**	**3.14%**	**3.53%**	3.8%
	2. Accident severity rate	0.21	0.17	0.05	0.02	**0**	**0**
people Better representation of women in the company	3. Percentage of women on the Board of Directors (in %)	0%	0%	**46%**	**46%**	**46%**	**40% - 60%**
	4. Percentage of women in management position in % of total managers	-	-	20%	23%	27%	40% - 60%
policies More responsible purchasing	5. Establishment of a supplier code of conduct	no	**in place**	**in place**	**in place**	**in place**	**in place**
	6. Percentage of production component suppliers that have signed the code of conduct in % of total suppliers	-	76.6%	85.5%	89.90%	98.1%	100%
planet Better consumption and waste recycling	7. Weight of waste per kWh produced (in kg)	-	-	1.89kg	0.79kg	**0.66kg**	**0.60kg**
	8. Waste recovery or recycling rate (excluding organic) in %	76%	73%	74%	72%	93%	100%
planet Reduction of CO2 emissions	9. Share of air transport in total tonnes kilometers transport (in %)	-	-	-	0.65%	1.20%[32]	0.85%[33]
	10. Share of renewable energy in energy consumption	6.51%	14.69%	19.80%	5.23%	14%	50%

[32] *Against a backdrop of tight supplies, a shipment of cells by air had a significant impact on the results.*
[33] *The objective has been revised in 2023, with an indicator more relevant to our business and the international geopolitical situation.*

5.2.4 Performance assessment

Each year, Forsee Power undergoes assessments by some of its shareholders, such as Bpifrance and Eurazeo, as well as by non-financial rating agencies.
These assessments focus on the Company's commitment to sustainable development, its maturity and its performance in environmental, social and governance (ESG) areas.

- Eurazeo

Founded in 2001, Eurazeo is a French investment company that invests in quality companies, fostering their growth and success, and distinguishing itself through its commitment to sustainable development and long-term value creation.
As a financial partner, the company works closely with its portfolio companies to help them reach their full potential.

- Bpifrance

Founded in 2012, Banque Publique d'Investissement occupies a central position in the French financial landscape as a key player in supporting innovation, business development, and economic growth with a significant focus on sustainable development.
BPI France encourages responsible financing by supporting projects that incorporate sustainable practices, assists companies in their transition to more sustainable business models, and manages investment funds dedicated to sustainable development.

- Ethifinance

The EthiFinance questionnaire is designed to assess the environmental, social, and governance (ESG) practices of companies in a variety of sectors, particularly SMEs and ETIs (*Entreprises de Taille Intermédiaire*). The ESG rating grid is indexed to the Gaïa Research benchmark. Forsee Power scored 70 points in 2023.

- Ecovadis

Ecovadis is an ESG performance evaluation platform that provides detailed ratings and analyses of companies' environmental, social and governance practices. The platform evaluates suppliers based on sustainability criteria, enabling companies to identify, track and compare sustainability performance while promoting transparency and continuous improvement in ESG practices.
Forsee Power has renewed its Ecovadis gold medal with a score of 72/100 on its 2023 performance, an increase of 2 points in 2022. This result positions the Group to the Top 5% of companies evaluated by EcoVadis and the Top 2% of companies operating in the battery sector.
In environmental terms, the Group's efforts have led to an improvement, with a systematic carbon footprint for all 3 scopes and the definition of a decarbonization roadmap in line with SBTi standards, which will enable Forsee Power to make further progress.
The Group also needs to make progress in formalizing its compliance and ethics actions.

5.2.5 Academic partnerships

As part of its ESG approach and its commitment to contributing to the Sustainable Development Goals (SDGs), Forsee Power establishes partnerships with academic institutions.
In 2023, in connection with the establishment of its new headquarters in the USA, Forsee Power entered into a partnership with the Center for Automotive Research at Ohio State University in Columbus, Ohio. This collaboration explores common R&D projects, a potential shared R&D center, as well as training programs for specialized engineers and technicians in the battery industry.

2023 also marked the start of a collaboration with Claude Bernard University Lyon 1 and Arts et Métiers for a collaborative research project with the Lyon-based Rail Business Unit. Work will focus on the development of the Pulse Rail solution. A joint project has been submitted for funding to Bpifrance.

Via the Forsee Power Academy, launched in 2020, which provides upskilling in the battery business, in 2022 the company provided training for partner maintenance technicians to help customers become more self-sufficient, particularly when it comes to maintenance operations.

Since 2018, Forsee Power has joined the business club of the Franco-Chinese institute "DGUT-CNAM Institute", formed by the National Conservatory of Arts and Crafts and the Dongguan University of Technology. This partnership aims to stimulate the development of engineering education and promote a Sino-French cultural exchange program.

By supporting long-term strategic initiatives, Forsee Power contributes to educational development by providing a learning platform to enhance the skills of students around the world while promoting quality education.

5.3 Governance

5.3.1 Governance of the sustainable development approach and roles of the various bodies

Forsee Power's sustainable development governance was created by setting up an organizational structure to integrate and manage the social, environmental and economic aspects within the Group, and began with the commitment of the company's senior management, who supported and encouraged the promotion of a corporate culture focused on the company's values and missions.

Firstly, in 2019, a sustainable development policy and roadmap describing the company's commitments, values and objectives were drawn up.

Since then, several bodies have been set up:

- Corporate governance: Integrating sustainable development in the Board of Directors and Executive Committee, by dedicating time on the agenda to discuss sustainability issues;
- Risks and opportunities assessment: Identifying and assessing SD-related risks, as well as the opportunities that may arise from a sustainable approach, by including these factors in the decision-making process;
- ESG committee set up (Board of Directors);
- Transparent communication: Setting up transparent communication mechanisms with stakeholders to inform them of the progress made, the objectives achieved and the actions taken by Forsee Power during the year;
- Training and awareness-raising: Setting up awareness-raising sessions and training employees on the importance of SD, involving them in the implementation of sustainable practices;
- Performance measurement and monitoring: Setting up key performance indicators (KPI) to measure the progress and impact of ESG actions, with regular reporting to assess compliance with set objectives.

Compliance with this governance is the responsibility of a cross-functional team, and all sites are involved.

Projects and actions are driven by:

- General management
- Human Resources Department
- Purchasing and supply chain Department
- Quality Department
- General affairs and sustainable development Department
- Customer Service & Aftermarket Department
- Information systems Department

Executive Committee

Forsee Power's Executive Committee is composed of 11 members - including Sophie Tricaud, Vice President of Corporate Affairs in charge of Sustainable Development - all acting as sponsors of ESG objectives. This group has a strong culture of industrial excellence and extensive expertise in the automotive industry, with experience spanning all continents. In addition to overseeing the company's global operations, the Executive Committee approves the sustainable development strategy by integrating sustainable development objectives into the Group's overall strategy and objectives. It reviews the roadmap and its progress twice a year, and each element of the IMPACT 2025 roadmap is sponsored by a member of the Executive Committee.

Members of this committee ensure that ESG topics are included on the agenda of all meetings.

They review and decide on orientations, initiatives, and actions to support and strengthen the company's sustainable performance. In addition, the Executive Committee is responsible for the strategic alignment of operational activities with sustainability imperatives, ensuring that ESG objectives are incorporated into all spheres of the company.

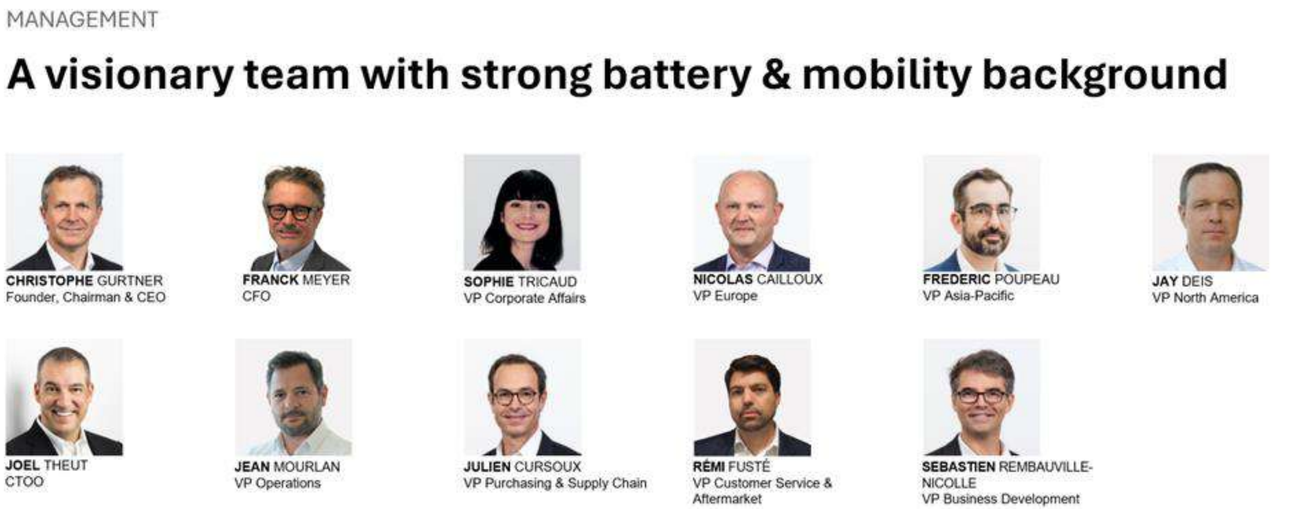


FIGURE 8 – MEMBERS OF THE EXECUTIVE COMMITTEE

Sustainable Development team

Forsee Power's Sustainable Development team is responsible for designing, implementing, and monitoring the company's IMPACT strategy and roadmap.
The team is also responsible for deploying sustainability initiatives throughout the company.
It plays a crucial role in consolidating extra-financial data to draw up and publish reports such as the Non-Financial Performance Statement (NFPS) and the Sustainable Development (SD) report.
Comprising three key members, this team includes the Vice President of Corporate Affairs, an ESG

Manager and a Climate Analyst, all central players in the company's global sustainability strategy.
The ESG Manager is in charge of environmental, social and governance matters within the company. Her role involves defining, implementing, and overseeing ESG policies and initiatives, ensuring compliance with sustainable development standards and commitments. The ESG Manager coordinates with the various departments to integrate sustainable practices throughout the company's operations, as well as collecting the data needed to assess ESG performance and contributing to transparent reporting on these issues.
The Climate Analyst is specifically responsible for monitoring and analyzing the company's impact on the climate. This professional collects and assesses relevant climate data, contributes to the measurement of the company's carbon footprint, and helps identify strategies to reduce this footprint. Working closely with the ESG department, he brings specific expertise to understand climate issues and strengthen the integration of climate considerations into the company's overall sustainable development strategy.
In addition to the Sustainable Development department, ESG contributors, spread across all the company's departments, play an essential role in the success of sustainable initiatives.
They regularly provide non-financial data based on their respective areas of expertise. Currently, these ESG contributors represent more than 20 employees spread across all the company's sites. These key players, spread across all sectors, actively contribute to the integration and implementation of sustainable practices throughout the company's operations.

ESG Committee (Within the Board of Directors)

Since 2021, the Board of Directors has 13 directors, including 6 women and 7 independent members, achieving the objective of balanced governance initially announced for 2025. It meets four times a year.

The Board has a strong international dimension and includes profiles with extensive experience in the field of sustainable transport. It combines a wide range of expertise notably in key sustainability areas such as integrated performance management and ESG reporting, impact and investments related to the energy transition, innovation, gender balance, and human resources management and development.

The ESG Committee is part of the Board of Directors and comprises 3 members, meeting four times a year.

The members of the committee are Florence Didier Noaro, Pierre Lahutte, and Sonia Trocme lepage.

In addition, to accelerate the achievement of ESG roadmap objectives, the compensation of the Chairman and Chief Executive Officer is linked to ESG performance criteria, as detailed in Chapter 6 of this document on corporate governance.

The Group is committed to adopting ever more responsible and efficient governance, by continuously improving its internal processes using the PDCA method (Plan, do, Check, Act).

FIGURE 9 – MEMBERS OF THE BOARD OF DIRECTORS

Audit and Risk Committee (Within the Board of Directors)

The Audit and Risk Committee is responsible for overseeing and assessing internal control and risk management processes, as well as compliance with accounting and regulatory standards.
Composed of 5 members, including 4 independent members of the Board of Directors, this committee ensures effective oversight of the company's financial and operating practices, contributing to reinforcing transparency, reliable financial reporting and cautious risk management. Its central role is to ensure that risks are properly identified, assessed and mitigated while guaranteeing compliance with ethical and legal standards.

5.3.2 Business ethics

Business ethics play a central role in Forsee Power's vision and operations. As a major player in the sustainable mobility sector, the company recognizes the crucial importance of integrating ethical practices into all its activities.
Founded on the values of transparency, integrity and responsibility, business ethics at Forsee Power is more than just a component of its strategy. It is an essential pillar that guides its interactions with stakeholders, its internal policies, and its commitments to employees, suppliers and society as a whole.
This ethical approach is rooted in the desire to create a positive impact, not only economically, but also socially and environmentally.
In this chapter, the various practices and policies related to business ethics at Forsee Power will be presented, highlighting its ongoing commitment to responsible conduct in the business environment.

Tax and legal obligations

Forsee Power complies with its tax and legal obligations in all territories where the Group operates. The company is notably committed to conducting its business activities with transparency, honesty and fairness, rigorously ensuring compliance with anti-corruption rules as well as with the applicable legal provisions, in particular the French law on transparency, action against corruption and the modernization of economic life known as "Sapin II" of December 9, 2016.
To this end, Forsee Power encourages its employees to act with integrity in the marketplace and to comply with all applicable laws. The Group's business practice is founded on ethical criteria, based on the quality and price of its products, as well as the relationships it builds with its customers.
The Code of Conduct, which will be detailed in this chapter, sets out strict guidelines for compliance with the law and fair competition in the marketplace. Forsee Power prohibits any agreement with

competitors or any action likely to restrict free competition.
The company undertakes not to obtain any confidential information about a competitor without its consent, and to scrupulously respect intellectual property rights. It also formally prohibits any unfair, deceptive or misleading commercial practice, and undertakes to communicate factually, honestly and informatively about its products and services.
In addition, Forsee Power prohibits the disclosure of sensitive information to competitors, such as prices, costs or strategy, to avoid any manipulation or distortion of competition.
Employees are also required to reject any practice of market abuse or dissemination of false or misleading information that could unfairly disadvantage an investor. These guidelines are essential pillars of ethics and professional conduct within Forsee Power, closely aligned with its CSR strategy.

Responsible purchasing

In order to guarantee and promote a responsible attitude throughout its supply chain, a responsible purchasing policy was drawn up around 8 bilateral commitments, applicable to the Group and its partners.

1. Promote a climate of **fairness and transparency**, while respecting the confidentiality of information and intellectual property rights
2. **Respect financial commitments**
3. Fight against money **laundering and corruption**
4. **Comply** with national and international laws and regulations
5. Ensure respect for **labor law and human rights**
6. **Avoid conflicts of interest**
7. Fight against **anti-competitive practices**
8. **Respect the environment**

FIGURE 1 – THE 8 PILLARS OF RESPONSIBLE PURCHASING

Source: responsible-purchasing-policy-forsee-power.pdf (forseepower.com)

In line with this policy, partners are encouraged to sign the Supplier Code of Conduct, and key suppliers are assessed on their ESG commitments and the traceability of raw materials used.
These commitments cover guaranteeing product quality through supplier performance management, ensuring Forsee Power's competitiveness in the electromobility market by reducing purchasing costs, respecting the ethical principles of the United Nations Global Compact, creating transparent and fair relationships with business partners, complying with environmental regulations, promoting sustainable practices and a beneficial collaboration integrating suppliers right from the design stage.
In 2023, the Group began to analyze and assess the economic dependence of its suppliers. The work was carried out every six months on its top 100 suppliers.

ESG audit of suppliers

Auditing suppliers according to ESG criteria is a practice in constant evolution within the Group, ensuring the proper management of relations with external partners.
Carried out since 2022 for certain suppliers, this audit approach aims to assess supplier compliance with ethical, environmental, and social standards defined by the company and enables supplier performance to be identified, measured and monitored.
Forsee Power undertakes these ESG audits to ensure that its business partners share the same values and implement responsible practices.
The first supplier audited was CALB in 2022, a Chinese module supplier with strong green innovation capabilities.
The purpose of the audit was to confirm the ESG management system's compliance with Group standards, as well as to verify its conformity with legal, regulatory and contractual requirements.
It also assessed the implementation of planned measures and its ability to achieve the objectives of its ESG policies.
The audit identified potential areas for improvement, with a particular focus on safety, traceability of materials and calculation of the carbon footprint of products. Confirming a high level of social, environmental and governance practices, this audit is particularly important in the context of the strong demand for battery cells linked to the acceleration of electromobility worldwide.
In 2023, Forsee Power commissioned the audit of its casing supplier Well-tech (which took place in the first week of January 2024). A corrective action plan will be implemented during 2024 to ensure that the supplier fully meets Forsee Power's expectations.
Forsee Power endeavors to work with the world's best producers to secure supplies, ensure customer deliveries and maintain the Group's ESG performance at an optimum level.

Supplier and internal code of conduct, whistle-blowing system

A code of conduct establishes ethical standards and guidelines for all players involved in the company's activities, whether internal employees or external partners, including suppliers. It aims to ensure that all stakeholders respect common principles of integrity, regulatory compliance, respect for human rights, environmental protection, and fair business practices.
Forsee Power has set up two separate codes of conduct, one for employees and the other for suppliers. Both codes represent a fundamental element of Forsee Power's business ethics. They have been drawn up to reflect the Group's values and commitments in terms of ethics and responsibility.
By incorporating this code into its sustainable development strategy, Forsee Power is committed to raising awareness, training, and enforcing these ethical principles, thus ensuring consistency and compliance in all its business interactions.
Forsee Power's two codes of conduct cover the safeguarding of company resources and information, as well as the prevention of conflicts of interest.
Since 2022, the Group has integrated a new outsourced whistleblowing procedure via a dedicated platform accessible internally through the Company's intranet for employees and a website for customers, suppliers and third parties.
This dedicated, secure solution enables everyone to express themselves in complete confidence, facilitating the receipt and processing of alerts in an environment of trust and transparency. The solution ensures the confidentiality of the facts reported and the personal data of the perpetrators and persons involved.
The Code of Conduct, which forms an integral part of the Internal Regulations, is automatically applicable to all Forsee Power SA employees, requiring no individual signature for each update.
However, the Human Resources department distributes the Code to new employees and collects the required signatures. As for subsidiary employees, local HR departments collect their signatures each time the Code is updated.
By 2023, 100% of new employees have been trained in the Code of Conduct. In addition, 98.1% of component suppliers have signed the Supplier Code of Conduct, demonstrating their adherence to its ethical principles.

The fight against corruption

The fight against corruption is a major concern for any company seeking to promote a culture of integrity and transparency. Forsee Power is actively engaged in this fight by rigorously complying with the law for transparency, action against corruption, and the modernization of economic life known as Sapin II, enacted on December 9, 2016. This law aims to strengthen economic transparency and introduce mechanisms for detecting and punishing acts of corruption, whether they take place in France or internationally.
As part of its anti-corruption strategy, Forsee Power has set up a specific online training course for all its managers. This training is incorporated into the Group's sustainable development strategy and is a key tool in the active promotion of a culture of compliance and integrity within the upper echelons of the company.
The Group has a whistle-blowing platform, as already described, which not only allows the reporting of various internal issues but also the denunciation of cases of corruption, thus reinforcing internal control mechanisms and the detection of unethical practices, particularly in regions where the risk of corruption may be higher.
These various initiatives are part of the company's commitment to preserve ethical business practices, in compliance with the law, and to promote a culture of integrity within the company. They testify to the company's commitment to actively combating corruption at all levels of its organization, in line with its ESG values and responsibilities.

Governance risk management and regulatory compliance

Forsee Power has a tool for detecting and alerting the company to ethical issues, as well as irregularities linked to risks or non-compliance with its procedures. This tool plays a key role in the verification of third-party service providers, guaranteeing the compliance and solidity of our relationships with them.
This solution automatically applies a continuous monitoring plan covering more than 50 risk categories. It centralizes and automates criteria and processes in line with the company's internal strategy.
In-house teams are specifically trained and ready to implement effective procedures to handle the alerts received, ensuring that any ethical issues or compliance deviations identified are managed reactively and appropriately.

Cybersecurity

Cybersecurity is a major concern for Forsee Power, which has a firm commitment to protect data and IT systems. The Group is paying particular attention to digital security: in 2023, it drew up a strategic action plan that will be formalized in early 2024 by its Information Systems Security Policy.
A wide range of measures are taken to ensure this protection and a high level of cyber resilience for the organization, for the benefit of its customers, and to confirm its commitment to operational excellence.
With this in mind, Forsee Power begins with a rigorous risk assessment to detect any potential vulnerabilities in its systems. This is an essential step in developing an appropriate proactive security strategy.
Regular training sessions are offered to employees who have a computer, increasing their awareness and understanding of safety practices. These training sessions enable everyone to recognize potential threats and adopt best practices in the event of potential attacks. These are supplemented by educational phishing campaigns during which they measure the effectiveness of the training.
In addition to training, Forsee Power periodically carries out intrusion tests, reproducing attack scenarios to assess the robustness of its defense systems. These tests help to quickly detect and correct any potential weakness. The Group uses cutting-edge technologies and establishes strict security protocols to protect its networks, data, and applications.
Lastly, this defensive approach is completed by internal and external controls - including offensive controls (intrusion tests) - in which Forsee Power constantly ensures that the protection, detection,

reaction, and response measures are effective and complete, to prepare the Group to face ever-growing and constantly changing threats.

Products Safety

The safety of end users of Forsee Power products is a key concern for the Group. All electrical products sold must comply with international and national automotive safety standards specific to each geographic region. Failure to meet these safety and quality criteria could have serious consequences for the health of end users, as well as for the company's reputation and finances.
In order to ensure the safety of the users, Forsee Power implements a rigorous quality policy and specific procedures to prevent product quality defects.
In particular, this involves traceability and careful checking of cells before assembly. It develops its batteries in compliance with safety and certification requirements throughout the design and manufacturing process. Quality checks are integrated at each stage of production to ensure product reliability and safety.
Particular attention is paid to the quality and traceability of the components, from their initial validation to the complete production of battery modules. These quality processes comply with ISO and AFNOR standards and guarantee a high level of integrity at every stage of production. Several business lines, in production as well as in quality, actively contribute to product safety by checking tests, implementing safety procedures, and managing the environmental aspects associated with production and products.
In terms of security, the approach is based on the application of specific standards depending on the areas of application. For Battery Management Systems (BMS), functional safety standards such as ISO 26262 for the automotive sector and EN 50126 for the rail sector are complied with, ensuring compliance with specific, high-level requirements depending on the intended applications.
In the area of cybersecurity, the Group has begun integrating the ISO 21434 standard into both its products and its organization, and a gap audit has been carried out to assess compliance with this standard.
In addition, key employees in the Research and Development department have undergone specific training on the standard and have obtained a certificate confirming their expertise in this area.

5.3.3 Financing solutions to accelerate the energy transition in transport

Although the total cost of ownership (TCO) of an electric vehicle is lower than that of an ICE vehicle, the initial investment is higher. In order to facilitate and accelerate the transition to electric fleets, Forsee Power has designed since 2017 specific finance offerings to help manufacturers and local authorities electrify their fleets, which are essential for accelerating the energy transition in the transport sector.
At that time, the Group played a key role in the creation of the first finance fund dedicated to electromobility, NEoT Capital, in partnership with EDF and Mitsubishi Corporation.
To affirm its role as a committed partner to its customers and transport operators, Forsee Power is expanding its offering by covering the analysis of customers' technical and technological needs (battery, vehicle, and charging infrastructure) right through to the implementation of appropriate financing solutions.
These solutions are supported by NEoT Capital, in which Forsee Power holds a 33.21% stake (equally with EDF and Mitsui). In this context, the leasing of batteries, or even vehicles and infrastructure, is financed by NEoT Capital, which buys these battery systems from Forsee Power.
Hence, Forsee Power and its partners offer comprehensive, turnkey solutions to support operators throughout the battery and vehicle life cycle. The Group works in concert with industrial and financial partners to provide turnkey, financed electric transport solutions.

*Mobility as a service

5.4 Environment

5.4.1 Environmental Management System (EMS)

Forsee Power has consolidated its environmental management system (EMS) commitments with several key certifications.
Its strategy is based on the following pillars:

- Continuous improvement of its environmental management system, aimed at consolidating its sustainable practices and integrating the latest environmental standards.
- Commitment to optimizing energy consumption and migrating to renewable sources, thereby significantly reducing greenhouse gas (GHG) emissions and promoting a reduced carbon footprint.
- Active preservation of natural resources, demonstrating a firm determination to preserve and conserve vital environmental resources.
- Responsible management and efficient recycling of waste, as part of a global approach to waste reduction and sustainable use of resources, helping to minimize the environmental impact of its activities.

In 2023, of the eight sites, five are currently ISO 9001 certified and five of them have obtained ISO 14001 certification, compared to four in 2022, demonstrating their ongoing commitment to quality operations across the company.
In addition, in 2023 the Group reached an important milestone as all three French sites were certified ISO 45001, an international occupational health and safety management standard, aimed at ensuring safe and healthy working conditions for employees.
At the same time, the production site in Poland obtained ISO 13485 certification for its quality management system, and the production site in China obtained IATF 16949 certification for its ability to guarantee product quality, safety, and reliability in an automotive manufacturing environment.
In 2024, Forsee Power will continue its efforts to extend these certifications to other sites, reinforcing its commitment to high-quality, safety, and sustainability practices.

5.4.2 Energy consumption and risk of water and soil pollution

For years, Forsee Power has been taking significant steps to address energy consumption risks in its new buildings and is committed to ensuring that its production sites and offices operate in an environmentally friendly manner. Electricity is the preferred energy source, and efforts are being made

to reduce consumption.
These environmental obligations include the installation of low-energy lighting systems, a device for retaining polluted water on site, and double-glazed window equipment.
At the same time, awareness-raising actions are carried out among employees, aimed at promoting eco-responsible practices, such as turning the lights off through signs on switches, as well as training in basic environmental principles.
The integration process for new employees also includes raising awareness of these issues, thereby reinforcing environmental awareness within the company.
Forsee Power is committed to promoting energy sobriety in its operations. With this in mind, the company aims to reduce the energy consumption of its production, not only to cut costs but also to minimize CO_2 emissions.
Between 2021 and 2022, the average energy consumed per product decreased from 11.10 kWh to 7.73 kWh. This significant reduction can mainly be explained by our heightened vigilance in response to the energy crisis in Europe. Between 2022 and 2023, the average energy consumed per product decreased from 7.73 kWh to 4.79 kWh as a result of the vigilance measures in place, including the installation of energy meters on equipment at the French plant.
As part of the 2025 sustainable development roadmap, Forsee Power has also set a target of 50% renewable energy consumption out of the total energy consumed by all its sites worldwide. To this end, in 2023, 432 photovoltaic panels were installed on the French production site, covering a total surface area of 1,500 m2 and with a capacity of 235 kWp. Since its inauguration in June 2023, the plant has generated around 72,000 kWh.
In 2023, an energy audit was carried out to optimize energy consumption at the French production site, the 2024 action plan is being drafted and plans to insulate a building are being studied for 2024.
With regard to the risks of chemical product spills and contamination of water resources, actions have been taken since 2021, such as the creation and updating of a product inventory to identify all chemical risks (linked to cleaning products, for example), carrying out an environmental spill exercise to test knowledge of the spill procedure, and the presence of four anti-pollution kits per production site.
Since 2022, a strengthening of risk management has brought new procedures, with the presence of immersion tanks at production sites as well as spill containment bungalows in chemical waste storage areas.
The immersion tanks are cleaned annually by a specialized company, to reduce water consumption by minimizing their filling.
At the same time, wastewater from all Group operations on production sites is not reintroduced into rainwater and is sent for treatment.

5.4.3 Waste management

As regards waste management, Forsee Power is committed to a proactive policy of waste management, recycling and recovery, in line with its environmental approach.

The Group is striving to reduce waste production, notably by limiting the use of packaging and promoting the reuse of materials, a pilot project launched in 2023 between the purchasing department and its suppliers.

Its ambitious target is to achieve a 100% waste recycling and recovery rate by 2025; in 2023, the rate was 78%, compared with 72% in 2022. Some components can be resold for reuse or transformation, as is the case in China. The remainder is processed in specialized recycling centers.

The waste generated by our production sites includes standard industrial waste such as cardboard and plastics, as well as hazardous industrial waste such as electrochemical cells. These require special treatment before being recycled and recovered, in order to avoid environmental pollution by harmful substances.

	2020	2021	2022	2023
Total quantity of waste generated in tonnes	268.6	364.4	256.5	351.7
Total quantity of hazardous waste in tonnes	3.1	63.5*	42.6	57.8
Quantities of waste generated in kg per kWh produced	1.77	1.89	0.79	0.66
Waste recovery or recycling rate	69%	74%	72%	93%
Percentage of hazardous waste recycled and recovered	87.72%	97.24%	98.50%	98%

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

A significant decrease in the quantity of waste generated was observed in 2022, resulting from the efforts described. This reduction in waste production enables a significant change in the ratio of waste generated in kg per kWh produced. However, as the proportion of waste that can be recycled is reduced, and the proportion of ordinary industrial waste that cannot be recycled remains constant, this affected the Group’s performance in terms of the rate of waste recycled and reused in 2022, but corrective measures have enabled an improvement in 2023.

Sorting solutions have been set up at the French and Polish sites, in compliance with European regulations, to recycle a variety of office waste such as cardboard cups, cans, plastic bottles, paper, batteries, COVID waste and computer screens. This contributes to the sites and also helps foster a recycling culture among our employees, who can apply it in their private lives.

Forsee Power is actively involved in wood sorting and is exploring innovative solutions in partnership with local companies to give a second life to all its waste.

In 2023, a concrete example of this initiative was working with local businesses to repair and reuse pallets.

In France, Forsee Power is working with the Grand Poitiers urban area, where the French production site is located, to have its waste recovered by other companies, offering an opportunity to use these materials as raw materials in other industrial sectors. This approach demonstrates our commitment to sustainability and to helping create a local circular economy.

In 2023, the company also organized sorting training and awareness-raising sessions for employees to promote efficient and sustainable sorting practices.

5.4.4 Climate change and carbon footprint

The smart battery systems developed by Forsee Power represent a significant step towards sustainable, zero-emission electromobility, playing a crucial role in the fight against climate change, a long-standing commitment of the Group.

These smart batteries, with their advanced technologies, are eco-responsible solutions for powering electric vehicles, reducing greenhouse gas emissions and helping to cut air pollution.

In 2023, Forsee Power reached a major milestone in the formalization of its climate commitment, marking the implementation of:

- Measuring its GHG emissions across its 3 scopes by 2022;
- Monthly monitoring of performance indicators with the purchasing department;
- Preparing its carbon trajectory for publication in 2024.

Although the assembly of battery packs represents a very minor part of the battery's carbon footprint, Forsee Power is implementing actions to further reduce this footprint and that of its operations.

Training and awareness programs have been set up to encourage more responsible use of resources and a better understanding of this issue.

Scope 1 & 2 emissions in 2023

GREENHOUSE GAS EMISSIONS IN TCO2EQ

GREENHOUSE GAS EMISSIONS IN TCO2EQ PER FTE

GREENHOUSE GAS EMISSIONS IN TCO2EQ PER kWh PRODUCED

CHANGE IN GROUP GHG EMISSIONS BY SCOPE IN TCO2EQ

	2021	**2022** published in 2023	**2022** review*	**2023**	**Change 2022-2023 in %**
SCOPE 1**	88	94	98	99	+1%
SCOPE 2	780	917	693	747	+7.8%
TOTAL SCOPE 1 & 2	**868**	**1011**	**791**	**846**	**+6.9%**

* Emission factors have been revised compared to previous years and the results reported retroactively in this 2023 report.
**Fugitive emissions are not included in the calculation.

While Group revenue grew by 54% in 2023, scope 1 and 2 emissions were limited to a growth of 6.9%, demonstrating the Group's ability to control these categories of greenhouse gas emissions.

Efforts to better understand its GHG emissions have been a key pillar, and the Group has worked actively to quantify and define its future GHG emissions reduction trajectory, adopting a transparent and responsible approach.

In 2023, the main emissions item in the Group's direct emissions, i.e., in its Scope 1, was the company's vehicle fleet and associated fuel consumption. It represented 99 tCO2eq in 2023, compared to 98 tCO_2eq in 2022. The vehicle fleet increased from 34 vehicles in 2022 to 37 vehicles in 2023; the reduction in emissions is due to the gradual electrification of the company's vehicles. As lease contracts come up for renewal, the Group gives preference to hybrid and electric vehicles, thereby reducing emissions generated by fuel consumption.

The second item relates to gas consumption. They relate to the integration of the Ecully (69) site. However, a move to a new site meeting the latest standards took place in September 2023, and none of the Group's sites consumes gas as of the date of this report.

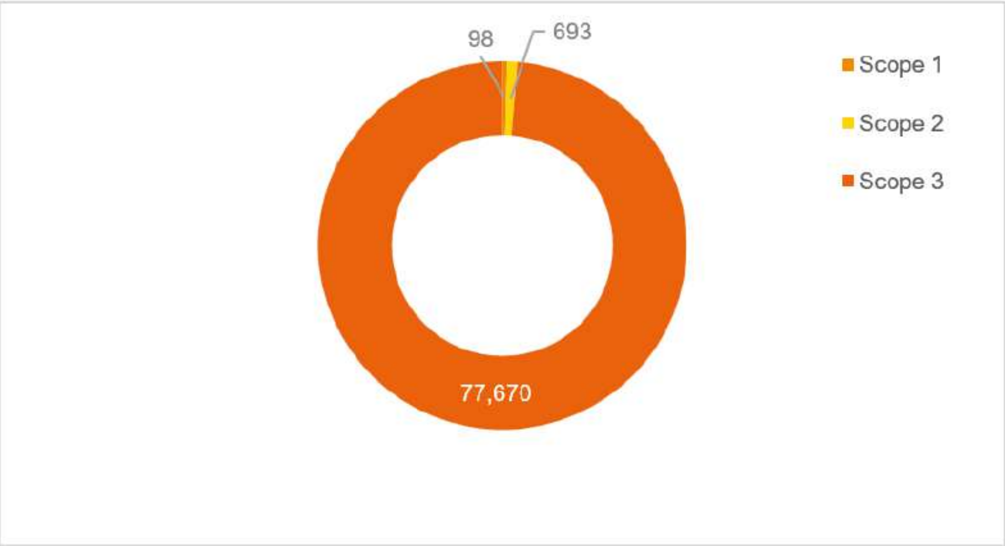
In indirect emissions related to the Group's activity, i.e. relating to Scope 2, electricity consumption represented 747 tCO2eq, compared with 693 tCO2eq in 2022. Electricity consumption increased in 2023, although it was proportionately lower in relation to the growing activity of the sites. However, the Group is taking steps to optimize its energy consumption and develop renewable energies (see section 5.8).

Scope 3 emissions in 2022

In 2023, the Group has calculated indirect emissions upstream and downstream of the Group's activity. By identifying the most significant indirect emissions, the Group will be able to establish strategies to reduce emissions throughout the value chain. This data helped it to define an action plan and a roadmap to contribute to carbon neutrality, the draft of which will be submitted to SBTi in 2024.

In 2023, scope 3 emissions were calculated on the basis of data relating to the activity in 2022. This calculation has enabled us to highlight the proportion of the Group's indirect emissions in its total emissions. 98.3% of the Group's emissions in 2022 were generated upstream of Forsee Power's activity, due to the purchase of cells, materials and components, and downstream of the latter, due to the use and second life of the product sold. Thus, Scope 3 emissions for the year 2022 represented 77,670 tCO2eq, out of an overall carbon footprint (all scopes combined) of 79,000 tCO2eq.

CARBON FOOTPRINT BY MAIN SOURCES OF EMISSIONS



With 24,630 tCO_2eq in 2022, the leading emissions item among indirect Scope 3 emissions is the purchase of goods and services. They are mainly related to the purchase of cells and components, allowing the assembly of the battery in our production sites. The purchase of cells represents the largest emissions item among purchases, with 20,620 tCO2eq, or 84% of purchase-related emissions.

The second Scope 3 emissions item is the use of products sold throughout their life cycle, with 19,730 tCO2eq in 2022.

Finally, the end-of-life of products sold represents 570 tCO2eq or less than 1% of the total carbon footprint.

Eco-design therefore has a key role to play in the Group's efforts to reduce emissions, in particular by comparing the life cycle analyses of cells when purchasing, ensuring that more recycled materials are used, by developing the reuse of battery systems for a second life, and also by ensuring that the battery can be easily dismantled and working on its recyclability.

In addition, aware of the importance of taking action, the Group has decided to act on emissions related to its component purchases. These components account for the majority of purchase volumes and supplies in Europe come from Asia, which leads to significant transport and therefore represents a potential source of improvement for Forsee Power. The Group prefers to use road, rail, and sea transport, which produce fewer emissions than air transport. The tight supply situation has had an adverse effect on the use of sea and rail transport; under time pressure, the Group has had to use air transport to transport the components it needs to generate its revenues. Thus, the Group has revised its decarbonization targets for transport to take into account the geopolitical context and the impact on available transport routes.

The Group's objective for 2025 is to limit this share to 0.85% of total transport in tonne-kilometers, compared with 1.20% in 2023. To achieve this, Forsee Power endeavors to group its orders for shipping by sea where possible (longer) and is exploring partnerships with cell suppliers located as close as possible to its operations in order to favor road and rail transport and thereby reduce its products' carbon footprint.

Emissions avoided

In 2023, Forsee Power has estimated that its products will prevent the emission of 959,815.90 tonnes of CO2 equivalent, thanks to their use in heavy-duty vehicles (HDV) and light electric vehicles (LEV).

This assessment highlights the Group's significant contribution to decarbonizing the transport sector, with a direct impact on improving air quality in urban areas.

EMISSIONS AVOIDED DURING THE LIFETIME OF VEHICLES EQUIPPED WITH FORSEE POWER BATTERIES

	2019	2020	2021	2022	2023
Emissions avoided on heavy-duty vehicles (HDV) in tCO_2eq	163,770.00	258,787.50	360,757.50	517,575.00	906,142.50
Emissions avoided on light electric vehicles (LEV) in tCO_2eq	73,928.80	22,735.40	80,395.40	39,608.70	53,673.40
Total emissions avoided in tCO_2eq	237,698.80	281,522.90	441,152.90	557,183.70	959,815.90

5.4.5 Eco-design and the Eco-design network

Forsee Power's R&D teams work closely with all Group functions to guarantee a reduced environmental footprint for our products.

They are based on recognized eco-design tools (the 6 ERs, a checklist specific to the batter industry, the carbon footprint and the recycling rate) to optimize product lifespan, enable second life and optimize recycling.
The integration of eco-design into Forsee Power's activities represents a commitment to preserving the environment from the earliest stages of product design.
The primary aim of this approach is to reduce the environmental footprint of products throughout their life cycle, by minimizing the impacts related to their extraction, manufacture, distribution, use and end-of-life.
Eco-design at Forsee Power is deployed at various levels. It starts with incremental improvements to existing products, then progresses to a more thorough redesign of the product while keeping its basic concept unchanged.
This approach can evolve towards functional or systemic innovations, involving the creation of new product concepts or the introduction of new technologies for a reduced environmental footprint.
The benefits of eco-design for Forsee Power are manifold:

- It provides in-depth product knowledge, including a detailed understanding of product life cycles and environmental impacts;
- It improves supply chain and production management;
- It aims to optimize the use of resources, which can lead to a significant reduction in production costs by minimizing waste and reducing environmental costs;
- It meets the expectations of consumers who are increasingly attentive to the environmental impact of the products they buy.

To support the work of various internal teams, in 2023 an eco-design network was launched as a collaborative initiative involving 23 employees determined to integrate sustainable, environmentally-friendly practices into the Group's day-to-day activities.
Forsee Power's four eco-design tools:

- 6RE (Repair, Reuse, Recycle, Recover, Remanufacture, Reduce): This process integrates product reparability, reuse, component recovery and the reduction of overall environmental impact right from the design stage.
- Battery checklists: These design criteria include product lightness, recyclability and compliance with environmental regulations to create sustainable products.
- Product carbon footprint: in 2024, Forsee Power will assess the carbon footprint of its products, from manufacture to end of life, in order to reduce its impact on the climate.
- Product recyclability rate: In partnership with Eneris, an assessment is underway to determine how easy it is to recycle products, in order to improve their environmental friendliness and encourage circularity.

5.4.6 Battery life cycle and second life

After their first cycle of use in a vehicle, batteries designed by Forsee Power still have nearly 80% of their electrical capacity, even after 10 to 15 years of operation.
The Group has undertaken several pilot initiatives to explore opportunities for the second life of batteries and has established partnerships with innovative companies and start-ups.
High energy density batteries are sold with warranties covering up to 10 years of use. This longevity is then extended into a second life.

FIGURE 12 – LIFE CYCLE OF BATTERIES

Different ways of extending use:
- In vehicles that are less demanding in terms of energy needs.
- In stationary storage applications to optimize energy networks.
- In self-contained storage systems coupled with the production of renewable energies such as solar panels or wind turbines.

This circular approach to extending the life of batteries and managing their life cycle is crucial, not only to anticipate growing regulatory requirements, but also to demonstrate Forsee Power's commitment to sustainability and to reducing the environmental footprint of energy storage solutions.
In its quest to optimize and extend battery life, Forsee Power signed a partnership in 2022 with EDF Store & Forecast, experts in smart battery storage solutions.
This partnership aims to develop mobile and smart electricity storage systems using second-life batteries. By combining their expertise, the two companies aim to reduce the environmental impact maximize the economic value of batteries from heavy vehicles, by integrating them into innovative storage systems.
Forsee Power will supply these mobile storage systems, made up of first or second life battery packs mainly from buses. EDF Store & Forecast will integrate these packs into its stationary storage solutions controlled by its energy management system (EMS), to market them.
These batteries will be used to temporarily replace thermal power generators, contributing to a zero-emission solution in terms of CO2, particles and noise, while increasing the power supply of charging points for light and heavy electric vehicles, and also supplying hard-to-reach microgrids.
These efforts aim to offer second-life or recycling solutions to its customers by 2025, while stimulating new market opportunities.

5.4.7 European taxonomy

As part of the goal of carbon neutrality by 2050, the European Commission has defined several strategic levers in its "Green Deal" action plan. One of these major pillars is sustainable finance, highlighted in 2020 through the introduction of the EU taxonomy.
This system aims to classify companies' activities, identifying those that are considered environmentally sustainable. The purpose of this classification is to promote transparency and encourage a long-term vision in economic activities while directing capital flows towards sustainable investments.
For an activity to benefit from the "green" label within the meaning of the taxonomy, it must make a substantial contribution to at least one of the following six objectives, without significantly harming the five remaining, while respecting minimum safeguards in terms of human rights and labor law. The six environmental objectives are :

- Climate change mitigation;
- Climate change adaptation;
- Sustainable use and protection of water and marine resources;
- Transition to a circular economy;
- Pollution prevention and control;
- Protection and restoration of biodiversity and ecosystems.

The assessment of the company's activities in relation to environmental objectives has been strengthened this year, with the analysis of the eligibility of 6 activities and the alignment of the first two listed above.

Forsee Power has analyzed its current investments and expenditures to determine which activities are eligible for climate change adaptation and mitigation objectives.

In 2023, eligibility assessments confirmed that 98% of revenues and 75% of capital expenditure (CapEx) were eligible, and since operating expenditure (OpEx) was negligible (around 5%), no analysis was carried out in this respect. With regard to compliance with the various DNSH, the Group has not been able to complete the work undertaken to ensure full compliance with all the criteria for the 2023 financial year. Given the large number of substances involved, including those needed to manufacture batteries, Forsee Power has taken a cautious approach, considering that its activities are not Taxonomy-aligned. Studies on compliance with the various DNSH will be undertaken in the 2024 financial year.

Eligibility and alignment ratios

Scope of analysis

The revenues, capital expenditures, and operating expenses considered cover all of the group's activities and correspond to the scope of consolidation of the financial statements as defined in note 4 to the consolidated financial statements for 2023. This financial data can therefore be reconciled with the financial statements.

Revenues

The proportion of revenues referred to in Article 8(2)(a) of Regulation (EU) 2020/852 shall be calculated as the part of the net revenues derived from products or services associated with Taxonomy-aligned economic activities (numerator), divided by the net revenues (denominator), as presented in the consolidated income statement.

Capital expenditures (CAPEX)

The “CAPEX” ratio referred to in Article 8(2)(b) of Regulation (EU) 2020/852 shall be calculated as follows:

- The denominator is derived directly from the Group's IFRS consolidated financial statements (after the elimination of intra-group transactions). Capital expenditure includes additions to tangible and intangible assets during the financial year considered, including rights of use of leased assets (accounted for under IFRS 16), before depreciation, amortization and any remeasurements, as well as additions to tangible and intangible assets resulting from business combinations;
- The numerator includes capital expenditure related to:
    - an eligible activity: capital expenditure related to assets or processes that are associated with Taxonomy-aligned economic activities;
    - a capital expenditure plan whose objective is to create or transform an activity that will be eligible for the Taxonomy;
    - individually eligible capital expenditure that is not part of a main activity.

In 2023, eligible CapEx amounted to €21.6 million, i.e. 75% of the total CapEx in the denominator. They break down into €15.6 million, i.e. 54% of the total Capex in the denominator, directly related to Forsee Power's main activity, battery manufacturing.

Operating expenses (OPEX)

The "OPEX" ratio referred to in Article 8(2)(b) of Regulation (EU) 2020/852 is calculated by dividing the numerator by the denominator. The denominator covers the direct non-capitalized costs that relate to research and development, building renovation measures, short-term lease, (not accounted for under IFRS 16), maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant, and equipment to ensure the continued and effective functioning of such assets.
The numerator is equal to the portion of the operating expenses included in the denominator that are related to:

- an eligible activity: Opex related to assets or processes that are associated with Taxonomy-aligned economic activities;
- an operating expense plan whose objective is to create or extend an activity that will be eligible for the Taxonomy;
- individually eligible operating expenses that are not related to a main activity.

Scope of eligible activities

"Battery manufacturing" is the Group's main revenue-generating activity, under Annexes I and II of the Delegated Acts and the Delegated Environmental Regulation. This activity contributes to the objective of mitigating climate change. In addition, the company's after-sales service commitments meet the objective of transition towards a circular economy.
Furthermore, the analyses carried out have identified investments and operating expenses related to "Transport" and "Buildings", which are also eligible under the delegated acts.
The scope of eligible activities in 2023 therefore concerns:

Area	Eligible activities	Reference in the delegated act
Industry	Manufacture of rechargeable batteries	3.4
Service	Repair, refurbishment and remanufacturing	5.1
Transport	Transport by motorbikes, passenger cars, and light commercial vehicles	6.5
Buildings	Renovation of existing buildings	7.2
Buildings	Installation, maintenance and repair of energy efficiency equipment	7.3
Buildings	Acquisition and ownership of buildings	7.7

Regulatory tables

Share of revenues (in thousands of euros)

Financial year N	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm") (h)									
Economic Activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-A (18)	Category enabling activity (19)	Category transitional activity (20)
		Euro	*%*	*YES;NO;N/EL (b)(c)*	*YES;NO;N/EL (b)(c)*	*YES;NO;N/EL (b)(c)*	*YES;NO;N/EL (b)(c)*	*YES;NO;N/EL (b)(c)*	*YES;NO;N/EL (b)(c)*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	%	%	%	%	%	%								%		
Of which enabling		-	0%	%	%	%	%	%	%								%		
Of which transitional		-	0%	%													%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Manufacture of rechargeable batteries	CCM 3.4 & CCA 3.4	168,017	98.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								98%		
Repair, refurbishment and remanufacturing	CE 5.1	452	0.3%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								%		
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**168,469**	**98.4%**	**98.1%**	**%**	**%**	**%**	**0.3%**	**%**								**98%**		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**168,469**	**98.4%**	**98.1%**	**%**	**%**	**%**	**0.3%**	**%**								**98%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activitie		2,769	1.6%																
Total (A+B)		171,238	**100%**																

Share of CapEx (in thousands of euros)

Financial year N	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm") (h)									
Economic Activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-A (18)	Category enabling activity (19)	Category transitional activity (20)
		Euro	*%*	*YES;NO;N/EL (b)(c)*	*YES;NO;N/EL (b)(c)*	*YES;NO;N/EL (b)(c)*	*YES;NO;N/EL (b)(c)*	*YES;NO;N/EL (b)(c)*	*YES;NO;N/EL (b)(c)*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	%	%	%	%	%	%								%		
Of which enabling		-	0%	%	%	%	%	%	%								%		
Of which transitional		-	0%	%													%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Manufacture of rechargeable batteries	CCM 3.4 & CCA 3.4	15,604	54.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								53%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	323	1.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
Renovation of existing buildings	CCM 7.2 & CCA 7.2	468	1.6%	EL	EL	N/EL	N/EL	N/EL	N/EL								%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 & CCA 7.3	1,132	3.9%	EL	EL	N/EL	N/EL	N/EL	N/EL								%		
Acquisition and ownership of buildings	CCM 7.7 & CCA 7.7	3,949	13.7%	EL	EL	N/EL	N/EL	N/EL	N/EL								41%		
Repair, refurbishment and remanufacturing	CE 5.1	103	0.4%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**21,580**	**75.1%**	**74.7%**	**%**	**%**	**%**	**0.4%**	**%**								**94%**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**21,580**	**75.1%**	**74.7%**	**%**	**%**	**%**	**0.4%**	**%**								**94%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non eligible activities		**7,163**	**24.9%**																
Total (A+B)		28,743	**100%**																

Share of OpEx (in thousands of euros)

Financial year N	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm") (h)									
Economic Activities (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-A (18)	Category enabling activity (19)	Category transitional activity (20)
		Euro	*%*	*YES;NO;N/EL (b)(c)*	*YES;NO;N/EL (b)(c)*	*YES;NO;N/EL (b)(c)*	*YES;NO;N/EL (b)(c)*	*YES;NO;N/EL (b)(c)*	*YES;NO;N/EL (b)(c)*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*YES/NO*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	%	%	%	%	%	%								%		
Of which enabling		-	0%	%	%	%	%	%	%								%		
Of which transitional		-	0%	%													%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2		-	**0.0%**	%	%	%	%	%	%								**0.0%**		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		-	**0.0%**	%	%	%	%	%	%								**0.0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non eligible activities		10,822	100.0%																
Total (A+B)		10,822	**100%**																

	Proportion of CapEx/Total CapEx		Proportion Turnover/Total Turnover		Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate Change Mitigation	0.0%	74.7%	0.0%	98.1%	0.0%	0.0%
Climate Change Adaptation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Water	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Circular Economy	0.0%	0.4%	0.0%	0.3%	0.0%	0.0%
Pollution	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Biodiversity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

5.5 Social

5.5.1 Forsee Power workforce

For the year ended December 31, 2023, the Group had 702 permanent employees, 605 on permanent contracts spread over 4 countries[34].

Geographic breakdown of employees[35]			
France	Poland	China	India
51%	7%	39%	4%

5.5.2 HR policy

The Human Resources policy, established in 2022 at Forsee Power, continues to guide actions and practices for the year 2023.
Based on eight central pillars, this policy aims to create and maintain a corporate culture where each team member can flourish and develop.

1. Standing for the **values** of Forsee Power
2. **Promoting diversity and inclusion**
3. **Facilitating recruitment** and integration
4. **Promoting employee fulfillment** at Forsee Power
5. Nurturing **social relations**
6. **Supporting managers** in their role and responsibilities
7. **Develop tools** and processes adapted to HR needs
8. Ensuring **health, well-being and working conditions**

FIGURE 2 – HR POLICY PILLARS

These pillars are rooted in essential human values, fostering a work environment based on respect, diversity, and individual and collective fulfillment.
They shed light not only on the way the company works but also on its commitment to its employees, supporting their vision of building a sustainable and prosperous business.

[34] *Scope of the 2023 NFPS: three French sites - Porte d'Ivry, Chasseneuil-du-Poitou and Écully - as well as Zhongshan in China, Wroclaw in Poland and Pune in India. The United States and Japan are excluded, as they did not have six months of continuous operation in 2023.*
[35] *Full-time equivalent (FTE).*

5.5.3 Talent recruitment and attraction

Forsee Power is continuing to grow and is committed to strengthening its teams worldwide. The recruitment team strives to continually improve its methods and processes to attract the best talent.

RECRUITMENT BY TYPE OF CONTRACT (EXCLUDING SUBCONTRACTING AND TEMPORARY WORKERS)

	2021	2022	2023
PERMANENT CONTRACTS	87	68	95
FIXED-TERM CONTRACTS	78	65	135
WORK-STUDY	11	9	12
INTERNS	-	29	22

In 2023, it stepped up its initiatives to meet the company's growing needs:

- A key component was the introduction of a job ranking, carried out in collaboration with executives, recruiters and managers. This process has enabled jobs to be better mapped and evaluated, providing a clear and balanced view of the different roles within the company. As well as keeping employee representatives regularly informed about the progress of the project, providing the employees with the new assessments has increased transparency and understanding of changes.
- Available since 2021, a continuous applicant tracking system has considerably improved the recruitment process. Not only has this tool streamlined the application and selection stages, it has also provided key data and indicators for better decision-making.
- Forsee Power places great importance on the experience of candidates and newcomers. Regular surveys of these target groups have been carried out to assess their satisfaction and the effectiveness of the recruitment and integration processes.
- In 2023, the Group focused on attracting young talent by offering internships and work-study programs in Europe. This initiative enables students to get to know the world of work and consider career prospects within the Group.
- To strengthen its market presence, Forsee Power is focusing on the visibility of its brand in social media and professional events, highlighting its achievements and innovative projects.

5.5.4 Skills assessment and management

Employee development remains a key area for attracting and retaining talent within the company. Skills assessment, carried out through annual interviews, is a key pillar of this approach. The purpose of these processes is to assess, identify and develop individual employee skills, while aligning them with organizational objectives.

Forsee Power has formalized a mobility charter to meet the challenges of skills development and provides a dedicated space on the intranet that lists job offers within the group. In 2023, 599 employees benefited from a performance review, and 50 employees were offered internal mobility opportunities, with 20% of open positions filled by internal mobility.

This annual appraisal is part of a broader long-term human resources management strategy, based on a regularly-updated map of the company's business lines.

This approach aims to anticipate future needs, adapt staff and promote skills development. Since 2023 in France, at the end of the annual appraisals, managers have been conducting talent reviews to identify Expert, Top Talent and High Potential profiles.

5.5.5 Training and professional development

In a context of strong growth and at a time when the electromobility sector is facing growing challenges of employee skills and qualifications, Forsee Power has implemented an ambitious tailor-made training plan.

This program is closely linked to performance reviews, offering a targeted response to identified needs. In 2023, the Group invested €245,362 in training, a budget which includes both own investments and subsidies, representing a total of 17,562 hours granted to 93% of employees. This training plan is designed to keep pace with regulatory changes and emerging technologies and to meet the growing expectations of our various stakeholders.

Thanks to this initiative, 1,545 training units were provided in 2023 (1 unit = 1 participant), covering operational topics such as carbon footprint, management, bullying, safety, disability and cybersecurity, among others.

In order to facilitate the integration of the many newcomers and in response to the needs already expressed by employees, the Group drew up an action plan in 2023 to offer training on Forsee Power batteries and products, at beginner, intermediate and advanced levels, from the start of 2024.

	2021	2022	2023
share of employees trained (in %)	57%	63%	93%
total training hours in hours	5,781	10,569	17,562
group training budget in euros	226,261 €	328,943 €	297,008 €

5.5.6 Working conditions – Health, Safety and Environment

In terms of health and safety in the workplace, Forsee Power promotes a strong Health, Safety and Environment (HSE) culture.
The Group takes action on several strategic fronts to prevent and reduce occupational health and safety risks:

- For Forsee Power, reducing occupational diseases among employees working in technical jobs, in particular musculoskeletal disorders (MSD) and psychosocial risks such as stress. To meet these challenges, the company remains vigilant and strives to improve the prevention of all forms of suffering in the workplace.
- Ergonomic improvements to forklifts trucks, lifting equipment and workstations.
- Programs to promote well-being in the workplace are implemented Group-wide and adapted locally to the specific needs of each site and country. These programs include measures such as establishing equipment safety standards at all sites and reinforcing the safety culture among employees.
- Forsee Power conducts regulatory watch to assess the impact of legislation on its activities and to detect any divergence between its practices and legal requirements, and take corrective action.
- In the event of an accident, the Company conducts an in-depth analysis of the causes to implement corrective and preventive actions.
- Each site implements an HSE (Health, Safety and Environment) program that includes monthly actions and poster campaigns.
- Regular audits are also carried out at all sites to ensure compliance.
- Since 2021, the Group developed an internal prevention plan for the operation of handling equipment such as pallet trucks and stackers, which are often the cause of various accidents.
- At the Chasseneuil-du-Poitou site, Forsee Power is increasing its fire prevention in partnership with SDIS 86 (the Vienne departmental fire and rescue service), a recognized vehicle emergency response reference, particularly for battery-powered vehicles.

According to the Great Place to Work survey of 2023, 84% of employees affirm that safety conditions are met.
Ensuring the health and safety of our employees remains a top priority for Forsee Power, which is

relentless in its efforts to achieve continuous improvement in this area.
The Group has set itself two ambitious targets to achieve by 2025: to maintain an absenteeism rate equal to or less than 3.8%, a target already achieved since 2021, and to reduce the accident severity rate to zero.
In 2023, the Group recorded 1 work-related accident resulting in lost time, compared with 6 in 2022 and 8 in 2021.

EMPLOYEE HEALTH AND SAFETY RATE IN 2023[36]

	2021	2022	2023
ABSENTEEISM RATE FOR THE YEAR	3.01%	3.14%	3.53%
FREQUENCY RATE	7.95	5.26	2.01
SEVERITY RATE	0.05	0.02	0.01

5.5.7 Diversity, equity and inclusion

The Employee Code of Conduct, presented previously, expresses the Group's unwavering commitment to inclusion and diversity.
This code specifically emphasizes:

- Equal access to employment for all employees and candidates, regardless of any characteristic not related to job performance (such as race, color, country of origin, gender, religion, age, etc.);
- Ensuring that hiring, promotion and compensation decisions are based solely on job-related factors;
- Creating and maintaining an environment of respect for others and for the dignity and diversity of each individual, where differences are understood, appreciated and used constructively.

As part of this commitment to diversity, equity and inclusion, the Group has introduced several initiatives to foster an inclusive and diverse environment. Forsee power supports the empowerment of women by encouraging their professional development and offering them equal opportunities for advancement.
In 2023, a network dedicated to this empowerment was created as a commitment to gender equality. This network provides a space for exchange, support and professional development, while encouraging discussion, experience sharing and mentoring opportunities. Launched as a pilot project for head office employees only, the network is already starting to grow in ambition, and projects will be launched in 2024. Those in charge of the network follow the UN's "Target gender equality" training course, and regularly share information with the relevant departments.
As part of the inclusion and diversity approach, Forsee Power has set gender parity targets at all levels of the company. The 2025 objective of 40% to 60% representation of women on the Board of Directors has been achieved since 2021.

	2020	**2021**	**2022**	**2023**	**2025 OBJECTIVE**
NUMBER OF WOMEN ON THE BOARD OF DIRECTORS	0	6	6	6	40% - 60%
% OF WOMEN ON THE BOARD OF DIRECTORS	0%	46%	46%	46%	40% - 60%

WOMEN'S REPRESENTATION AT DECEMBER 31, 2023

	2021	**2022**	**2023**
Percentage of female managers	20%	23%	27%
Percentage of female cadre-grade staff [37]	23%	19%	20%
Percentage of female permanent contract staff	38%	39%	41%

In 2023, Forsee Power's gender equality index improved significantly, rising from 79/100 to 84/100. This improvement is the result of a meticulous effort to correct pay gaps within the various socio-

[36] *Calculation based on the year 2023, between January 1 and December 31, 2023 for the scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Ecully, Zhongshan, Wroclaw, Pune.*
[37] *By cadre-grade staff, we mean those with manager and engineer status: employees who may have middle management, senior management or executive status within a company. This differs from other statuses such as employees, technicians and supervisors.*

professional categories. A score of 34/40 was obtained on the first indicator, "pay gap", compared with 29/40 previously.
Although Forsee Power's commitment to gender equality remains strong, the company is still working to attract more women to higher-paid positions, in particular by implementing a career development policy.
The satisfaction survey carried out by Great Place To Work® showed that equity was one of the company's strong points. 78% of employees consider that they are treated as a full member regardless of their position, 86% regardless of their ethnic origin, 84% regardless of their gender, and 88% regardless of their sexual orientation, a continuous improvement since 2022.
This approach is crucial for the Group to ensure an accurate assessment of diversity within the company.

EMPLOYEE BREAKDOWN AT DECEMBER 31, 2023

	2021	2022	2023
18-25 years	7%	7%	9%
25-29 years	14%	13%	13%
30-50 years	66%	65%	65%
51-55 years	7%	7%	5%
> 55 years	6%	7%	8%

The internal recruitment policy is open to all people, regardless of their gender, ethnic origin, sexual orientation or any other aspect of their identity.
In addition, the company regularly organizes training and awareness-raising sessions for staff on the importance of diversity, equity and inclusion, creating an environment where everyone feels valued and respected. In 2023, 142 employees in France received training on “Understanding and preventing psychological and sexual harassment in the workplace”.

5.5.8 Social dialogue

The management team attaches particular importance to the quality of life at work and strives to maintain effective professional relations by promoting attentive listening and encouraging regular social dialogue. In Poland, meetings with all employees are planned two to three times a year. In China, quarterly meetings are held with trade union representatives.
In France, similar meetings are held quarterly at each site, and a monthly meeting with production employees is organized at the Chasseneuil-du-Poitou site.
A social dialogue calendar is drawn up, setting out the content, frequency and participants of meetings. This includes mandatory annual negotiations (NAO) required by regulations, resulting in the signing of two collective bargaining agreements in 2023.
In addition to these events, there are weekly bilateral meetings and monthly meetings with the Social and Economic Committee (CSE), organized and led by the HR function. These initiatives aim to maintain an open and constructive dialogue within the company.
In order to respond to the expectations expressed by employees following the results of the Great Place to Work® satisfaction survey presented above, the communication and human resources teams are drawing up an action plan on the following topics:

- Strengthening human resources policy;
- Clarifying the organizational structure;
- Supporting managers;
- Encouraging a feedback culture;
- Actively involving employees in internal actions.

To this end, several information meetings were organized throughout the year, covering a variety of topics such as human resources policy, internal mobility and the new metallurgy agreement.
Dynamic display screens on all sites regularly broadcast Group news. At the same time, a program of "coffee & learn" information sessions enables employees to take part in interactive on-site and online meetings. These meetings allow them to learn more about the company, its different markets, its products and topics relating to the environment, health and safety.

Since 2021, the Group has implemented improvement plans, including the creation of a Quality of Life at Work (QLW) Commission. This commission meets regularly to address internal issues and propose solutions via an action plan approved by the Executive Committee.
In 2023, various communication actions were undertaken to inform about organizational changes, along with team building and cohesion activities (in partnership with the CSE). Support for managers in managing positive and negative feedback was also provided (as part of the Forsee Power policy of training managers throughout their careers).

5.6 Summary of non-financial performance indicators

	INDICATOR	2021	2022	2023
POLICIES	Number of women on the Board of Directors	6	6	6
	Percentage of women on the Board of Directors	46%	46%	46%
	Percentage of employees made aware of the code of conduct	100%	100%	100%
	Percentage of employees who have signed the employee code of conduct	100%	100%	100%
	Percentage of employees made aware of cybersecurity	100%	100%	100%
	Percentage of employees with a user account trained in cybersecurity	53%	80%	0%
	Percentage of suppliers of production components who have signed the supplier code of conduct	85.5%	89.9%	98.1%
	Supplier payment terms	30 days	30 days	30 days
PEOPLE	Number of employees	602	638	766
	Number of new hires	176	171	264
	Staff turnover rate	27%	25%	28%
	Number of employees who received a performance and career development review	458	500	599
	Amount invested in training in euros	226,261	328,943	245,362
	Percentage of employees trained during the year	57%	63%	93%
	Number of hours of training	5,781.5	10,569.6	17,562.0
	Average number of hours of training taken in the year per employee	18	28	12
	Share of women in the Group	43%	42%	43%
	Percentage of female managers	20%	23%	27%
	Percentage of female cadre-grade staff	23%	19%	20%
	Percentage of female permanent contract staff	38%	39%	40%
	Gender equality index	75/100	79/100	84/100
	Number of nationalities	22	22	20
	Number of trainees	4	29	22
	Number of work-study employees	16	14	12
	Percentage of employees under 25	7%	7%	9%

Percentage of employees with disabilities	2%	2%	2.28%
Number of collective agreements signed during the year	3	4	2
Satisfaction survey participation rate	68.3%	87%	84%
Employee satisfaction rate	63.6%	60%	67%
Absenteeism rate	3.01%	3.14%	3.53%
Accident frequency rate - fr1	7.95	5.26	3.80
Accident severity rate - sr	0.05	0.02	0.01

	INDICATOR	2021	2022	2023
PLANET	CAPEX eligible for the European taxonomy	100%	94%	75.1%
	OPEX eligible for the European taxonomy	100%	0%	N/A
	Revenues eligible for the European taxonomy	99.8%	98.4%	98.4%
	CAPEX rate aligned with the European taxonomy	-	0%	0%
	OPEX rate aligned with the European taxonomy	-	0%	0%
	Revenues aligned with the European taxonomy	-	0%	0%
	Zen 35 product recyclability rate	73%	73%	73%
	Number of ISO 14001-certified sites	2	4	5
	Percentage of ISO 14001-certified sites	33%	67%	83%
	kWh of energy consumed per kWh produced	11.10	7.73	4.79
	kWh of energy consumed per FTE	3,871.57	3,913.24	3,363.92
	Total electricity consumption in MWh	2,145.39	2,327.91	2,577.30
	Share of renewable energy in energy consumption	19.80%	5.23%	14%
	Weight of waste generated in tonnes	364.44	256.46	366.166
	Weight of waste per kWh produced	1.89	0.79	0.66
	Percentage of waste recovered or recycled	74%	72%	93%
	Weight of hazardous waste generated in tonnes	63.474	42.619	57.871
	Percentage of hazardous waste recycled and recovered	97.24%	98.50%	98%
	Scope 1 in tCO2eq	88	94	99
	Scope 2 in tCO2eq	780	952	1248
	Scope 1 in tCO2eq per FTE	0.149	0.147	0.130
	Scope 2 in tCO2eq per FTE	1.322	1.491	0.975
	Avoided emissions in tCO2eq related to vehicles (buses and LEVs) equipped with Forsee Power batteries during their service life	441,152.90	557,183.70	959,815.90
	Share of air transport in total tonnes kilometers transport (in %)	-	0.65%	1.20%

5.7 Methodological note

The data presented in the non-financial performance statement are calculated for the full year 2023, i.e. from January 1st, 2023 to December 31, 2023, on the scope of these 6 sites 100% operational during all days of 2023:

- Ivry-sur-Seine, France
- Chasseneuil-du-Poitou, France - production site
- Dardilly, France
- Zhongshan, China - production site
- Wroclaw, Poland - production site
- Pune, India - production site

This document does not address certain topics such as:

- Water consumption per site, which is not a material issue for Forsee Power as the industrial process does not require water. Thus, water consumption relates to sanitary facilities, which represents non-material use. In addition, the Group does not induce any effluent discharge.
- Detailed projects on biodiversity, as Forsee Power's activity has no direct impact on the environment. The sites produce no emissions of atmospheric pollutants or noise. In addition, no site is located within or near sensitive or protected areas. Thus, studies conducted with regard
to "Do No Significant Harm" (DNSH) for alignment with the EU Taxonomy concluded that biodiversity was a non-material subject for Forsee Power. This subject may be material within its value chain, in particular through the extraction and refining processes of the raw materials used.
- Topics such as food waste, the fight against food insecurity, respect for animal welfare, responsible, fair, and sustainable food, or actions aimed at promoting the practice of physical and sporting activities are all non-material for Forsee Power.
- The calculation of indirect emissions upstream and downstream of Forsee Power's activity (scope 3) was still being drafted when the non-financial performance report was finalized, but it will be published in the group's 2023 Sustainable Development Report.

Other considerations:

- To calculate the accident frequency rate, temporary workers are excluded from the scope, we apply the following formula: (Number of lost time accidents * 1,000,000 / number of hours worked).
- To calculate the accident severity rate, temporary workers are excluded from the scope, we apply the following formula: (Number of working missed lost due to workplace accidents * 1,000 / number of hours worked).
- We apply the following formula to calculate the employee turnover rate: [(Number of departures in year N + Number of arrivals in the same period)/2] /Headcount at the beginning of the period.
- For data on the representation of women in the workforce, the calculation methodology is based on FTEs from December 1st to 31, 2023, and not on FTEs from January 1st to December 31, 2023.
- The consolidated scope of environmental data includes the sites of Chasseneuil-du-Poitou (France), Dardilly (France), Zhongshan (China), Wroclaw (Poland) and Pune (India). It excludes the Ivry-sur-Seine site (France), the Group's registered office, due to the unavailability of data.
- More specifically, the rate of recycled waste corresponds to the share of waste collected and sent for recycling.
- For the calculation of GHG emissions, data on direct GHG emissions (scope 1) are calculated for all Group operational sites in 2023, including Ivry-sur-Seine (France), Chasseneuil-du-

Poitou (France), Dardilly (France), Zhongshan (China), Wroclaw (Poland) and Pune (India). The calculation scope includes only the emissions from the Group's vehicle fleet, excluding those relating to leakage processes and emissions from refrigeration and air conditioning.

- The emissions factors used are those from the latest version of ADEME's Base Carbone®.
- For the calculation of indirect emissions associated with the Group's energy consumption (scope 2), the calculation scope includes all Group operational sites in 2023, comprising Ivry-sur-Seine (France), Chasseneuil-du-Poitou (France), Dardilly (France), Zhongshan (China), Wroclaw (Poland) and Pune (India) sites.
- For the calculation of indirect emissions upstream and downstream of Forsee Power's activity in 2022 (scope 3), carried out internally according to the greenhouse gas protocol (GHG protocol), the scope of the calculation takes into account the following emission items: the purchase of goods and services, transport and distribution, business travel and employee transport to and from work, the use of products sold and the end-of-life of products sold.
- Emissions avoided are calculated over the lifetime of the vehicle equipped with Forsee Power batteries for heavy-duty vehicles (HDV) and light electric vehicles (LEV). The methodology applied is the same for each type of vehicle. Forsee Power determines the average distance traveled by the vehicle over its lifetime by multiplying the average distance traveled by the vehicle in one year by its estimated lifetime. The Group then applies the CO2 emissions per kilometer estimated by ADEME for a diesel version of the same type of vehicle by multiplying it by the average distance traveled by the vehicle over its previously calculated lifetime and then multiplies the result by the number of Forsee Power systems or batteries delivered to customers by type of vehicle. Forsee Power thus obtains emissions avoided related to battery equipment by vehicle type.

5.8 Report of the independent third party

Report of one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial performance statement

Year ended December 31, 2023

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

To the Shareholders,

In our capacity as Statutory Auditor of your company (hereinafter the "Entity"), appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac) (Cofrac validation/verification accreditation under number 3-1886scope available at www.cofrac.fr), we have conducted procedures to express a limited assurance conclusion on the historical information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2023 (hereinafter the "Information" and the "Statement", respectively), presented in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*code de commerce*).

Conclusion

Based on the procedures we have performed as described in the section "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines, in all material respects.

Comments

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

- Given the Company's business sector, of regulatory requirements and the identified risks, some information are presented in a limited manner within the Statement, particularly with regard to the management and traceability of the upstream value chain, monitoring the end of life of products and waste management.
- The Group Guidelines require clarifications on the definitions and formulas for calculating social and environmental information, so that contributors can report more homogeneously.
- The procedures for establishing social and environmental indicators require improvement, in terms of the scope covered and the internal controls to be carried out.

Preparation of the non-financial performance statement

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, summarised in the Statement and available on the Entity's website or on request from its headquarters.

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

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

Responsibility of the Company

Management of FORSEE POWER is responsible for:

- selecting or establishing suitable criteria for the preparation of the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- preparing the Statement by applying the Entity's "Guidelines" as referred above; and
- designing, implementing and maintaining internal control over information relevant to the preparation of Information that is free from material misstatement, whether due to fraud or error.

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

Responsibility of the Statutory Auditor appointed as independent third party

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

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

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.
It is not our responsibility to provide a conclusion on:

- the Entity's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the French duty of care law and against corruption and tax evasion;
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 *et seq* of the French Commercial Code, *with our verification program consisting of our own procedures* and with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, *Intervention du commissaire aux comptes – Intervention de l'OTI – déclaration de performance extra-financière,* and acting as the verification programme and with the international standard ISAE 3000 (revised).

Independence and quality control

Our independence is defined by Article L. 821-28 of the French Commercial Code and French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

Means and resources

Our work engaged the skills of three people between March 2024 and April 2024 and took a total of three weeks.

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

Nature and scope of procedures

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information :

- We obtained an understanding of all the consolidated entities' activities and the description of the main risks associated;

- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector.
- We verified that the Statement includes each category of social and environmental information set out in section III of Article L. 225-102-1, as well as information regarding compliance with human rights and anticorruption and tax avoidance legislation.
- We verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the main risks, and includes, where applicable, an explanation for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code.
- We verified that the Statement presents the business model and a description of the main risks associated with all the consolidated entities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies,

measures and the outcomes thereof, including key performance indicators associated to the main risks.

– We referred to documentary sources and conducted interviews to:

  - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented; and

  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important[38]. For these information, our work was carried out on the consolidating entity.

– We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16 of the French Commercial Code, with the limits specified in the Statement.

– We obtained an understanding of internal control and risk management procedures implemented by the Entity and assessed the data collection process aimed at ensuring the completeness and fairness of the Information.

– For the key performance indicators and other quantitative outcomes[39] that we considered to be the most important, we implemented:

  - analytical procedures that consisted in verifying the proper consolidation of collected data as well as the consistency of changes there to;

  - tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing entities[40] and covers between 26% and 50% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;

– We assessed the overall consistency of the Statement in relation to our knowledge of all the consolidated entities.

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

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[38] Qualitative information selected : Monitor the ESG suppliers commitment and traceability of the raw materials used ; Responsible purchasing policy (Supply of batteries « second life», traceability of the raw materials used, Monitoring the observance of Human Rights by the suppliers, internal audit procedures of the suppliers…).

[39] Quantitative Information selected : Number of training hours ; Accidents Frequency rate; Accident severity rate ; Proportion of women in the group ; Number of new recruitments during the year; Electricity total consumption ; Proportion of the renewable energy in overall energy consumption; Weight of waste per kWh produced ; Weight of generated waste by ton ; Proportion of recycled or recovered waste ; Scope 1 greenhouse gases emissions ; Scope 2 greenhouse gases emissions ;

[40] Selected entities : Chasseneuil-du-Poitou, France and Zhongshan, China

Paris-La Défense, April 24, 2024

One of the Statutory Auditors,

Deloitte & Associés

Thierry Queron	Hélène De Bie
Partner, Audit	Partner, ESG Audit

6
CORPORATE GOVERNANCE REPORT*

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

To organise its governance, the Company refers to the corporate governance code for small and mid-sized companies as published in its latest version in September 2021 by Middlenext (the "**Middlenext Code**") and approved as a reference code by the French Financial Markets Authority (AMF). It includes recommendations and points of attention that the Appointments and Remuneration Committee and the Board of Directors will review each year.

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

In accordance with the "comply or explain" principle, the table below presents, pursuant to articles L.225-37-4 and L.22-10-10 of the French Commercial Code, the Company's position with respect to all the recommendations set out in the Middlenext Code as of the date of this report.

Middlenext Code recommendations	Applied	Not yet applied
Supervisory power		
R1: Ethics of Board members	X	
R2: Conflicts of interest	X	
R3: Composition of the Board - Presence of independent members	X	
R4: Information provided to Board members	X	
R5: Training of Board members	X	
R6: Organisation of Board and committee meetings	X	
R7: Establishment of committees		X(1)
R8: Establishment of a specialised committee on corporate social responsibility (CSR)	X	
R9: Establishment of internal rules for the Board	X	
R10: Selection of each Board member	X	
R11: Term of office of Board members	X(2)	
R12: Compensation of Board members in respect of their offices	X	
R13: Establishment of an assessment of the Board's work	X	
R14: Relationship with the shareholders	X	

Executive power		
R15: Company diversity and equity policy	X	
R16: Definition and transparency of compensation of executive corporate officers	X	
R17: Preparation of management succession	X	
R18: Combination of employment contract and corporate office	X	
R19: Severance pay	X	
R20: Supplementary pension schemes	X(3)	
R21: Share subscription options and free share grants		X(4)
R22: Review of points of attention	X	

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

(2) *It is specified that the Company's articles of association provide that directors are appointed for a term of three years, but that by exception, and in order to allow exclusively for the implementation or maintenance of the staggered terms of office of directors, the general shareholders' meeting may appoint one or more directors for a term of one year or two years. The first directors of the company were all appointed for three years. A proposal will be made to the general shareholders' meeting called to approve the financial statements for the year ending December 31, 2023, to stagger the terms of office of the directors.*

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

(4) *This recommendation is applied with the exception, for the 2024 financial year only, of the performance conditions that activate the definitive allocation of free shares, not assessed over a period of at least 3 years but over a period of 2 years. This choice was made by the Company in order to ensure equal treatment between employees and the Chairman and Chief Executive Officer. It was decided to set up a single long-term incentive plan dedicated to the Company's key talents, and not to create a specific plan for the Chairman and Chief Executive Officer in order to avoid differences in treatment and further complicating the legal documentation. However, the implementation of a multi-year incentive plan based on performance conditions assessed over a period of at least 3 years will be included in the agenda of the next Appointments and Remuneration Committee meetings in order to change the terms of future incentive plans.*

6.1. Board of Directors

6.1.1. Information on the composition and members of the Board of Directors

6.1.1.1 Composition of the board of directors and board committees

As of April 23, 2024, the date on which the Board of Directors drew up its corporate governance report, the Board had thirteen members including six women and seven independent members. The composition of the Board of Directors is described in the tables below.

Recommendation no. 11 of the Middlenext Code is applied, the term of office of directors being set at three (3) years. This term is adapted to the specific characteristics of the Company, within the limits set by law. In view of the changes in the composition of the Board of Directors that will be recommended during the general shareholders' meeting called to approve the financial statements for the year ending December 31, 2023, it will also be proposed to stagger the length of directors' terms of office in order to stagger renewals.

Last name, First name, and Title or Office of Board Members	Independent "Board Member" Specify (yes/no)	Year of First Appointment	End of term of office	Committees				Experience and expertise provided
				Appointments and Remuneration Committee	Audit and Risk Committee	CSR Committee	Strategy Committee	
Christophe Gurtner Chairman and Chief Executive Officer Director	No	2021	General shareholders' meeting to approve the financial statements for the year ending December 31, 2023				X	Management, reorganisation, mergers and acquisitions, business and strategic development
Bpifrance Investissement, represented by Eric Lecomte Director	No	2021	General shareholders' meeting to approve the financial statements for the year ending December 31, 2023		X			Investment in semi-public companies, investment in local energy distribution companies, structuring of and investment in renewable energy production projects, structuring of and investment in innovation industrialisation projects
Ballard Power Systems Inc., represented by Nicolas Pocard	No	2021	General shareholders' meeting to approve the					25 years of experience in sales and business development,

Director			financial statements for the year ending December 31, 2023					marketing, management and corporate strategy. Expertise in and in-depth knowledge of the electromobility markets of Europe, North America and Asia
Eurazeo GLOBAL INVESTOR represented by Matthieu Bonamy(1) Director	No	2023	General shareholders' meeting to approve the financial statements for the year ending December 31, 2023	X				Venture capital, growth capital, energy transition, green technologies, electric mobility, new mobility, industry of the future
Shinichi Ban(2) Director	No	2023	General shareholders' meeting to approve the financial statements for the year ending December 31, 2023				X	24 years' experience at Mitsui & Co. Ltd, one of the world's leading investment and trading companies in the leasing, financing and infrastructure sectors of the mobility industry development (automotive and rail)
Pierre Lahutte(3) Director	No	2021	General shareholders' meeting to approve the			X	X	25 years of experience in agricultural machinery, mobility and transport with a strong focus on sustainable

			financial statements for the year ending December 31, 2023					development and the introduction of disruptive decarbonisation solutions (electric, biomethane, hydrogen)
Joerg Ernst Director	Yes	2021	General shareholders' meeting to approve the financial statements for the year ending December 31, 2023				X	Over 30 years of experience in electric propulsion systems for various industries, including rail, electric vehicles, commercial vehicles, electric aircraft, mining and construction, as well as infrastructure and logistics / Knowledge of technology and processes from strategy to manufacturing / Long-term relationships with customers and industrial companies worldwide.
Isabelle Tribotté Director	Yes	2021	General shareholders' meeting to approve the financial statements for the year ending December 31, 2023				X	Strategy, marketing, international sales Quality assurance and customer experience Industry, energy and infrastructure industries Skills in automation, robotics and energy management

								Independent directorship certification
Sylvie Bernard-Curie Director	Yes	2021	General shareholders' meeting to approve the financial statements for the year ending December 31, 2023	X	X			International financial audit / Human resources operational management / Skills and potential development / Talent acquisition / Diversity and inclusion / Team management and coordination / Individual and group coaching for managers / Occupational psychology
Corinne Jouanny Director	Yes	2021	General shareholders' meeting to approve the financial statements for the year ending December 31, 2023				X	Innovation management / Business strategy / Research & development

Sonia Trocmé-Le Page Director	Yes	2021	General shareholders' meeting to approve the financial statements for the year ending December 31, 2023		X	X		Over 30 years of experience in financial analysis, M&A, international private equity, venture capital and infrastructure (including renewable energy) fundraising advisory, impact investing, CSR strategy and ESG measurement and positive impact. Experience in banking group and entrepreneur. Leadership, strategy, business development, risk analysis, governance.
Véronique Staat Director	Yes	2021	General shareholders' meeting to approve the financial statements for the year ending December 31, 2023	X	X			Human resources strategy and leadership development / Management and ESG transformation / Governance / Investment and integration strategy

Florence Didier-Noaro Director	Yes	2021	General shareholders' meeting to approve the financial statements for the year ending December 31, 2023		X	X		Corporate social responsibility, financial and non-financial reporting, financial and non-financial audit, sustainable finance

1) *On December 14, 2023, the Board of Directors decided to coopt Eurazeo Global Investor (formerly known as Eurazeo Mid Cap) as a member of the Board of Directors, whose permanent representative is Mr. Matthieu Bonamy, replacing Eurazeo Investment Manager. This cooptation was decided subject to the condition precedent of the completion of the merger of Eurazeo Investment Manager into Eurazeo Global Investor. This merger was completed on December 31, 2023.*
2) *On December 14, 2023, the Board of Directors decided to coopt Mr. Shinichi Ban, to replace Mr. Kosuke Nakajima, who has resigned from the Board of Directors with effect from January 1st, 2024. Mr. Shinichi Ban is associated with Mitsui & Co., Ltd., through his position as Director of the Energy Solution Business unit, Sustainability Impact Division, Battery Solution Department at Mitsui & Co., Ltd.*
3) *Formerly linked to Navya (Mr Pierre Lahutte was Chief Development and Strategy Officer and Chairman of the Executive Board of Navya) and linked to Amilu and to the Fayat Group.*

6.1.1.2 Changes in the composition of the Board of Directors in 2023 and until April 23, 2024

Board of Directors	Start	Nomination
	December 31, 2023: Eurazeo Investment Manager	*By resolution of December 14, 2023, cooptation of Eurazeo Global Investor with effect from December 31, 2023*
	January 1st, 2024: Mr. Kosuke Nakajima	*By resolution of December 14, 2023, cooptation of Mr. Shinichi Ban with effect from January 1st, 2024*

As part of the merger between Eurazeo Investment Manager and Eurazeo Mid Cap (Trade and Companies Register no. 414 908 624), Eurazeo Investment Manager has resigned from its directorship with effect from December 31, 2023. At its meeting on December 14, 2023, the Board of Directors decided to coopt Eurazeo Mid Cap, now called Eurazeo Global Investor, as an independent director with effect from December 31, 2023, for the remainder of Eurazeo Investment Manager's term of office (i.e. until the general shareholders' meeting called to approve the financial statements for the year ending December 31, 2023). Eurazeo Global Investor joined the Board of Directors on December 31, 2023.

Having changed his position within Mitsui & Co., Ltd., Mr. Kosuke Nakajima has resigned from his term of office with effect from January 1st, 2024. At its meeting on December 14, 2023, the Board of Directors decided to coopt Mr. Shinichi Ban for the remainder of Mr. Kosuke Nakajima's term of office (i.e. until the general shareholders' meeting called to approve the financial statements for the year ending December 31, 2023). Mr. Shinichi Ban, a Japanese national, has extensive experience in the mobility industry at Mitsui & Co., Ltd. He joined the Board of Directors on January 1st, 2024.

6.1.1.3 Presence of independent members on the Board

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

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

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

Criteria [1]	Christophe Gurtner	Matthieu Bonamy	Eric Lecomte (Bpifrance Investissement)	Nicolas Pocard (Ballard Power	Shinichi Ban (Mitsui &C. Ltd)	Pierre Lahutte	Joerg Ernst	Isabelle Tribotté	Sylvie Bernard-Curie	Corinne Jouanny	Sonia Trocmé-Le Page	Véronique Staat	Florence Didier-Noaro
Criterion 1: Not having been and not being an employee or executive corporate officer of the Company or of a company in its group over the last five years	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 2: Not having been and not being in a significant business relationship with the Company or its group (customer, supplier, competitor, service provider, creditor, banker, etc.) over the last two years	✓	✓	✓	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓
Criterion 3: Not being a reference shareholder in the Company or holding a significant percentage of voting rights	✗	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 4: Not having any close relationship or family ties with a corporate officer or reference shareholder	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Criterion 5: Not having been a statutory auditor of the Company over the last six years;	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Independent member (yes/no)	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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

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

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

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

Christophe Gurtner, Chairman of the Board of Directors

Business address:

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

Age: 60

Nationality: French

Date of appointment: 2021

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

Summary of key areas of expertise and experience:

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

Biography:

A graduate of the ISC Paris Business School, he spent the first 13 years of his professional career at Saft Batteries, a subsidiary of the Alcatel-Alstom Group. Since 1993, he has held successive business management positions in the portable batteries division. In 1995, he became CEO of the German subsidiary. Then, in 1998, he took over the management of the consumer business unit. In 2001, under a reorganisation he was coordinating he used a new holding company created in France to buy Uniross Batteries Ltd. (United Kingdom), one of the companies he managed and that became by 2005, the leader in Europe and the third largest in the world in its sector through internal growth and acquisitions. In 2006, the company was listed on the Paris stock exchange, on the open market. In 2009, he sold the company to the Indian group Eveready Industries Ltd and continued to manage it until 2012. In 2011, he created Forsee Power by first acquiring the industrial division of Uniross Batteries SAS and then successively acquiring ERSE in France, EnergyOne in Poland and Dow Kokam France between 2011 and 2013. He has chaired

Number of Company shares held: 2,187,873	and developed the Company since 2013, with the goal of making it an international leader in the field of battery systems for electromobility.	
	POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD[41]
	▪ Chairman of the Board of Directors and Chief Executive Officer of the Company ▪ NeoT Capital: Chairman ▪ NeoT Capital: member of the Management Committee	▪ Member of the Company's Supervisory[42] Committee ▪ French foreign trade advisor (not renewed at end-2021)

[41] *Within and outside the Group / Including the status of general partner.*
[42] *The Company's Supervisory Committee was abolished when the Company's shares were admitted to trading on the Euronext regulated market.*

Bpifrance Investissement, director, represented by Eric Lecomte

Business address:

6-8 boulevard Haussmann 75009 Paris

Age: 59

Nationality: French

Date of appointment: 2021

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

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

9,047,929

Number of Company shares held by Eric Lecomte: 0

Summary of key areas of expertise and experience:

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

Main activities outside the Company:

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

Biography:

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

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors ▪ APRIL PROTEIN SOLUTIONS SAS: Member of the Strategy Committee ▪ EVERTREE SAS: Member of the Board of Directors ▪ AFYREN NEOXY : Member of the Board of Directors as permanent representative of Bpifrance Investissement	▪ Member of the Company's Supervisory Board ▪ ECOCIS SAS: Member of the Board of Directors ▪ SUNCNIM SAS: Member of the Board of Directors as permanent representative of Bpifrance Investissement ▪ DEMETER 4 Infra FCPI: Member of the Advisory Committee ▪ VALLOUREC UMBILICAS SAS:

▪ LACROIX ELECTRONICS BEAUPREAU SAS: Member of the Board of Directors as permanent representative of Bpifrance Investissement ▪ PRIMO1D: Member of the Board of Directors as permanent representative of Bpifrance Investissement ▪ ITEN SA: Member of the Board of Directors as permanent representative of Bpifrance Investissement ▪ MILLA SAS : Member of the Strategy Committee, permanent representative of Bpifrance Investissement ▪ BPIFRANCE INVESTISSEMENT: Assistant Director in charge of the SPI (Sociétés de Projets Industriels) fund (investment to encourage the industrialisation of innovations in France).	Member of the Board of Directors as permanent representative of Bpifrance Investissement ▪ PROLEIN SAS : Member of the Board of Directors as permanent representative Bpifrance Investissement

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

Business address:

9000 Glenglyon Parkway

Burnaby, BC V5J 5J8, Canada

Age: 57

Summary of key areas of expertise and experience:

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

Main activities outside the Company:

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

Biography:

Nationality: French and Canadian **Date of appointment:** 2021 **Expiry date of the term of office:** Annual ordinary shareholders' meeting to approve the financial statements for the year ending December 31, 2023 **Number of Company shares held by Ballard Power Systems Inc.:** 5,200,000 **Number of Company shares held by Nicolas Pocard:** 0	A graduate engineer of the ESCOM - School of Organic and Mineral Chemistry in Paris, Nicolas Pocard also holds a Master of Science degree in chemistry from Ohio State University (United States). He has held various management positions in sales, business development and marketing at several high-tech companies in Europe and Asia. He joined the fuel cell industry in 2004 and Ballard Power Systems Inc. in 2012, where he is responsible for business strategy, marketing activities, government relations and strategic partnerships, etc.	
	POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
	▪ Member of the Board of Directors of the Company ▪ Vice-President of marketing and strategic partnerships at Ballard Power Systems Inc. ▪ Chairman of the Board of Directors of the Canadian Hydrogen and Fuel Cell Association ▪ Member of the Board of Directors of the Canadian Urban Transit Research & Innovation Consortium	▪ Member of the Board of Directors of the California Hydrogen Business Council

EURAZEO GLOBAL INVESTOR, represented by Matthieu Bonamy	
Business address: 1, rue Georges Berger 75017 Paris **Age:** 49 **Nationality:** French **Date of appointment:** 2021 **Expiry date of the term of office:** Annual ordinary shareholders'	**Summary of key areas of expertise and experience:** Venture capital, growth capital, energy transition, new mobility, industry of the future. **Main activities outside the Company:** Partner at Eurazeo Investment Manager **Biography**: Matthieu Bonamy, 49, joined the Eurazeo group more than ten years ago. He leads the Eurazeo Smart City investment practice: new energies and impact, future of mobility, logistics and circular economy, real estate and industry. Matthieu has more than 20 years of experience in investment, energy transition and software product development, including 15 years in venture capital and structured finance. Before joining Eurazeo, he held various executive positions, including Chief Operating and Finance Officer in an international scale-up in the renewable energy sector.

meeting to approve the financial statements for the year ending December 31, 2023	He holds an MBA from INSEAD and a Master's degree from Ecole Polytechnique, and also studied private equity at Oxford Saïd Business School.

	POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
Number of Company shares held by the funds managed by Eurazeo Investment Manager: 15,222,118 **Number of Company shares held by Matthieu Bonamy:** 0	▪ Member of the Company's Board of Directors ▪ Wemaintain: Member of the Board of Directors ▪ 1Komma5° (DE): Member of the Board of Directors ▪ Dance (DE): Member of the Board of Directors ▪ SpaceFill (FR): Member of the Board of Directors ▪ Zola (US): Non-voting member ▪ Sunfire (DE): Member of the Board of Directors ▪ Meteoswift (FR): Member of the Board of Directors ▪ Pyxo (Fr): Member of the board of directors ▪ Actility (FR): Member of the Board of Directors	▪ Member of the Company's Supervisory Board ▪ Volta Charging (US): Non-voting member of the Board of Directors ▪ FirstFuel (US): Non-voting member of the Board of Directors ▪ Leosphere (FR): Member of the Board of Directors ▪ Breezometer (IL): Non-voting member of the Board of Directors ▪ NEoT Capital (FR): Observer of the Board of Directors ▪ Allthings (CH): Member of the Board of Directors

Shinichi Ban, director

Business address:

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

Age: 48

Nationality: Japanese

Date of appointment: 2023 by cooptation of the Board of Directors

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

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

19,064,883

Number of Company shares held by Shinichi Ban: 0

Summary of key areas of expertise and experience:

24 years' experience with Mitsui & Co. Ltd, one of the world's leading investment and trading companies in the leasing, financing and infrastructure sectors of the mobility industry development (automotive and rail)

Main activities outside the Company:

General Manager of the "Battery Solutions" department of the "Sustainability Impact" division of the "Energy Solutions" business unit of Mitsui & Co., Ltd.

Biography:

Shinichi Ban holds a Master's degree in Environmental Science from the University of Tsukuba, Japan. He joined Mitsui & Co. in 2000. He has 24 years' experience with Mitsui & Co, Ltd, one of the world's leading investment and trading companies, in the fields of mobility and infrastructure projects. After holding various positions at Mitsui & Co. Ltd, he is now general manager of the Battery Solutions Department of the Sustainability Impact Division of the Energy Solutions Business Unit of Mitsui & Co. Ltd.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors ▪ General Manager of the Battery Solutions department of the Sustainability Impact division of the Energy Solutions business unit of Mitsui & Co. Ltd.	

Pierre Lahutte, director

Business address: B13 CHALET JANUS 05100 MONTGENEVRE	**Summary of key areas of expertise and experience:** 25 years of experience in agricultural machinery, mobility and transport with a strong focus on sustainable development and the introduction of disruptive decarbonisation solutions (electric, biomethane, hydrogen)
Age: 52 **Nationality:** French **Date of appointment:** 2021 **Expiry date of the term of office:** Annual ordinary shareholders' meeting to approve the financial statements for the year ending December 31, 2023 **Number of Company shares held (by AMILU, headed by Pierre Lahutte):** 60,000	**Main activities outside the Company:** Director of FRIEM S.p.A. and member of the Supervisory Board of the Berto Group. Member of the Strategic Board of Sterne Group on behalf of Tikehau Capital. **Biography**: A reserve officer of the armoured cavalry, a graduate of the NEOMA Business School in Rouen and holder of an MBA from the Isenberg School of Management at UMass Amherst. After starting an international career with New Holland Agriculture in 1997, he became the global manager of the agricultural tractor product line in 2007. In 2012, he joined IVECO to take charge of the IrisBus Business Unit. Following the merger of Case New Holland Global and Fiat Industrial, he was promoted to the CNH Industrial Group Executive Council in 2014, responsible for IVECO Trucks and Buses, and also joined the Board of Directors of the European Automobile Manufacturers' Association. After five years leading IVECO, in 2020 he joined the Boards of Directors of FRIEM S.p.A. (current rectifiers for electrolysis) and the Berto Group (rental of trucks with drivers) as well as the Supervisory Committee of Forsee Power. From June 2020 to September 2022, Pierre was Chief Development and Strategy Officer of NAVYA (autonomous driving), where he was Chairman of the Board from June 2021 to January 2022. In June 2022, he joined the strategic board of Sterne Group on behalf of Tikehau Capital. Pierre Lahutte is also founder and Chairman of AMILU SAS, a consulting firm in sustainable transportation and regenerative agriculture. Since June 30, 2023, he has joined the Fayat Group as President of the FAYAT Cleantech business and President of Mathieu Company. Appointed in July 2023 by decree of the Prime Minister, he is an Auditor for the IHEDN 2023-2024 national session.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ FORSEE POWER: Member of the Board of Directors ▪ FRIEM S.p.A.: Director ▪ Berto Group: member of the Supervisory Board	▪ FORSEE POWER: Member of the Supervisory Board ▪ NAVYA (listed company): Interim Chairman of the Management Board from

	- AMILU SAS: Chairman - Member of the Sterne Group Strategic Board on behalf of Tikehau Capital - FAYAT Cleantech – Fayat Group: Chairman - Company Mathieu SAS : Chairman	June 28, 2021, to January 5, 2022 - NAVYA (listed company): Member of the Management Board - SOFVIA SAS: Chairman of the Board of Directors. - CNH Industrial NV: Member of the Group Executive Council - European Automobile Manufacturers' Association: Member of the Board of Directors - IVECO France SAS: Chairman of the Board of Directors - IVECO Irisbus Italia S.p.A.: Chairman of the Board of Directors - IVECO Orecchia S.p.A: Chairman of the Board of Directors - IVECO Czech Republic a. s.: Chairman of the Supervisory Board - IVECO MAGIRUS AG: Member of the Supervisory Board - NAVECO Ltd.: Director - SAIC IVECO Commercial Vehicle Investment Co. Ltd.: Director

Joerg Ernst, independent director

Business address:

EUCO Rail AG

Alpenstrasse 12

6300 Zug, Switzerland

Age: 57

Nationality: German

Date of appointment: 2021

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

Number of Company shares held:

2,000

Summary of key areas of expertise and experience:

Over 30 years of experience in electric propulsion systems for various industries, including rail, electric vehicles, commercial vehicles, electric aircraft, mining and construction as well as infrastructure and logistics / Knowledge of technology and processes from strategy to manufacturing / Long-term relationships with customers and industrial companies worldwide.

Main activities outside the Company:

Industrial assignments for "*Verband Deutscher Verkehrsunternehmen*" (Association of German Transport Companies) and the International Association of Public Transport, “Swiss Rail association”. Mentoring for continuous learning and sharing of business expertise. Sales coach for various industries.

Biography:

Holds an MBA from the Lake Constance Business School and several other degrees from business schools and universities. He has over 30 years of extensive knowledge and successful experience in the railway and infrastructure industries. He started his career in 1986 at AEG AG in Konstanz, Germany. He then subsequently held various management positions in the infrastructure division of Daimler Benz Industries, including in general management, before joining Siemens AG. He completed several assignments culminating in the role of Managing Director of the infrastructure division of Siemens AG. From 2005 to 2009, he held international positions in the United States, including in Cincinnati and Atlanta, as Managing Director and as Business Unit Manager, followed by more than 15 years as Executive Vice-President of Siemens AG and subsequently Siemens Mobility GmbH. He has extensive knowledge and expertise in various industries, including railways, electric cars, electric trucks, electric construction equipment, electric aircraft, wind energy, infrastructure and industrial applications. Joerg is also Chief Executive Officer of TMH International AG, a Swiss-based global supplier and producer of rolling stock and related services.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ FORSEE POWER: Member of the Board of Directors ▪ EUCO Rail AG (Switzerland): Founding President	▪ CNA e.V Bahntechnik, Nuremberg (Germany): Member of the Supervisory Board ▪ TMH International AG: Chief Executive Office

	▪ ZongXi Siemens Motor JV Beijing (CN): Member of the Board of Directors ▪ ZDRE Siemens Gearbox JV Taijuan (CN): Member of the Board of Directors

Isabelle Tribotté, independent director

Business address:

1Q rue Champ Lagarde

78000 Versailles

Age: 54

Nationality: French

Date of appointment: 2021

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

Number of Company shares held:

0

Summary of key areas of expertise and experience:

Strategy, marketing, international sales

Quality assurance and customer experience

Industry, energy and infrastructure industries

Skills in automation, robotics and energy management

Independent directorship certification

Main activities outside the Company:

Chairman and CEO of SIGNIFY France

Independent director

Biography:

Isabelle Tribotté, 54, is a graduate engineer from the Ecole Centrale de Nantes in automation and robotics and from ESCP Paris Business School in strategy and marketing. She started her career in 1992 at VELUX France, before joining Parker Hannifin from 1995 to 1999 as a technical sales engineer for France. In 2000, she joined Schneider Electric, where she held several marketing positions (product marketing, operational marketing, business development, strategy and acquisitions) in various entities of the group. In 2010, she took over the general management of SCADA Group, a company acquired by Schneider Electric and based in Canada, Australia and the United Kingdom, where she developed commercial synergies and led the integration. In 2012, she became CEO of the French industrial automation sales subsidiary. In 2015, she took over as Group Head of Quality and Customer Experience. In 2018, she joined Schneider Electric's Medium Voltage Division, to lead international sales operations. Since July 2022, she has headed the French subsidiary of SIGNIFY, the world leader in professional and consumer lighting solutions.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ FORSEE POWER: Member of the Board of Directors ▪ OVH Cloud: Member of the Board of Directors	▪ BPI Consultant - SME accelerator programme ▪ CROUZET: Member of the Supervisory Board

Sylvie Bernard-Curie, independent director

Business address:

40 rue de Tocqueville

75017 Paris

Age: 59

Nationality: French

Date of appointment: 2021

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

Number of Company shares held:

7,500

Summary of key areas of expertise and experience:

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

Main activities outside the Company:

Founding partner of Priora Conseil (executive coaching and consulting)

Psychologist (private practice)

Biography:

An accounting graduate of EDHEC Business School and holder of an IFA - Sciences Po Company Director Certificate, an occupational psychologist and executive coach with over 30 years of experience in financial audit, human resources and talent development. After 10 years as an auditor in the industrial and services sectors and 20 years as HR Talents Director and Partner at KPMG, she is currently a Founding Partner of Priora Conseil, a firm specialising in the development of soft skillsand coaching of executives and management committees. She is a director of EllaSanté, a medical centre that is a pioneer in prevention and support for new health behaviours. To work for gender parity in management bodies, she was co-president of the French chapter of the international association Women Corporate Directors from 2009 to 2013 and president of the Wise Committee of the EVE programme from 2011 to 2019. In 2020, she established and coordinated an extensive mentoring programme involving 60 women leader-members of International Women's Forum (IWF) France, of which she is an active member, and 10 large companies.

She has co-authored several books and conducted a scientific research programme validating the use of soft skills tools for executives.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ FORSEE POWER: Member of the Board of Directors ▪ EllaSanté Association: Director ▪ Priora Conseil: President, Executive Coach ▪ Psychologist (private practice)	▪ A.life: Chief Executive Officer

Corinne Jouanny, independent director

Business address:

Capgemini Engineering
43 rue Boissière
75116 Paris

Age: 58

Nationality: French

Date of appointment: 2021

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

Number of Company shares held:

0

Summary of key areas of expertise and experience:

Innovation management / Business strategy / Research & development

Main activities outside the Company:

Executive Vice-President at Capgemini Engineering

Biography:

A graduate of the Ecole des Mines de Paris, with a PhD in Materials Science and Engineering and over 28 years of experience with Altran, then Capgemini Engineering, a global leader in outsourced research and development. She has led numerous R&D and performance and innovation management projects for many international customers in various sectors and has spearheaded the development of consulting activities related to novel approaches in innovation management. She developed new service offerings and implemented them in projects catalysing major innovations. In 2014, her accomplishments earned her L'Usine Nouvelle's Innovation Woman of the Year award. As Director of Innovation at Altran France and then the Altran Group, she rolled out six research and innovation programmes in response to new market challenges and also managed Altran's global service lines, at the helm of an international team and communities. Since the integration of Altran into the Capgemini Group, she was Executive Vice-President in charge of the Portfolio and industrial centres of excellence for the Capgemini Engineering Global Business Line. Since January 2024, she has been in charge of rolling out the SBU Southern & Central Europe portfolio.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ FORSEE POWER: Member of the Board of Directors - independent director ▪ Capgemini Engineering: Executive Vice-President ▪ Balyo: Board member - Independent director - until February 5, 2024 ▪ Altran Lab: Chief Executive Officer	▪ None

Sonia Trocmé-Le Page, independent director

Business address:

Nantucket Capital, 128 rue La Boétie, 75008 Paris

Age: 56

Nationality: French / American

Date of appointment: 2021

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

Number of Company shares held: 0

Summary of key areas of expertise and experience:

Over 30 years of experience in financial analysis, M&A, international private equity, venture capital and infrastructure, including renewable energy, fundraising advisory, impact investing, CSR strategy and ESG measurement and positive impact. Experience in banking group and entrepreneur. Leadership, strategy, business development, risk analysis, governance.

Main activities outside the Company:

Founding President of Nantucket Capital, an impact and CSR strategy advisor.

Biography:

Holder of an MBA from the City University of New York (Baruch College) and a Master's degree in Finance from Paris-Dauphine. She also has qualifications in *impact investing* from Institut des Hautes Etudes du Développement Durable (IHEDD), ESG strategy (ESSEC) and governance (board by Aliath). After 10 years in corporate banking and M&A in the US and France, she co-founded and co-managed the international fundraising advisory firm Global *Private Equity* for 15 years. In this capacity, she raised €7 billion in *private equity* from institutions and *family offices* around the world for private equity and infrastructure (particularly renewable) funds in Europe, the US, Asia and Africa. In 2016, she founded Nantucket Capital, a social and environmental impact investment advisory firm, supporting impact funds and entrepreneurs as well as foundations in their impact strategies and fundraisings. In particular she advised the Fondation de France and Raise on the investment strategy and structuring of their impact fund, France2i. Nantucket Capital also structured an impact contract on a circular economy theme for the French Agency for the Environment and Energy Management. She is an independent director of Sofiouest, the investment holding company of the SIPA-Ouest France group, of Exel Industries, a member of the supervisory board of Esfin Gestion and a member of the investment committee of the Generali Impact Investment Fund. She is also a business angel and member of the strategic committee of start-ups with a social mission, and an active member of Femmes Business Angels. Since 2009, she has been involved in several initiatives to support female entrepreneurship and disadvantaged neighbourhoods. Appointed French foreign trade advisor from 2012 to 2015, she received a "La Tribune Women Awards" Finance prize in 2010 for the success of her company and her work on behalf of society.

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

- FORSEE POWER: Member of the Board of Directors
- Nantucket Capital (SASU, France, unlisted): Founding President
- SofiOuest (France, unlisted): independent director, member of the Audit and Valuation Committee and Chair of the ESG Committee
- Esfin Gestion (France, unlisted): member of the Supervisory Board
- Excel Industries (France, listed): member of the Board of Directors, Chair of the CSR Committee
- Chapter Zero France (association loi 1901, Administrators' Forum for the Climate) : Member of the Board of Directors

Without corporate office:

- Generali Impact Investment (GII Fund): advisor to the Investment Committee
- RogerVoice: non-voting member of the Strategy Committee

- SofiOuest: member of the investment committee
- 50in Tech: non-voting member of the Strategy Committee
- Eonef: member of the Strategy Committee
- Foreign trade advisor
- European Network for Women in Leadership: member of the Board of Directors
- TimeTo Start: Chairwoman and member of the Board of Directors

Véronique Staat, independent director

Business address:

9 avenue du parc Saint James 92200 Neuilly-sur-Seine

Age: 55

Nationality: French

Date of appointment: 2021

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

Number of Company shares held:

6,000

Summary of key areas of expertise and experience:

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

Main activities outside the Company:

Company directorships / Member of the investment committee and Chair of the compensation Committee of an investment firm / Senior Advisor (ESG, Governance, Finance).

Biography:

A graduate of the Grenoble School of Management, a chartered accountant and statutory auditor, she had a very extensive career at Deloitte from 1991 to 2020 in customer services (as an auditor for listed groups, then as an intrapreneur in digital learning and finally as a senior partner in human capital consulting), in human resources transformation (for employees and partners) and in governance (successively as Chief of Staff to the Chairman, member of the Executive Committee, then as a director and finally as Vice-Chair of the Board of Directors). She has moderated or contributed to many international committees involved in human resources development and had three years of experience in the UK. Since late 2020, she has been a member of the Advisory Board of Septodont (a global player in the dental pharmaceutical industry) and a member of the Supervisory Board, member of the Investment Committee and Chairwoman of the Remuneration Committee of Creadev (an evergreen investment company operating globally and backed by the Mulliez Family Association. Since the end of 2023, she has been a member of the Board of Directors, Chairman of the Audit, Risks and Compliance Committee and a member of the HR and Sustainability Committee of the Maisons de Famille Group (a European player in elderly care). In addition, she acts as Senior Advisor to Groups in matters of ESG strategy, governance and finance. She is a member of the French Institute of Directors (IFA).

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

and Chairwoman of the Remuneration Committee ▪ Group Maisons de Famille : Member of the Board of Directors, member and Chairman of the Audit, Risks and Compliance Committee and member of the HR and Sustainability Committee	

Florence Didier-Noaro, independent director

Business address:

1 boulevard Hippolyte Marques, 94200 Ivry-sur-Seine

Age: 58

Nationality: French

Date of appointment: 2021

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

Number of Company shares held:

3,336

Summary of key areas of expertise and experience:

Corporate social responsibility, financial and non-financial reporting, financial and non-financial audit, sustainable finance.

Main activities outside the Company:

Founder and CEO of Innwise

Biography:

Florence Didier-Noaro is a graduate of NEOMA Business School and the Executive Master Trajectoires Dirigeants programme at Sciences Po Paris. She began her career in 1989 at Deloitte as a financial auditor. Appointed partner at Deloitte France in 2001, she was in charge of the Quality and Professional Risks Division and then the service line dedicated to IFRS projects and public offerings, monitoring and implementing international accounting standards and specific due diligence for planned public offerings. In 2007 she joined Deloitte Conseil to support finance function transformation projects. In 2013 she joined Deloitte France's sustainable development audit and consulting business, and subsequently headed this division. Since 2018, she has been founding CEO of Innwise, a sustainable strategy consulting firm. At the same time, Florence puts her skills in accounting and auditing, as well as in strategy and sustainable performance, to work for companies as a director and member of mission, strategy and advisory committees.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors ▪ Founder and CEO of Innwise, a sustainable strategy consulting firm	▪ Member of the Investment Committee of Blue like an Orange Capital US LLC

	▪ Director of Wavestone, member of the Audit Committee ▪ Member of the Sustainability Advisory Committee of Blue like an Orange Capital US LLC ▪ Member of the Mission Committee of Sycomore AM ▪ Member of the Strategic Committee of the Bouchard Group	

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

6.1.1.5 Changes in the composition of the Board of Directors proposed to the general shareholders' meeting called to approve the financial statements for the year ending December 31, 2023

In view of the upcoming expiry of terms of office in 2024, the Board of Directors initiated a recruitment process in 2023 for new independent Directors, drawing on the expertise of an external recruitment firm.

At the end of this selection process, and after a thorough examination of the candidates submitted for its approval, the Board of Directors decided, at its meeting of April 23, 2024, to recommend to the general shareholders' meeting to be held on June 21, 2024, to appoint three new independent Directors: Marie Cros, Aurélie Picart and Florence Triou-Teixeira.

These proposals, in line with the Board's diversity policy, will complete the Board's expertise and maintain the proportion of independent directors.

The career paths of these three candidates for the Board of Directors are presented below in section 6.1.1.6.

The Board of Directors proposes to the general shareholders' meeting called to approve the financial statements for the year ending December 31, 2023 to:

- Ratify the appointment by cooptation of Eurazeo Global Investor, represented by Mr. Matthieu Bonamy, effective from December 31, 2023, and renew its term of office as Director until the close of the general shareholders' meeting to be held to approve the financial statements for the year ending December 31, 2024. Subject to his appointment by resolution of the general shareholders' meeting, Mr. Matthieu Bonamy is proposed as a member of the Appointments and Remuneration Committee;
- Ratify the appointment by cooptation of Mr. Shinichi Ban, effective from January 1st, 2024, and renew its term of office as Director until the close of the general shareholders' meeting to be held to approve the financial statements for the year ending December 31, 2024. Subject to his appointment by resolution of the general shareholders' meeting, Mr. Shinichi Ban is proposed as a member of the Sustainable Strategy Committee ;

- Renew the term of office as Director of Bpifrance Investissement, represented by Mr. Eric Lecomte, until the close of the general shareholders' meeting to be held to approve the financial statements for the year ending December 31, 2024. Subject to his appointment by resolution of the general shareholders' meeting, Mr. Eric Lecomte is proposed as a member of the Audit and Risk Committee;
- Renew the term of office as Director of Mr. Christophe Gurtner, until the close of the general shareholders' meeting to be held to approve the financial statements for the year ending December 31, 2026. Subject to his appointment by resolution of the general shareholders' meeting, Mr. Christophe Gurtner is proposed as a member of the Sustainable Strategy Committee and as President and Chief Executive Officer;
- Renew the term of office as Director of Mr. Pierre Lahutte, until the close of the general shareholders' meeting to be held to approve the financial statements for the year ending December 31, 2026. Subject to his appointment by resolution of the general shareholders' meeting, Mr. Pierre Lahutte is proposed as a member of the Sustainable Strategy Committee;
- Renew the term of office as Director of Mr. Joerg Ernst, until the close of the general shareholders' meeting to be held to approve the financial statements for the year ending December 31, 2026. Subject to his appointment by resolution of the general shareholders' meeting, Mr. Joerg Ernst is proposed as a member of the Sustainable Strategy Committee and the Appointments and Remuneration Committee;
- Renew the term of office as Director of Mrs. Corinne Jouanny, until the close of the general shareholders' meeting to be held to approve the financial statements for the year ending December 31, 2026. Subject to her appointment by resolution of the general shareholders' meeting, Mrs. Corinne Jouanny is proposed as a member of the Sustainable Strategy Committee;
- Appoint as Director Mrs. Marie Cros, until the close of the general shareholders' meeting to be held to approve the financial statements for the year ending December 31, 2025. Subject to her appointment by resolution of the general shareholders' meeting, Mrs. Marie Cros is proposed as President of the Audit and Risk Committee;
- Appoint as Director Mrs. Aurélie Picart, until the close of the general shareholders' meeting to be held to approve the financial statements for the year ending December 31, 2025. Subject to her appointment by resolution of the general shareholders' meeting, Mrs. Aurélie Picart is proposed as member of the Sustainable Strategy Committee;
- Appoint as Director Mrs. Florence Triou-Teixeira, until the close of the general shareholders' meeting to be held to approve the financial statements for the year ending December 31, 2025. Subject to her appointment by resolution of the general shareholders' meeting, Mrs. Florence Triou-Teixeira is proposed to chair the Appointments and Remuneration Committee and to be a member of the Audit and Risks Committee of the Board of Directors;
- Appoint as censor, Ballard Power Systems Inc, represented by Mr. Nicolas Pocard, until the close of the general shareholders' meeting to be held to approve the financial statements for the year ending December 31, 2026.

Subject to approval of the corresponding resolutions by the general shareholders' meeting, the Board of Directors would comprise 10 Directors at the end of the general shareholders' meeting. It would be 50% independent, with 40% women and three nationalities (Japanese, French and German).

6.1.1.6 Offices and positions held in other companies by new corporate officers whose appointment is proposed to the general shareholders’ meeting called to approve the financial statements for the year ending December 31, 2023

The tables below list the offices and positions held in all companies by each of the corporate officers whose appointment will be proposed for the first time at the general shareholders' meeting convened to approve the financial statements for the year ending December 31, 2023.

The terms of office and functions of the corporate officers whose re-election will be proposed at the general shareholders' meeting called to approve the financial statements for the year ending December 31, 2023 are listed in section 6.1.1.4.

Marie CROS, candidate for the Board of Directors

Business address:

Idverde

25 quai du Président Paul Doumer

92400 Courbevoie

Age : 47

Nationality: French

Summary of key areas of expertise and experience:

25 years' experience in finance functions in the international industrial sector

Main activities outside the Company:

Financial and Administrative Director, Idverde France

Biography:

Marie Cros is a graduate of INP Grenoble – Phelma, an engineering school in electronics, microelectronics, systems, networks and telecoms, she also holds a director's certificate issued by EM Lyon in 2019.

She began her career in 1999 at Alstom, as a development engineer at the Villeurbanne electronics centre of excellence. She then held various positions in quality and management control, before becoming head of standard costs. From 2009 to 2012, after joining the Belfort industrial site, she took over the site's financial management as well as that of the Locomotives international platform. In 2012, Marie Cros was appointed chief financial officer at Alstom's head office in Saint-Ouen for all Trains and Components platforms, having previously been chief financial officer for the engineering business within the same product line. From 2014 to 2017, she took up the position of regional controller for the Europe region, where she supervised all financial planning and analysis, and contributed her expertise in Train platforms to offers and projects.

In December 2017, Marie Cros was appointed Vice President Finance in charge of strategy and digital transformation. She also oversees the accounting shared services centre in Bangalore. In April 2018, she was also appointed integration leader for Finance in the proposed merger between Siemens and Alstom. From February to May 2019, following the failure of the merger, she worked with the chief financial officer to define the new strategic plan and direction for the Finance function within the Alstom Group.

From 2020 to 2023, she was Administrative and Financial Director of BDR Thermea in France, a leading group in the energy transition of heating systems within buildings. She was in charge of Finance, IT and Legal. She also oversaw acquisition strategy, managed the rollout of a new ERP system, and served as director of a JV between Atlantic and BDR Thermea France.

In December 2023, Marie Cros joined the Idverde Group as Administrative and Financial Director for France, thus continuing her career in the ecological transition sector with the leading company in the landscaping and nature-based care sector.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Administrative and Financial Director Idverde France	▪ Administrative and Financial Director BDR Thermea France ▪ Director JV CiCE ▪ VP Transformation Finance Alstom Group

Florence TRIOU-TEIXEIRA, candidate for the Board of Directors

Business address:

[-]

Age : 58

Nationality: French

Summary of key areas of expertise and experience:

Over 30 years' experience in corporate and market finance, marketing and then general management of business units (including organisational transformation and business development) in major French industrial groups operating in the chemicals, construction and energy transition sectors.

Main activities outside the Company:

General Manager France and Director of Digital and Multibrand Transformation for Saint Gobain Plafonds.

Biography:

A graduate of the ESCP Business School, she began her career with Rhône-Poulenc as an internal auditor before becoming Head of Consolidation, Organisation and Accounting Methods. In 1994, she was appointed Director of Financial Communications for the chemicals and pharmaceuticals group.

In 1996, she moved on to join Saint Gobain where she would spend 17 years as the Group's Director of Financial Communications. In 2013 she was appointed Deputy Marketing Director and Group Strategic Marketing Director. Among other things, her tasks were to develop commercial synergies by country between the Group's various BUs, set up digital marketing, and develop collaborative projects with start-ups (via incubators). Since 2017, she has been Managing Director France and Director of Digital and Multibrand Transformation for Saint Gobain Plafonds.

She is also an expert judge at MassChallenge, a Swiss platform for the development of start-ups in Switzerland.

	POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
		▪ General Director of Saint-Gobain Plafonds France, Belgium and Luxembourg

Aurélie Picart, candidate for the Board of Directors

Business address:

17 rue de l'Amiral Hamelin

75016 Paris

Age : 41

Nationality: French

Summary of key areas of expertise and experience:

15 years' professional experience in industry and technology, with a strong focus on energy transition, including both industrial and institutional experience (at both regional and national levels).

Main activities outside the Company:

General Delegate for New Energy Systems, Strategic Sector Committee

Biography:

A graduate of the Ecole Polytechnique (2002), the Corps des Mines, and Cambridge University (Mphil - 2007), she began her career as economic advisor to the Prefect of the Midi-Pyrénées region (2008-2010), before being appointed Deputy Regional Director of the Midi-Pyrénées DIRECCTE (2010-2012), where she successfully merged the economic and employment departments.

In 2012, she joined ACTIA, a mid-sized industrial company that designs and produces electronic solutions for transport. She became a member of the Management Committee as Director of the Development Business Unit (including electric mobility and electronics production), then Director of Innovation.

At the end of 2018, when it was set up, she took the helm of the New Energy Systems Strategic Committee, initiated by EDF, Engie, TotalEnergies and Schneider Electric and the French government. She works closely with the various ministries concerned to develop a strategic roadmap (sector contract) for France's energy transition industry which is regularly updated and signed by manufacturers, ministers and trade unions. The next one will be signed in 2024.

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

- Since 2018: General Delegate of the Strategic Committee of New Energy Systems Industry Council
- Since 2016: Director of Sogeclair Group
- Since 2017: Member of the Board of Directors of Mines d'Alès
- Since 2018: Member of the ENSIACET Board of Directors
- Since 2022: Member of the Toulouse Tech Transfert Investment Committee.

6.1.1.7 Review of the independence of the directors whose appointment is proposed to the general shareholders' meeting called to approve the financial statements for the year ended December 31, 2023

On April 23, 2024, the Board of Directors examined the individual situation of directors whose appointment will be proposed to the general shareholders' meeting called to approve the financial statements for the year ended December 31, 2023, with regard to the independence criteria set out above.

The Board of Directors specifically examined the situation of Ms. Aurélie Picart, given her duties as General Delegate of the Strategic Committee on the New Energy Systems Sector within the association "Industries des Nouveaux Systèmes Energétiques", a position she has held since 2018. As Forsee Power is a member of this association, the Board of Directors thoroughly reviewed the association's relationship with Forsee Power.

At the end of its review, the Board of Directors concluded that the aforementioned contextual factors were not likely to affect Ms. Aurélie Picart's independence insofar as the relationship between Forsee Power and the association was not significant (from a quantitative and qualitative viewpoint), either for Forsee Power or for the association, and the situation did not give rise to a conflict of interest.

Consequently, Ms. Marie Cros, Ms. Florence Triou-Teixeria and Ms. Aurélie Picot may be considered independent directors, as all the independence criteria are met:

Criteria (1)	Marie CROS	Florences TRIOU-TEIXERIA	Aurélie PICART
Criteria 1 : Must not have been an employee or corporate officer of the Company or any of its Group companies during the last five years	✔	✔	✔
Criteria 2 : Must not have had a significant business relationship with the Company or its Group (customer, supplier, competitor, service provider, creditor, banker, etc.) in the last two years	✔	✔	✔
Criteria 3 : Must not be a reference shareholder of the Company or hold a significant percentage of voting rights	✔	✔	✔
Criteria 4 : Must not have a close relationship or close family tie with a corporate officer or a reference shareholder	✔	✔	✔
Criteria 5 : Must not have been an auditor of the Company within the past six years	✔	✔	✔
Independent Director (yes/no)	yes	yes	yes

(1) In this table, ✓ represents a satisfied independence criteria and ✗ represents an unsatisfied independence criteria.

6.1.1.8 Ethics of Board members

The provisions in this respect are set out in the internal rules of the Board of Directors adopted on October 15, 2021, and updated on September 14, 2022, by the Company's Board of Directors. These rules are available on the Company's website.

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

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

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

6.1.1.9 No convictions

To the Company's knowledge, over the course of the last five years:

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

6.1.2 Organisation and functioning of the board of directors

6.1.2.1 Conditions for preparing and organising the Board's work

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

The Board meets as often as required by the Company's interest and, in any event, at least four (4) times a year, in compliance with recommendation no. 6 of the Middlenext Code. In any event, the frequency and duration of meetings must be such that they allow for an in-depth review and discussion of matters falling within the Board's competence.

In particular, the Board:

- sets the Company's business policies and, in particular, its strategy, and ensures that they are implemented. Subject to the powers expressly attributed to the general shareholders' meetings and within the limit of the corporate purpose, the Board may address any question concerning the Company's operations and shall settle the matters within its purview through its deliberations,
- appoints the Chairman of the Board, the Chief Executive Officer and the Deputy Chief Executive Officers, and sets their compensation,
- appoints the secretary general of the Board (who may be chosen from among or outside its members – including employees of the Company) and determines the duration of his or her term of office,
- approves the agreements and commitments referred to in Article L.225-38 of the French Commercial Code,
- proposes the appointment of the statutory auditors to the general shareholders' meeting,
- prepares the Board's report on corporate governance and internal control, and
- prepares the draft resolutions referred to in Article L.22-10-8 of the French Commercial Code as well as the related report.

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

Board members and the secretary general, may participate in Board meetings by videoconference or, failing that, by telecommunication. They are then deemed to be present for the calculation of the quorum and the majority.

This form of participation is not applicable to the adoption of decisions concerning the approval of the Company's annual financial statements, consolidated financial statements and management report and the Group management report.

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

In accordance with recommendation no. 17 of the Middlenext Code, the Company's Appointments and Remuneration Committee has put on its agenda the succession plan for the current executives.

In the 2023 financial year, the Board of Directors met 9 times, with an average attendance and representation rate of approximately 95%.

The meetings of the Board of Directors held during the 2023 financial year were used especially to prepare and/or decide on the following items:

- Review and approval of the company and consolidated financial statements for 2022,
- Review and approval of the financial statements and half-yearly financial report for 2023,
- Review of financial information and forecasts,
- The Company's capital increase, which took place in May 2023,
- The drawdown of Tranche C of the loan agreement with the European Investment Bank and the corresponding issue of share subscription warrants (EIB Warrant E),
- Terms of compensation of the Chairman and Chief Executive Officer *ex-post* and *ex-ante* for the 2023 financial year,
- Granting of incentive instruments to the Company's executives and key employees,
- Review of the Company’s strategic objectives and the 2024 budget,
- Review of potential risk factors for the Company,
- Review of the work of the specialised committees.

6.1.2.2 Training of Board members

The Company is supported by members of the Board of Directors who have extensive experience and/or have already held several directorships. The Company takes into account all needs for training on technical issues expressed by the members of the Board of Directors in the performance of their duties. Consequently, the Company will organise, at the request of the Directors if they deem it necessary, training tailored to their needs in the performance of their duties on the Board.

During the 2023 financial year, the Appointments and Remuneration Committee agreed to present training proposals to the directors on the following themes:

- *ESG risk and opportunity assessment: sustainable development and non-financial reporting,*
- *Gaining a deeper understanding of Forsee Power’s challenges and strategy: geopolitical and economic issues / Forsee Power's markets, products, competition and business model / key strategic issues (industrial),*
- *People matters: values, culture, strengths and weaknesses based on employee feedback, diversity, talent management and development, challenges in the US, India and China,*
- *Best governance practices in newly listed companies.*

Thus, the members of the Board of Directors have mainly expressed their desire to deepen their expertise in CSR issues and acquire a more in-depth understanding of Forsee Power's challenges and strategy. In this context, the Appointments and Remuneration Committee proposed and carried out CSR training courses for directors during 2023.

The Company applies recommendation no. 5 of the Middlenext Code, which provides for a three-year training plan tailored to the Company's specific requirements, intended for "Board members", whether or not they are employees, and taking into account the qualifications acquired through experience.

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

6.1.2.3 Information provided to Board members

All information documents or draft documents on the agenda and on any matters to be submitted to the Board are sent, delivered or made available to the Board members within a reasonable period prior to the meeting. Furthermore, where appropriate, it grants requests from members of the Board of Directors for additional information useful in the performance of their duties.

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

In accordance with recommendation no. 4 of the Middlenext Code, the internal rules provide for the practical procedures for providing this information while setting reasonable deadlines. This period may not be less than three (3) working days, unless there is an emergency or a need to ensure complete confidentiality, in order to enable the members of the Board to carry out their control and due diligence work properly. In particular, the Board members noted the relevance of the training offered to them, the improved access to information, especially financial information, for the accomplishment of their mission, and the quality of the interaction with the company's management committee.

6.1.2.4 Establishment of internal rules for the Board

In accordance with recommendation no. 9 of the Middlenext Code, the Company's Board of Directors has established internal rules which were last updated on September 14, 2022.

These internal regulations specify the rules and procedures for :

- the duties of the Board of Directors;
- the rules applicable to directors;
- the composition of the Board / independence criteria for members;
- the functioning of the Board (frequency, convening, informing members, use of videoconferencing and telecommunication resources, minutes, non-voting Board members, etc.);
- setting the compensation of members of the Board of Directors;
- the assessment of the work of the Board;
- the preparation of management succession;
- the definition of the role of any specialised committees set up (Audit and Risk Committee, Appointments and Remuneration Committee, CSR Committee and Strategy Committee);
- the terms of protection for company executives: civil liability insurance for corporate officers (RCMS).

The internal rules of the Board of Directors provide for the possibility of appointing a Secretary General of the Board, who is responsible, inter alia, for coordinating the meetings and works of the Board of Directors and the specialised committees presented below. A General Secretary of the Board was appointed on April 6, 2022.

In accordance with recommendation no. 9 of the Middlenext Code, the internal rules are available on the Company's website.

6.1.2.5 Establishment of committees

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

Audit and Risk Committee

Composition

The Audit and Risk Committee has at least five (5) members, including four (4) of whom are appointed from among the independent members of the Board of Directors, after consulting the Appointments and Remuneration Committee. The composition of the Audit and Risk Committee may be modified by the Board of Directors, and is in any event obligatorily modified in the event of a change in the general composition of the Board of Directors.

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

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

The Chair of the Audit and Risk Committee is appointed from among the independent directors, after a specific evaluation by the Board of Directors further to a proposal from the Appointments and Remuneration Committee. Recommendation no. 7 of the Middlenext Code is therefore applied in that Audit and Risk Committee is chaired by an independent Board member. The Audit and Risk Committee may not include any executive corporate officers.

The Audit and Risk Committee is composed of Sonia Trocmé-Le Page (as Chair of the Audit and Risk Committee), Eric Lecomte, Sylvie Bernard-Curie, Véronique Staat and Florence Didier-Noaro.

It should be noted that Florence Didier-Noaro is also Chairman of the CSR Committee and Sylvie Bernard-Curie is Chairman of the Appointments and Remuneration Committee.

Duties

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

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

(I) of any event that exposes the Group to a significant risk;
(II) of the Group's main environmental, employment and societal risks;

(III) of any significant internal control deficiencies or weaknesses and any material fraud;

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

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

Appointments and Remuneration Committee

Composition

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

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

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

Duties

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

In terms of appointments:

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

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

In terms of compensation:

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

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

The Appointments and Remuneration Committee meets as often as necessary.

CSR Committee

Composition

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

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

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

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

Duties

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

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

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

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

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

Collaboration between committees

Meetings between the Audit and Risks Committee, the Appointments and Remuneration Committee and the CSR Committee are planned in order to collaborate on cross-functional themes and issues.

Strategy Committee

Composition

The Strategy Committee has six (6) members, at least three (3) of whom are appointed from among independent members of the Board of Directors, on the proposal of the Appointments and Remuneration Committee. The composition of the Strategy Committee may be modified by the Board of Directors, and must in any event be modified in the event of a change in the general composition of the Board of Directors.

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

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

Duties

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

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

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

Changes planned for 2024

In light of the Company's feedback from its first three financial years following its IPO, discussions are underway to simplify the Company's operations given its stage of development. The plan is therefore to reduce the number of specialised committees and the number of members per specialised committee.

The merger of the Strategy Committee with the CSR Committee, which would become the "Sustainable Strategy Committee", is under review and could be implemented at the close of the general shareholders' meeting convened to approve the financial statements for the year ending December 31, 2023.

It is also envisaged that the role of lead director will no longer be compulsory, and will be left to the discretion of the Board, depending on its needs and the way it operates.

6.1.2.6 Assessment of the Board's work

In accordance with recommendation no. 13 of the Middlenext Code, the Board of Directors set up a regular assessment of its work.

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

A self-assessment process was conducted to assess the Board’s functioning during the 2023 financial year. This assessment was carried out by means of questionnaires prepared and shared by the Appointments and Remuneration Committee, to which all members responded. The Board of Directors was able to review the results ahead of the Board meeting held on December 14, 2023. This constructive assessment has welcomed the progress made in 2023, particularly in terms of board structuring and director training, and has also already led to the implementation of additional improvements in the organisation of the boards for better governance.

6.1.2.7 Board review of negative votes at general shareholders' meetings

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

At its meeting on April 23, 2024, the Board discussed the negative votes cast by shareholders at the general shareholders' meeting called to approve the financial statements for the financial year ended December 31, 2022.

An analysis of the voting results shows that all the resolutions supported by the Board were largely adopted, with a majority of over 80% of votes cast in favor of the said resolutions.

As the number of votes against was insignificant, no further analysis was deemed necessary.

6.2. Information on corporate officers

6.2.1. General management

Choice of methods of exercising general management

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

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

Christophe Gurtner's terms of office as Director and Chairman and Chief Executive Officer expire at the end of the general shareholders' meeting called to approve the financial statements for the year ending December 31, 2023, i.e. at the next general shareholders' meeting. At the Company's general shareholders' meeting on June 21, 2024, it will be proposed that Mr. Christophe Gurtner's term of office as Director be renewed for a period of three years, expiring at the close of the general shareholders' meeting to be held in 2026 called to approve the financial statements for the previous year. In the event of the renewal of Mr. Christophe Gurtner's term of office, it is envisaged that Mr. Christophe Gurtner will be appointed Chairman and Chief Executive Officer of the Company.

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

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

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

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

i. the transfer of the Company's registered office outside France;
ii. the conversion of the Company into a European company when the resulting entity is registered outside France;
iii. the cross-border merger of the Company with another entity in the event that the resulting entity has its registered office outside France;

iv. the relocation of the Company's main research and development centre outside of France (in any manner whatsoever); and

v. amendments to the internal rules of the Company's Board of Directors concerning items i., ii., iii. and iv. above.

6.2.2. Combination of employment contract and corporate office

As of the date of this report, no corporate officer has an employment contract with any Group company.

6.2.3. Conflicts of interest

To the best of the Company's knowledge and notwithstanding the relations described in section 6.5 below and to what is described below, as of the date of this report there is no actual or potential conflict of interest between the duties of each member of the Board of Directors and general management with respect to the Company in their capacity as corporate officer and the private interests and/or duties of the persons making up the Board of Directors and the management bodies.

However, it is specified that:

- Pierre Lahutte, a director of the Company, is also Chairman of AMILU. During the year ending December 31, 2023, the latter provided the Company with strategic and development consulting services. In return for the assignments carried out in this context, AMILU receives a fixed remuneration and a variable remuneration calculated on the basis of the revenues that Forsee Power generates with some of its customers. Thus, the service contract with AMILU differs from Mr Pierre Lahutte's mandate as a director of the Company. Indeed, the Company entrusted AMILU with missions relating to market analysis (market addressable by the Company, new segments and customers, markets to be abandoned or reorganised). These business development assignments were outside the scope of a director's activity. To date, no variable remuneration has been paid or is due to AMILU. This agreement was extinguished on January 1st, 2024.

  Since June 30, 2023, Pierre Lahutte has also been Chairman of Fayat Cleantech and Mathieu SA (Fayat Group). The Fayat Group has a commercial relationship as a customer with Forsee Power.

  In this respect, Pierre Lahutte has undertaken, in accordance with his obligations under the internal rules of the Board of Directors, to withdraw from the part of the meeting during which the Board of Directors is deliberating and voting on a situation that gives rise or may give rise to a conflict of interest between the company's interests and his personal interests, whether direct or indirect.
- An agreement concerning the allocation of seats on the Company's Board of Directors was entered into on September 27, 2021 between (i) the Company, (ii) Mitsui & Co. Ltd., (iii) the SPI (Sociétés de Projets Industriels) fund, (iv) FCPI Objectif Innovation Patrimoine no. 9, FCPI Idinvest Patrimoine no. 6, FCPI Idinvest Patrimoine 2016, FPCI Electranova Capital - Idinvest Smart City VF, Idinvest Innov FRR France, Idinvest Expansion 2016, FIP Régions & Industries, FCPI Idinvest Patrimoine 2015 and INDINVEST GROWTH SECONDARY S.L.P, and (v) Christophe Gurtner.

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

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

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

In addition, the lead director is responsible for raising awareness among directors on the matter of conflicts of interest. He/she reviews with the Chairman of the Board, the Secretary General of the Board and the Appointments and Remuneration Committee any potential conflicts of interest that he/she may have identified or that may have been brought to his/her attention and informs the Board of their consideration.

To this end, on the proposal of the Appointments and Remuneration Committee, the Board of Directors appointed Véronique Staat as lead director on April 6, 2022.

In carrying out her duties, the lead director was thus able to:

- Advise and assist the Chairman and Committee Chairmen, particularly in matters of governance and organisation of the Board's work,
- Coordinate regular exchanges with them on the Company's main current issues,
- Play a role in preventing potential conflicts of interest,
- Listen to and discuss with all the directors and ensure that new members are properly integrated into the Board.

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

Lastly, the Board of Directors ensures that directors disclose any conflicts of interest each year. As of the date of this report, to the best of the Company's knowledge, there are no restrictions accepted by the members of the Board of Directors concerning the sale of their stake in the Company's share capital, with the exception of:

- the rules relating to the prevention of insider trading;
- lock-up undertakings applicable to the free shares granted to Mr. Christophe Gurtner during the 2022 financial year, which are subjected to (i) a retention period applicable at the end of the vesting period, in accordance with the terms of the law, as well as (ii) a retention undertaking relating to 20% of the free shares definitively acquired, which will have to be kept in registered form by Mr. Christophe Gurtner until the end of his functions as a corporate officer of the Company;
- retention commitments applicable to the shares held by Christophe Gurtner, following the exercise of the share subscription options of Plan no. 1 and no. 2, described below.

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

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

6.2.4. Company diversity and equity policy

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

Diversity policy applied to Board of Directors members

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

It should be noted that the number of independent directors is currently seven, i.e. above the number recommended by the Middlenext Code, and that the specialised committees are chaired by independent directors (with the exception of the Strategy Committee, which is not chaired by an independent member, as indicated in paragraph 6.1.2.5 above).

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

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

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

This diversity of experience and points of view as well as the directors' independence create the necessary objectivity and independence in the Board of Directors with regard to general management and to any given individual shareholder or group of shareholders.

The terms of office and the related sequencing, which it is planned to introduce in the near future, also contribute to the proper functioning of the Company's corporate bodies. These elements give the directors a quality of judgement and an ability to anticipate, which allows them to act in the Company's corporate interest and meet the Group's challenges head on.

The Board of Directors is also international in nature, with the presence in particular of Mr. Shinichi Ban, who succeeded Mr. Kosuke Nakajima, both of Japanese nationality, Joerg Ernst, of German nationality, Sonia Trocmé-Le Page, of French and American nationality and Mr. Nicolas Pocard, of French and Canadian nationality. In addition, several directors have international experience.

The directors are currently between 48 and 61 years old, with an average age of 55.62.

The Board of Directors has submitted proposed candidates to the vote of the general shareholders' meeting, to ensure that the skills of future candidates for the position of director are consistent with the Company's stated priorities and that future appointments will be made for different terms in order to implement a staggered renewal of terms.

Gender balance on the Executive Committee

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

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

Given the Company's sector of activity, in which women are less present on the job market, the proportion of women remains relatively low. Nevertheless, the Company's objective is to achieve a percentage of women in management roles of 40% to 60% by 2025.

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

At December 31, 2023, women accounted for 43% of the Group's total workforce and 27% of management positions, as defined in Chapter 5, paragraphs 5.1.2 and 5.6.

The Group continues to deploy its efforts and also ensures that there is a satisfactory distribution of men and women and a wide diversity of backgrounds and nationalities (35 nationalities).

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

6.2.5. Compensation of corporate officers

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

6.2.5.1. Compensation policy for corporate officers

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

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

- **Exhaustiveness**: each company is free to determine the components of the compensation of its executive corporate officers. The disclosure of executive corporate officers’ compensation to shareholders must be exhaustive: fixed component, variable component (bonus), stock options, free shares, compensation for membership of the Board, exceptional remuneration, pension and special benefits, etc. In the case of variable compensation, the assessment of the achievement of performance targets takes into account financial and non-financial quantitative criteria as well as qualitative criteria.
- **Balance between the components of compensation**: each component of the compensation must be justified and in line with the Company’s interests.
- **Benchmark**: this compensation must be assessed, insofar as possible, within the context of a business sector and the benchmark market and in proportion to the Company’s situation, while paying attention to its inflationary effect.
- **Consistency**: the executive corporate officer’s compensation must be determined in a manner consistent with that of the Company’s other executives and employees.
- **Clarity**: the rules must be simple and transparent. The performance criteria used to establish the variable component of the compensation or, where applicable, to grant options or free shares must be related to the Company’s performance, correspond to its objectives, and be demanding, explainable and, as far as possible, sustainable. They must be detailed without, however, calling into question the confidentiality that may be justified for certain information.
- **Measurement**: the determination of compensation and grants of options or free shares must achieve a fair balance and take into account the Company’s general interest, market practices and executive performance.

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

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

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

The corporate governance report was reviewed by the Appointments and Remuneration Committee on March 11, 2024. The Appointments and Remuneration Committee, during this meeting, notably reviewed the components of the variable compensation of the Chairman and Chief Executive Officer, so that the report on corporate governance is approved by the Board of Directors on April 23, 2024.

In accordance with applicable legal and regulatory requirements, the compensation policy for corporate officers must include: (i) information on all corporate officers and (ii) specific information for each category of corporate officers.

The following table presents information on the compensation policy applied to all corporate officers in accordance with Article R.22-10-14 I of the French Commercial Code:

Criteria defined in Article R.22-10-14 I of the French Commercial Code	
Respect for the corporate interest, contribution to the Company's business strategy and sustainability	The Appointments and Remuneration Committee takes into account the Company's projected level of profitability in drawing up its compensation policy, with a significant variable component.
Decision-making process for its determination, review and implementation, including measures to avoid or manage conflicts of interest and, if applicable, the role of the Remuneration Committee or other relevant committees	The Appointments and Remuneration Committee prepares a compensation policy based on the Company's maturity and a benchmark study of comparable companies. The Board of Directors decides on the compensation policy based on the recommendations of the Appointments and Remuneration Committee and submits this policy to the general shareholders’ meeting for approval. To protect against any risk of conflicts of interest when preparing the compensation policy, the corporate officers involved do not take part in the vote on any resolutions concerning them.
Consideration of the compensation and employment conditions of the Company's employees in the process of determining and reviewing the compensation policy	The Appointments and Remuneration Committee ensures that the compensation policy implemented is not disproportionate, particularly with regard to equity criteria. The Appointments and Remuneration Committee intends to review the compensation policy at least once a year in order to take into account employees' compensation and employment conditions.
Methods of assessing the fulfilment of the performance criteria for variable compensation and share-based compensation for corporate officers	The variable compensation of corporate officers is determined based on objective criteria. The Appointments and Remuneration Committee endeavours to contact the Company's other specialised committees and/or competent bodies in order to obtain the evidence needed to determine whether or not the corporate officer in question has met these performance criteria.

	The Appointments and Remuneration Committee will report on this assessment to the Board of Directors so that it can approve the variable compensation of corporate officers.
Criteria for distributing the fixed annual amount allocated to directors by the general shareholders' meeting	In accordance with the decisions of the general shareholders' meeting of June 23, 2023, it was decided to allocate an annual allowance of €456,000 for the 2023 financial year, to remain unchanged until otherwise decided by the ordinary shareholders' meeting. The Appointments and Remuneration Committee strives to propose a distribution with a significant variable portion that takes into account the actual attendance of directors at Board and specialised committee meetings. The distribution of the amount allocated among the directors is set out in paragraph 6.2.5.2.1 for the 2023 financial year, and the proposed allocation of the amount allocated among the directors for the 2024 financial year is set out in paragraph 6.2.5.2.3.
Clarifications to be made in the event of a change to the compensation policy	The compensation policies for corporate officers applied during the 2023 financial year are renewed for the 2024 financial year, subject to the provisions described in paragraphs 6.2.5.2.3 and 6.2.5.4.
Procedures for applying the provisions of the compensation policy to newly appointed or reappointed corporate officers, pending, where applicable, approval by the general shareholders' meeting of significant changes to the compensation policy	If a new corporate officer is appointed during the financial year, the current compensation policy for a corporate officer holding the same office will apply to the new corporate officer. Nevertheless, the Board of Directors may, at the proposal of the Appointments and Remuneration Committee, take into account the specific situation of the new officer in light of the specific tasks and objectives that may be assigned to him/her.
Procedural requirements for waivers of the Board's compensation policy and elements of the policy that may be waived	In accordance with legal provisions, the Board of Directors may, at the proposal of the Appointments and Remuneration Committee, waive the application of the compensation policy proposed below. This possibility, if implemented, would have to be carried out in a transparent manner and in a very exceptional way, while respecting the Company's corporate interest.

6.2.5.2. Compensation of non-executive corporate officers

6.2.5.2.1. Compensation policy for non-executive corporate officers for 2023

General principles and criteria for the distribution of the amount allocated by the general shareholders' meeting to the members of the Board of Directors

In accordance with the resolution approved by the shareholders at the combined general shareholders' meeting of June 23, 2023, the annual allowance for the compensation of the members of the Board of Directors was set at €456,000.

Only independent directors receive compensation, which includes a fixed component and a variable component, the amount of which depends on their actual participation in Board meetings. Independent directors who are members of the Board's committees also receive variable compensation in this respect based on their actual participation in the meetings of said committees. Independent directors who chair Board committees also receive a fixed compensation.

This compensation policy applies to all independent members of the Board of Directors. The Board of Directors may also remunerate non-voting directors by deduction from the amount of compensation allocated by the general shareholders' meeting to the directors, it being specified that as of the date of this report no non-voting director had been appointed by the Company's Board of Directors and/or general shareholders' meeting.

Compensation policy for the 2023 financial year

The Board of Directors decided that the compensation allowance allocated to the members of the Board of Directors, set at €456,000 gross per year by the combined general shareholders' meeting of the Company held on June 23, 2023.

This total amount was allocated among the independent members of the Board of Directors according to the following principles:

- A fixed portion of remuneration for membership of the Board of Directors (€20,000);
- A special fixed portion of remuneration corresponding to (i) the remuneration of the members of the four Committees (Strategy Committee, Audit and Risks Committee, Appointments and Remuneration Committee, CSR Committee), (ii) the remuneration of the Chairmen of the four Committees and (iii) the remuneration of the lead Director.
- A variable portion of remuneration based on attendance at Board and Committee meetings.

During the 2023 financial year, the Board of Directors held a large number of extraordinary meetings. As these extraordinary meetings did not require any significant preparation time or investment, the independent directors decided to waive part of the remuneration due to them under the 2023 remuneration policy described above.

6.2.5.2.2. Components of compensation paid or granted for the 2023 financial year (Ex-post vote)

Table 2: Compensation received by non-executive corporate officers for their duties as "Board members" (and other compensation)

Non-executive corporate officers	Amounts granted for the 2022 financial year	Amounts paid during the 2022[1] financial year	Amounts granted for the 2023 financial year	Amounts paid during the 2023 financial year
Eurazeo Investment Manager, which has been replaced by Eurazeo Global Investor[5] with effect from December 31, 2023 following its cooptation by the Board of Directors, Director, represented by Matthieu Bonamy				
Compensation for the activity	-	-		
Other compensation	-	-		
Total	-	-		
Kosuke Nakajima, Director[6]				
Compensation for the activity	-	-	-	-
Other compensation	-	-	-	-
Total	**-**	**-**	**-**	**-**

Non-executive corporate officers	Amounts granted for the 2022 financial year	Amounts paid during the 2022[(1)] financial year	Amounts granted for the 2023 financial year	Amounts paid during the 2023 financial year
Bpifrance Investissement, Director, represented by Eric Lecomte				
Compensation for the activity	-	-	-	-
Other compensation	-	-	-	-
Total	**-**	**-**	**-**	**-**
Ballard Power Systems Inc., Director, represented by Nicolas Pocard				
Compensation for the activity	-	-	-	-
Other compensation	-	-	-	-
Total	**-**	**-**	**-**	**-**
Pierre Lahutte, Director				
Compensation for the activity	-	-	-	-
Other compensation	€120,000[(2)]	€120,000[(2)]	120,000	120,000
Total	**€120,000**[(2)]	**€120,000**[(2)]	**€120,000**[(2)]	**€120,000** [(2)]
Joerg Ernst, Director				
Compensation for the activity	€40,000	€7,500	€38,000	€32,500
Other compensation	-	-	-	-
Total	**€40,000**	**€7,500**	**€38,000**	**€32,500**
Isabelle Tribotté, Director				
Compensation for the activity	€40,000	€15,000	€38,000	€25,000
Other compensation	-	-	-	-
Total	€40,000	€15,000	€38,000	€25,000
Sylvie Bernard-Curie				
Compensation for the activity	€64,500	€15,000	€68,500	€49,500
Other compensation	**-**	**-**	-	-
Total	**€64,500**	**€15,000**	**€68,500**	**€49,500**
Corinne Jouanny				
Compensation for the activity	€40,000	€15,000	€38,000	€25,000

Non-executive corporate officers	Amounts granted for the 2022 financial year	Amounts paid during the 2022[(1)] financial year	Amounts granted for the 2023 financial year	Amounts paid during the 2023 financial year
Other compensation	**-**	**-**	-	-
Total	**€40,000**	**€15,000**	**€38,000**	**€25,000**
Sonia Trocmé-Le Page				
Compensation for the activity	€62,500	€15,000	€66,500	€47,500
Other compensation	-	-	-	-
Total	**€62,500**	**€15,000**	**€66,500**	**€47,500**
Véronique Staat				
Compensation for the activity	€62,500	€15,000	€72,500	€47,500
Other compensation	-	-	-	-
Total	**€62,500**	**€15,000**	**€72,500**	**€47,500**
Florence Didier-Noaro				
Compensation for the activity	€60,500	€15,000	€64,500	€45,500
Other compensation	-	-	-	-
Total	€60,500	€15,000	€64,500	€45,500
Total remuneration received by the Directors in respect of their directorship[(3)]	€370,000	€97,500	€386,000	€272,500
TOTAL	**€490,000[(4)]**	**€217,500[(4)]**	**€506,000**	**€392,500**

(1) The amounts paid during the 2022 financial year relate to the sole board meeting held in 2021 and to one of the four board meetings held in 2022 as well as to participation in the committees.

(2) Compensation awarded or paid to AMILU under the strategy and development consulting agreement entered into by AMILU with the Company (presented in section 6.5 of the universal registration document 2022). As this remuneration is independent of Mr. Pierre Lahutte's duties as a director of the Company, it is not part of the remuneration package decided by the shareholders and allocated to the directors and is therefore not subject to the ex-post vote of the shareholders.

(3) Sub-total corresponding to the remuneration of all directors for the performance of their duties as directors, i.e. excluding the remuneration allocated to AMILU under the strategy and development advisory agreement, as described in note (1) above.

(4) Total amount, including the remuneration paid to AMILU, which is not part of the remuneration package decided by the general shareholders' meeting which is allocated to the directors for the performance of their duties. In accordance with the procedures applicable to regulated agreements, the agreement concluded with AMILU is nevertheless subject to prior authorization by the Board of Directors and is submitted to the vote of the general shareholders' meeting.

(5) Eurazeo Global Investor is the company resulting from the merger between Eurazeo Investment Manager and Eurazeo MId Cap on December 31, 2023.

(6) On December 14, 2023, the Board of Directors decided to coopt Mr. Shinichi Ban with effect from January 1st, 2024, to replace Mr. Kosuke Nakajima, who had given notice of his intention to resign as a member of the Board of Directors.

Non-executive corporate officers receive no other compensation from the Company or from Group companies.

The total amount of compensation paid to the directors during the 2023 financial year in their capacity as directors was therefore €272,500.

The total amount of compensation granted to the directors for the performance of their duties as directors for the 2023 financial year therefore amounted to €386,000 and represents approximately 84.6% of the total allowance authorised by the shareholders.

The variable portion of the compensation awarded to the directors for the 2023 financial year represents: €200,000, or 51.8% of the total compensation awarded to the directors for the 2023 financial year.

In accordance with Article L.22-10-34 I of the French Commercial Code, these compensation items must be the subject of a draft resolution submitted for approval to the general shareholders' meeting of June 21, 2024, called to approve the financial statements for the year ended December 31, 2023, as part of the overall ex-post vote.

6.2.5.2.3. Compensation policy for non-executive corporate officers for 2024

It should be noted at the outset that the Board of Directors plans to modify the remuneration policy for members of the Board of Directors by 2024, which until now has been restricted to members qualifying as independent. The principle would remain to give priority to compensating independent members, but the Board of Directors would have the option of derogating on a case-by-case basis and providing for remuneration for a non-independent member, on a case-by-case basis.

After consulting with the Appointments and Remuneration Committee, the Board of Directors submits to the general shareholders' meeting for approval an annual amount to be allocated to the directors in accordance with the rules described below. The Board of Directors decided to submit for shareholder approval the allocation of a maximum annual allowance of €405,000 gross, to be distributed among the eligible members of the Board of Directors. This significantly reduced remuneration proposal will be submitted to a vote at the Company's general shareholder meeting to be held on June 21, 2024.

The Board of Directors intends, subject to approval by the general shareholders' meeting, for said allowance to be split between a fixed component (28%) and a variable component (72%) (on the basis of directors' attendance at meetings).

- A fixed portion of compensation in respect of the position as member of the Board of Directors: approximately 20% of the allowance would be distributed among the eligible members under the Board's internal rules, in respect of their position as members of the Board of Directors,
- A special fixed portion of compensation corresponding to (i) the compensation of Committee members: approximately 8% of the allowance would be distributed among the chairs of the specialized committees and the lead director, in accordance with the Board's internal rules,
- A variable portion of compensation dependent on directors' attendance: approximately 72% of the allowance would be distributed among the eligible directors, based on the number of times the members have actually attended meetings of the Board of Directors or the committee to which they belong.

In accordance with Article L.22-10-8 II of the French Commercial Code, the 2024 compensation policy for members of the Board of Directors must be the subject of a draft resolution submitted for approval to the general shareholders' meeting of June 21, 2024, called to approve the financial statements for the 2023 financial year under the ex-ante vote.

6.2.5.3. Compensation of the executive corporate officer

6.2.5.3.1. Compensation policy for the executive corporate officer in respect of the 2023 financial year

Christophe Gurtner was appointed director by a decision of the general shareholders' meeting of October 15, 2021, the date on which the Company changed its corporate form into that of a limited company (*société anonyme*) and was appointed Chairman and Chief Executive Officer of the Company for the duration of his directorship by a decision of the Board of Directors of the same date. Prior to the date of the Company's conversion, Christophe Gurtner had been Chairman of the *société par actions simplifiée* (simplified limited company) since his appointment on April 26, 2013, by the general shareholders' meeting.

The fixed compensation of Christophe Gurtner that the Board of Directors has decided to grant for 2023 is in line with the compensation paid to him for previous years.

In accordance with the remuneration policy adopted for the 2023 financial year, the Board of Directors has decided not to award any incentive instruments (such as performance shares or stock options) in respect of 2023, but only a bonus, in order to give itself more time to reflect on the quantification and qualification of performance targets.

Mr. Christophe Gurtner's fixed and variable compensation as Chief Executive Officer of the Company was determined in accordance with the principles summarized below.

6.2.5.3.2. Fixed, variable and exceptional components of total compensation and benefits of any kind paid during the 2023 financial year or granted for the same financial year to the Executive Corporate Officer

On the proposal of the Appointments and Remuneration Committee, the Board of Directors meeting of April 14, 2023, had noted that the compensation of Christophe Gurtner, in his capacity as Chairman and Chief Executive Officer of the Company, for the financial year ended December 31, 2023, would be composed as follows:

- Fixed gross annual compensation of €270,000 per year.
- Variable compensation consisting of a bonus payment amounting to 55% of his fixed annual compensation, subject to the achievement of objectives;
- Exceptional variable remuneration up to €60,000 gross;
- The provision of a company car as a benefit in kind.

The application of the performance criteria concerning the compensation policy for the Chairman and Chief Executive Officer led the Board of Directors on April 23, 2024, on the recommendation of the Appointments and Remuneration Committee, to rule on the fulfilment of the performance criteria and to award Christophe Gurtner a bonus of €162,098 gross, in accordance with the criteria set out below:

	Nature	Percentage of indicator in case of 100% target achievement	Rate of achievement	Total target value	Assigned value
Financial criteria	Sales - budget 2023	10%	100%	€ 11,880	€ 11,880
	Achievement of firm orders at December 31, 2023 (for 2024)	10%	82%	€ 11,880	€ 9,734
	Achievement of adjusted EBITDA - budget 2023	20%	100%	€ 23,760	€ 23,760
	Treasury position at December 31, 2023 - budget 2023	20%	100%	€ 23,760	€ 23,760
Non-financial criteria	ESG criteria, including people	30%			
	Frequency rate <6		100%	€ 7,128	€ 7,128
	Severity rate <0.05		100%	€ 7,128	€ 7,128
	Professional equality index > or = to 85		0%	€ 7,128	-
	EcoVadis > or = to 75%		0%	€ 7,128	-
	Employee satisfaction rate > 65%		100%	€ 7,128	€ 7,128
	Setting up the factory in the USA	10%	100%	€ 11,880	€ 11,880
Quantitative objectives for 80% (maximum €118,800)			***86%***	***€ 118,800***	***€ 102,398***
Qualitative objectives for 20% (maximum €29,700)			***100%***	***€ 29,700***	***€ 29,700***
Total			***89%***	***€ 148,500***	***€ 132,098***
Exceptional remuneration			***50%***	***€ 60,000***	***€ 30,000***
Total			***78%***	***€ 208,500***	***€ 162 098***

1) The adjusted EBITDA indicator is defined and detailed in section 2.1.3 of this document.

A 100% achievement rate was attributed to the qualitative objectives during the 2023 financial year, taking into account (i) the implementation of a new multi-year ESG roadmap, (ii) the quality monitoring process put in place in connection with production growth (after-sales service monitoring) and (iii) the agility demonstrated during major events in the life of the company in 2023.

For the 2023 financial year, the Board of Directors decided to grant €30,000 in exceptional remuneration to the Chairman and Chief Executive Officer in respect of:

- the effective and successful completion on May 9, 2023 of a capital increase in the amount of €1,766,410.80, raising the Company's share capital to €7,123,611.10;
- the executive's involvement throughout the process, to carry out and organize the planned capital increase;

- the organization of the drawdown of Tranche C, on a tight schedule, in accordance with the loan agreement with the European Investment Bank, and the corresponding issue of share subscription warrants (BSA $_{\text{EIB Warrant E}}$) on December 4, 2023.

In accordance with the compensation policy, the Chairman and Chief Executive Officer does not receive any compensation related to his directorship.

In accordance with Article L.22-10-34 I and II of the French Commercial Code, the compensation items set out above must be the subject of a draft resolution submitted for approval to the general shareholders' meeting of June 21, 2024, called to approve the financial statements for the 2023 financial year, under the overall and individual ex-post votes. The payment of the variable or exceptional portion, whatever its form or nature, will be subject to a positive individual ex-post vote of the shareholders.

6.2.5.3.3. Compensation of the Executive Corporate and other information

The following tables set out the compensation awarded and paid to Christophe Gurtner, Chairman and Chief Executive Officer, by the Company and by any other Group company, during the financial years ended on December 31, 2022, and December 31, 2023.

Table 1: Summary of compensation of each executive corporate officer (Middlenext nomenclature)

	2022 financial year		2023 financial year	
Mr. Christophe Gurtner, Chairman of the Company since April 26, 2013, and Chairman and Chief Executive Officer as of the completion of the transformation (dated October 15, 2021)	**Amounts granted**	**Amounts paid**	**Amounts granted**	**Amounts paid**
Fixed remuneration	€240,000	€240,300	€270,000	€270,000
Annual variable remuneration	€72,721	€60,375	€132,098	€73,521
Exceptional remuneration			€30,000	- €
Remuneration for the mandate of "member of the board"				
Stock options				
Allocation of free shares	€1,024,479(1)		€808,356(1)	
Benefits in kind(2)	€3,229	€3,229	€1,677	€1,677
Total	**€1,340,429**	**€303,904**	**€1,242,131**	**€345,198**

(1) Corresponds to the amounts recognized in 2022 and 2023 in accordance with IFRS 2, in respect of the 282,616 free shares granted. The expense is spread over two years from October 15, 2021 on a pro rata basis. It is however specified that the total value of these free shares amounts to € 2,048,958 (see note 7.9.3.3 to the consolidated financial statements for the year ended December 31, 2021). It should be noted that the 282,616 free shares were formally granted to Christophe Gurtner during the 2022 financial year. Nevertheless, the principle of granting these free shares had been approved by the Board of Directors on 15 October 2021, subject to the achievement of performance criteria. These 282,616 free shares vested on October 16, 2023.

(2) The benefit in kind corresponds to the provision of a company car.

The total variable compensation paid during the 2023 financial year, in respect of the 2022 financial year, i.e. €345,198.

Table 1: Summary of compensation and options and shares granted to each executive corporate officer (AMF nomenclature)

	2022 financial year	2023 financial year
Christophe Gurtner, Chairman of the Company since April 26, 2013, and Chairman and Chief Executive Officer as of the completion of the conversion		
Remuneration granted for the financial year	€315,950(1)	€433,775(1)
Valuation of multi-year variable remuneration awarded during the financial year		
Valuation of options granted during the financial year		
Valuation of free shares granted	€1,024,479(2)	€808,356(2)
Total	**€1,340,429**	**€1,242,131**

(1) Includes benefits in kind granted in the amount of €3,229 in 2022 and €1,677 in 2023.

(2) Corresponds to the amounts recognized in 2022 and 2023 in accordance with IFRS 2, in respect of the 282,616 free shares granted. The expense is spread over two years from October 15, 2021 on a pro rata basis. It is however specified that the total value of these free shares amounts to € 2,048,958 (see note 7.9.3.3 to the consolidated financial statements for the year ended December 31, 2021 It should be noted that the 282,616 free shares were formally granted to Christophe Gurtner during the 2022 financial year. Nevertheless, the principle of granting these free shares had been approved by the Board of Directors on 15 October 2021, subject to the achievement of performance criteria.

Table 2: Summary of compensation of each executive corporate officer (AMF nomenclature)

	2022 financial year		2023 financial year	
	Amount granted(1)	**Amount paid (2)**	**Amount granted (1)**	**Amount paid (2)**
Christophe Gurtner, Chairman of the Company since April 26, 2013, and Chairman and Chief Executive Officer as of the completion of the conversion				
Fixed remuneration	€240,000	€240,000	€270,000	€270,000
Annual variable remuneration(3)	€72,721	€60,375	€132,098	€72,721
Exceptional remuneration			€30,000	- €
Multi-year variable remuneration				
Exceptional remuneration		€300(5)		€800(5)
Remuneration for the activity				
Benefits in kind	€3,229	€3,229	€1,677	€1,677
Total	**€315,950**	**€303,904**	**€433,775**	**€345,198**

(1) Compensation due to the corporate officer during the financial year, the amount of which is not subject to change regardless of the payment date.

(2) Compensation paid to the corporate officer during the financial year.

(3) Variable compensation, the amount and conditions of which are decided by the Board of Directors, on the recommendation of the appointments and remuneration committee, subject to the fulfilment of quantitative and qualitative criteria.

(4) Exceptional remuneration, the amount and conditions of which are delegated to the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, subject to the occurrence of exceptional events as evidenced by factual indicators.

(5) Corresponds to the value-sharing bonus paid to all employees in 2022 and 2023.

Table 11 (AMF nomenclature)

The following table provides details on the terms and conditions of compensation and other benefits granted to executive corporate officers.

Executive corporate officers	Employment contract		Supplementary pension plan		Allowances or benefits due or likely to be due as a result of termination or change of position		Compensation relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Christophe Gurtner, Chairman of the Company since April 26, 2013 and Chairman and Chief Executive Officer as of the completion of the conversion		X		X		X		X
Term of office start date:	April 26, 2013 (appointment as Chairman of the Company in its form as a *société par actions simplifiée*) and October 15, 2021 (appointment as Chief Executive Officer in its form as a *société anonyme*)							
Term of office end date:	At the end of the annual general shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2023.							

6.2.5.4. Compensation policy for the Executive Corporate Officer in respect of the 2024 financial year

General principles

Christophe Gurtner, founder of the Company, has been Chairman since 2013. On October 15, 2021, he was appointed Chairman and Chief Executive Officer of the Company, following the conversion of the Company into a *société anonyme*.

Mr Gurtner is not bound by any employment contract with the Company and may be removed from office at any time by decision of the Board of Directors.

The compensation policy for the Chairman and Chief Executive Officer is designed to align the Company's objectives with those of the Chairman and Chief Executive Officer by prioritising a significant portion of variable compensation, based on objective, precise and easily qualified or quantifiable criteria.

The compensation policy for the Chairman and Chief Executive Officer applies to the current chairman and chief executive officer as well as to any new executive corporate officer who is appointed.

It is dictated by the guiding principles set out below, and its objective is to support the Company's strategy and align the interests of the Chairman and Chief Executive Officer with those of the shareholders and the expectations of the stakeholders.

Compensation policy for the 2024 financial year

In accordance with Article L.22-10-8 II of the French Commercial Code, the compensation policy for the Chairman and Chief Executive Officer must be the subject of a draft resolution submitted for approval to the general shareholders' meeting of June 21, 2024, called to approve the financial statements for the 2023 financial year under the ex-ante vote.

On the recommendation of the Appointments and Remuneration Committee and after market studies and benchmarking by external consultants on the compensation of executives of comparable issuers, the Board of Directors decided to renew the principles of Mr Gurtner's compensation policy for the 2024 financial year, with a view to gradually bringing his compensation into line with market standards in this area.

In this respect, the Board of Directors has decided in 2024 to grant a:

(i) **Fixed gross annual compensation of €300,000 per year**. This compensation has been subject to an annual review. It serves as a reference basis for the calculation of the annual variable cash compensation. In addition, the Chairman and Chief Executive Officer of the Company will continue to receive a company car as a benefit in kind.

(ii) **Variable compensation (cash) in the form of payment of a bonus of up to 60% of the amount of his fixed annual compensation (i.e. a maximum of €180,000 gross)**, subject to the achievement of the objectives set out below:

Quantitative objectives for 80% (i.e. maximum €144,000)

	Nature	Percentage of the indicator in case of 100% achievement of the objective
Financial criteria	Revenues	25%
	Achievement of firm orders as of December 31, 2024 (for 2025)	20%
	Cash position as of December 31, 2024	20%
Non-financial criteria	Achievement of ESG criteria including people criteria *Frequency rate < 6* *Severity rate < 0,05* *Proportion of female Group Manager > or = to 27%* *Ecovadis > or = to 74/100* *Employee satisfaction rate > 65%*	35%

Qualitative objectives for 20% (i.e. maximum €36,000)

This objective will notably take into account the implementation of the new multi-year ESG roadmap, the quality monitoring process put in place in connection with production growth (after-sales service monitoring) and the agility demonstrated during major events in the life of the company in 2024.

(iii) **Long-term variable remuneration in the form of free shares, the definitive acquisition of which will be subject to performance conditions**. This remuneration may represent up to 100% of the annual fixed remuneration of the Chairman and Chief Executive Officer.

This long-term variable remuneration does not include any guaranteed minimum. The allocation of free shares will only be final at the end of a vesting period of at least one year, and provided that a condition of presence and minimum performance conditions are met at the vesting date. The number of performance shares definitively acquired by the Chairman and Chief Executive Officer will thus depend on the fulfilment of minimum performance conditions based mainly on the achievement of a 2024 adjusted EBITDA in line with the 2024 budget, and the implementation of a financing plan to finance the Group through to the end of the 2025 financial year.

These performance conditions could be supplemented by other financial and/or non-financial criteria, in line with the Group's strategic priorities. The relative weight of each criterion and any weightings will be determined by the Board of Directors on the basis of the work of the Appointments and Remuneration Committee, and in light of the Group's priorities and objectives.

A retention period shall, where applicable, apply at the end of the Vesting Period, in accordance with the law.

6.2.5.5. Options to subscribe for purchase shares and grant of free shares

6.2.5.5.1. Principles applied

Pursuant to the provisions of Articles L.225-184 and L.225-197-4 of the French Commercial Code, you will find below the required information relating to transactions carried out during the 2023 financial year concerning share subscription or purchase options and free share grants.

The Company's incentive policy aims to retain the Company's executives and key managers by adopting a free share plan and/or a share subscription option plan, in order to ensure the Company's long-term success and growth.

6.2.5.5.2. Share subscription or purchase options

Table 4: share subscription options granted during the year to each executive corporate officer by the Company or any of its Group companies (AMF nomenclature)

No options to subscribe for or purchase Company shares were granted to the executive corporate officers during the year ended December 31, 2023.

Table 5: Share subscription or purchase options exercised during the financial year by each executive corporate officer (AMF nomenclature)

No options to subscribe for or purchase Company shares were granted to the executive corporate officers during the year ended December 31, 2023.

Table 8: History of grants of share subscription options (AMF nomenclature)

Date of meeting	Plan 1	Plan 2(1)
Date of the extraordinary general shareholders' meeting	December 20 and 21, 2018	August 5, 2021
Date of Chairman's decisions (award)	April 2, 2019 January 28, 2020 November 13, 2020	August 12, 2021
Total number of shares that may be subscribed or purchased, including the number that may be subscribed or purchased by corporate officers and employees(2)	1,713,700	1,500,000
of which total number of stock options granted to the	225,000	1,500,000

Company's Chairman and Chief Executive Officer		
Starting point for the exercise of options	Exercisable since the admission of the Company's shares to the Euronext regulated market	After two years following the date of grant, except in the case of specific events provided for in the Plan regulations allowing for early exercise(3)
Expiry date	December 20, 2033	August 5, 2036
Subscription or purchase price(2)	€3.40 for options already granted	€6.50
Conditions of exercise (when the plan has more than one tranche)	-	- Tranche 1: 1,000,000 SO exercisable in the event of conversion of convertible bonds defined in Plan 2 - Tranche 2: 500,000 SO exercisable in the event of conversion of convertible bonds and completion of an acquisition defined in Plan 2
Number of shares subscribed as of the date of this document	0	0
Aggregate number of share subscription or purchase options cancelled or lapsed(2)	75,000	0
Share subscription or purchase options already granted as of the date of this document(2)	855,000	1,500,000
Remaining share subscription or purchase options to be granted as of the date of this document	0	0

(1) Note also that no option has been awarded under the share subscription option plan approved by the Company's general shareholders' meeting of July 22, 2020, which has been replaced by Plan 2.

(2) The number of share subscription options and the exercise price of these options have been adjusted to reflect the stock split approved by the Company's combined shareholders' meeting held on October 15, 2021.

(3) The Plan n°2 share subscription options will be exercisable prior to the two-year lock-in period in the event of (i) a change of control of the Company or (ii) a sale of 100% of the Company.

In accordance with the decisions of the Company's general shareholders' meeting of December 20 and 21, 2018, the Chairman decided on April 2, 2019, that Mr. Christophe Gurtner must hold in registered form, until the date of termination of his duties, 1,000 shares resulting from the exercise of stock options under Plan No. 1 mentioned above.

In accordance with the decisions of the Company's general shareholders' meeting of August 5, 2021, the Chairman decided on August 12, 2021, that Mr. Christophe Gurtner must hold in registered form, until the date of termination of his duties, 1,000 shares resulting from the exercise of stock options under Plan No. 2 mentioned above.

Table 9: Share subscription or purchase options granted to the top ten employees who are not corporate officers, and options exercised by them (AMF nomenclature)

No share subscription or purchase options were granted to or exercised by the Company's employees who are not corporate officers during the 2023 financial year. Share subscription options granted to employees in prior years are described in Table 8 above.

6.2.5.5.3. Grant of free shares

Table 6: Free shares granted during the financial year to each corporate officer (AMF nomenclature)

No free shares were granted to any of the Company's corporate officers during the financial year ended December 31, 2023.

Table 7: Free shares that became available during the financial year for each executive corporate officer (AMF nomenclature)

Name of corporate officer	Plan no. and date	Number of shares made available during the year	Acquisition conditions
Christophe Gurtner	Plan No. 2 Authorized by the general shareholders' meeting of October 15, 2021[1]	282,616 [2]	The vesting of these 282,616 shares was subject to a presence condition. It should be noted, however, that the grant of these shares was conditional on the achievement of performance criteria for the financial year ending December 31, 2021, as set out below: • Achievement of sales of at least €71.3 million (excl. VAT) • Achievement of an average market price for the Company's shares based on the last 30 trading sessions, which must be at least equal to the Company's IPO price. • Implementation of a CSR roadmap by the CSR Committee and achievement, by the same date, of an EcoVadis CSR assessment (at least 60%) and a CSR rating by Ethifinance (at least "Advance+").

(1) The 282,616 shares were formally allocated to Christophe Gurtner on 7 June 2022, subject to the condition precedent of approval, by way of the ex-post vote on the latter's remuneration by the general shareholders' meeting of 24 June 2022. Nevertheless, the principle of granting these free shares was approved by the Board of Directors on October 15, 2021, subject to the achievement of performance criteria.

(2) These 282,616 free shares were acquired on October 16, 2023.

Table 10: History of free share grants (AMF nomenclature)

Information on free shares granted		
Free share allocation plan	**Plan n°1**	**Plan n°2**
Date of the Extraordinary General Meeting	**August 5, 2021**	**October 15, 2021**
Date of decision by the Chairman / Board of Directors (grant)	September 14, 2021	October 15, 2021[(2)] September 14, 2022 December 21, 2023
Total number of free shares granted, including the number granted to	382,000	554,616[(1)]
Mr. Christophe Gurtner	*0*	282,616[(1)]
Date of acquisition of the shares	1 year from the date of grant, i.e. September 14, 2022	(i) October 15, 2023, for the free shares granted to the Chairman and CEO[(2)] (ii) 1 year from the date of grant, i.e. September 14, 2023, or December 21, 2024, respectively for the free shares granted to employees
Date of end of retention period	1 year from the date of acquisition, i.e. September 14, 2023	(i) October 15, 2024, for the free shares granted to the Chairman and CEO[(2)] (ii) 1 year from the vesting date, i.e. September 14, 2024, or December 21, 2025, respectively for the free shares granted to employees
Number of shares subscribed	362,000	314,616
Cumulative number of shares cancelled or lapsed	20,000	32,000
Remaining free shares at the date of this document	/	45,384

(1) It is recalled that the 282,616 shares were formally allocated to Christophe Gurtner on June 7, 2022, subject to the condition precedent of approval, by way of the ex-post vote on the latter's remuneration by the general shareholders' meeting of June 24, 2022. Nevertheless, the principle of granting these free shares was approved by the Board of Directors on October 15, 2021, subject to the achievement of performance criteria.

(2) In accordance with the recommendations of the Appointments and Remuneration Committee, at least 20% of the definitively acquired free shares must be held in registered form by Mr. Christophe Gurtner until he ceases to perform his operational duties within one of the companies of the Forsee Power Group.

6.2.5.6. Equity ratios

In accordance with paragraphs 6 and 7 of Article L.22-10-9, I of the French Commercial Code, the Company must present the ratios between the level of compensation of the Chairman and Chief Executive Officer and, on the one hand, the average compensation on a full-time equivalent basis for employees other than corporate officers, and, on the other hand, the median compensation on a full-time equivalent basis for employees other than corporate officers; as well as the annual change over the last five financial years in the compensation of the Chairman and Chief Executive Officer, the Company's performance, the average compensation on a full-time equivalent basis for employees other than executives, and the aforementioned ratios.

The ratios were calculated on the basis of the median and average compensation (including any bonuses) paid to employees of the Company, the only French company in the Group that has employees in France. The ratios were therefore calculated on the basis of all the Group's employees in France.

The following methodological elements should be highlighted:

(iv) The scope takes into account the entire French payroll;

(v) The compensation presented includes fixed and variable components and exceptional remuneration on a gross basis;

(vi) The compensation indicated for each financial year N is (i) the amount of compensation paid and, where applicable, (ii) with respect to free shares and/or stock options, the amounts of compensation granted that has been valued in accordance with IFRS 2.

(vii) The performance criteria are given each time for financial year N-1, the year in which they were assessed to determine the variable portions paid during financial year N.

Equity ratio per financial year	2019	2020	2021	2022	2023
Remuneration of the corporate officer (in €)	€334,750.53	€375,878.21	€4,740,983.01[(1)(2)]	€1,462,518.53[(2)]	€1,187,363.76
Change in the remuneration of the corporate officer (in %)	5.8%	12.3%	1,161.3%	-69.2%	-18.8%
Average employee remuneration	€45,078.45	€41,849.10	€48,681.30	€41,441.26	€44,219.21
Change in average employee remuneration (in %)	-6.4%	-7.2%	16.3%	-14.9%	6.7%
Ratio in relation to average employee remuneration (in %)	7.43	8.98	97.39	35.29	26.85
Change in the ratio compared to the previous financial year (in %)	13.0%	21.0%	984.3%	-63.8%	-23.9%
Median employee remuneration	€24,914.97	€27,348.61	€32,242.86	€34,846.97	€37,863.14
Change in median employee remuneration (in %)	25.6%	9.8%	17.9%	8.1%	8.7%
Ratio in relation to median employee remuneration (in %)	13.44	13.74	147.04	41.97	31.36
Evolution of the minimum wage	€18,254.64	€18,473.04	€18,759.63	€19,743.97	€20,814.72
Change from previous year (in %)	1.5%	1.2%	1.6%	5.2%	5.4%
Ratio in relation to the minimum wage of the reference year	18.34	20.35	252.72	74.07	57.04

(1) It is specified that the amount of compensation paid to the corporate officer is abnormally high for financial year 2021, because it takes into account the granting of stock options, the principle of which results from agreements between historical shareholders, taking into account in particular the issue of dilutive securities issued on favourable terms for the benefit of certain historical non-executive shareholders.

(2) The IFRS expenses of the bonus shares granted correspond to the expenses for the financial year in question and not to the entire IFRS expense of the bonus shares granted.

(In € thousands)	2019 financial year	2020[(1)] financial year	2021 financial year	2022 financial year	2023 financial year
Revenues	50,342	62,060	**72,423**	**111,018**	**171,238**
EBITDA [(2)]	(25,350)	(12,694)	**(21,050)**	**(17,424)**	**(8,866)**
Adjusted EBITDA [(3)]	(25,618)	(12,037)	**(14,351)**	**(13,013)**	**(6,800)**

(1) The comparative consolidated financial statements at December 31, 2020 have been restated in relation to the published consolidated financial statements at December 31, 2020.

(2) A portion of employees' variable compensation is determined on the basis of EBITDA. For further details relating to the definition of this aggregate, the reader is invited to refer to section 2.1.3 of the 2021 Universal Registration Document.

(3) *Adjusted EBITDA is defined in section 2.1.3 of this document.*

6.3. Procedures for attending general shareholders' meetings

6.3.1. Convening and meeting of general shareholders' meetings

In accordance with Article 21 of the Company's articles of association, general shareholders' meetings are convened and held under the conditions and in the forms provided for by the law and regulations in force.

When the Company wishes to call a meeting by electronic means instead of by post, it must first obtain the consent of the relevant shareholders, who shall provide their email addresses.

Meetings shall be held at the registered office or at any other place specified in the notice of meeting.

The right to attend general shareholders' meetings is governed by the legal and regulatory provisions in force (i.e., as of the date of the articles of association, the right to attend meetings is subject to the shares being registered in an account in the name of the shareholder or of the intermediary registered on his/her/its behalf by midnight (Paris time) on the second business day preceding the meeting, either in the registered securities accounts kept by the Company or in the bearer securities accounts kept by the authorised intermediary).

If a shareholder does not personally attend the meeting, he/she/it may choose one of the following three options for any meeting subject to the conditions provided for by law and regulations:

- appoint a proxy under the conditions authorised by law and regulations,
- vote by correspondence, or
- send a proxy to the Company without voting indication.

Under the conditions provided for by the law and regulations in force, the Board of Directors may organise shareholder participation and voting at general shareholders' meetings by videoconference or by telecommunication means that allow them to be identified. If the Board of Directors decides to exercise this right for a given meeting, this decision shall be mentioned in the notice of meeting and/or meeting invitation. Shareholders participating in meetings by videoconference or by any of the other means of telecommunication referred to above, at the discretion of the Board of Directors, shall be deemed to be present for the calculation of quorum and majority.

6.3.2. Holding of Meetings Committee Minutes

In accordance with Article 22 of the articles of association, the meeting is chaired by the Chairman of the Board of Directors or, in his/her absence, by the Chief Executive Officer, by a Deputy Chief Executive Officer if he/she is a director, or by a director specially appointed for this purpose by the Board. If the meeting is convened by a statutory auditor or by a court-appointed representative, the general shareholders' meeting shall be chaired by the person convening the meeting. Failing this, the general shareholders' meeting appoints its own chairman.

The functions of scrutineers are performed by the two members of the meeting present who have the largest number of votes, and who accept these functions. The committee appoints the secretary, who need not be a shareholder.

An attendance sheet shall be kept at each meeting in accordance with the law.

General shareholders' meetings meet and have the powers defined by the law and the regulations in force.

Copies or excerpts of the minutes of the meeting shall be validly certified by the Chairman of the Board of Directors, by a director performing the duties of Chief Executive Officer or by the secretary of the meeting.

Ordinary and extraordinary general shareholders' meetings exercise their respective powers under the conditions provided for by law.

6.4. Information likely to have an impact in the event of a takeover bid

In accordance with Article L.22-10-11 of the French Commercial Code, the factors likely to have an impact in the event of a takeover bid or exchange offer are:

- The Company's capital structure: these factors are detailed in paragraph 7.3.1 of this document.
- Restrictions in the articles of association on the exercise of voting rights and the transfer of shares or clauses in agreements brought to the attention of the Company pursuant to Article L.233-11: none, although it should be noted that:
  - the articles of association provide for double voting rights attached to all fully paid-up shares registered in the name of the same shareholder for at least two years, and;
  - in addition to the disclosure of threshold crossings expressly provided for by legal and regulatory provisions, the articles of association provide for an obligation to disclose any crossing of the thresholds of 3% of shareholding or voting rights.
- Direct or indirect shareholdings in the Company of which it is aware pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code: these factors are detailed in paragraph 7.3.1 of this document.
- List and description of holders of any security with special control rights: none.
- Control mechanisms provided for in any employee shareholding system with control rights that are not exercised by employees: none.
- Agreements between shareholders of which the Company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights: none.
- Rules applicable to the appointment and replacement of members of the Board of Directors and to amendments to the Company's articles of association: these rules comply with the law and regulations in force. Note however that an agreement concerning the allocation of seats on the Company's Board of Directors was entered into on September 27, 2021 between (i) the Company, (ii) Mitsui & Co., Ltd., (iii) the SPI (Sociétés de Projets Industriels) fund, (iv) FCPI Objectif Innovation Patrimoine no. 9, FCPI Idinvest Patrimoine no. 6, FCPI Idinvest Patrimoine 2016, FPCI Electranova Capital – Idinvest Smart City VF, Idinvest Innov FRR France, Idinvest Expansion 2016, FIP Régions & Industries, FCPI Idinvest Patrimoine 2015 and Indinvest Growth Secondary S.L.P and (v) Christophe Gurtner.
- Powers of the Board of Directors, in particular to issue or repurchase shares: the current delegations of authority to the Board of Directors are set out in section 6.7 of this document.
- Agreements entered into by the Company that are amended or terminated in the event of a change of control of the Company, unless such disclosure, other than in the case of legal disclosure obligations, would be seriously prejudicial to its interests: none, except for most of the financing agreements (in particular the agreement with the European Investment Bank) to which the Company is a party and which contain early repayment clauses in the event of a change of control.
- Agreements providing for indemnities for members of the Board of Directors or employees who are corporate officers of the Company if they resign or are dismissed without real and serious cause or if their employment is terminated as a result of a takeover bid: none.

6.5. Agreements between a subsidiary of the company and a corporate officer or a shareholder holding more than 10% of the company's share capital

The agreements governed by Article L.225-38 of the French Commercial Code are listed below.

6.5.1. Agreements entered during the financial year

- **Business Contribution Agreement entered into with Mitsui & Co., Ltd.**

The Company has entered into a contract entitled "Business Contribution Agreement" (the "**Cooperation Agreement**") with Mitsui & Co., Ltd., which was amended and replaced by a final amendment dated June 17, 2022 (effective retroactively from October 1st, 2021). This Cooperation Agreement has been tacitly renewed for a period running from October 1st, 2023 to September 30, 2024.

Mitsui & Co., Ltd. is a shareholder of Forsee Power with more than 10% of voting rights and Kosuke Nakajima, who was a member of the Company's Board of Directors, on the date of the tacit renewal of the contract, was General Manager of the battery solutions department at Mitsui & Co., Ltd.

Under this agreement, Mitsui & Co, Ltd. is responsible for assisting Forsee Power in:

- business development, sales and marketing activities on behalf of Forsee Power, as its exclusive agent in Japan,
- business development activities in specific territories others than Japan (the "**Territories**") and specific sectors (the "**Sectors**") referred to in the appendix to the agreement or which will be appended to the contract by means of an amendment, as a non-exclusive agent in these Territories and Sectors. As of the date of this document, the parties to the contract have agreed that Mitsui will act as a non-exclusive agent, only in the mining sector (i.e. off-road vehicles for mining work).

In consideration of the work performed, Mitsui & Co., Ltd. will receive a success fee based on the sales invoiced by the Company (i) to any customer with its registered office in Japan and (ii) any customer having its registered office in the Territories as well as any customer in the Sectors.

This agreement does not exclude the Company's ability to collaborate directly with potential customers in Japan, and the Territories and/or Sectors. The assignments of Mitsui & Co., Ltd. are limited to business development and sales and marketing activities. The Company retains the right at any time (i) to promote its products in Japan, the Territories and/or to customers in the Sectors and (ii) to establish business relationships directly with potential customers. However, under said Cooperation Agreement, the Company must refrain from dealing with other business partners that may compete with Mitsui & Co. Ltd. and must not designate any third party as agent or distributor in Japan.

It should be noted that the Company can deal directly with customers in Japan while respecting the principle under which, if the project is implemented or if the contractual relationship is signed in Japan, Mitsui & Co. Ltd. has the right to receive the success fee (see below) on all Company sales in Japan.

Remuneration: In consideration for the performance of its contractual obligations by Mitsui & Co. Ltd., the Company shall pay, at the end of each month during which it received payment from any customer located in Japan, the Territories and/or the Sectors, a success fee based on the sales invoiced by the Company calculated as follows:

– **Success fees for customers located in Japan**

Total amount of the sales made during the last 12 months in Japan	Success fee
Between EUR 0 and EUR 500,000	5%
Between EUR 500,001 and EUR 1,000,000	4%
Between EUR 1,000,001 and EUR 2,000,000	3%
From EUR 2,000,000	2%

– **Success fees for customers located in the Territories and Sectors**

Total amount of sales in the last 12 months, in the Territories and Sectors	Success fee
Between EUR 0 and EUR 500,000	5%
Between EUR 500,001 and EUR 1,000,000	4%
Between EUR 1,000,001 and EUR 2,000,000	3%
Between EUR 2,000,001 and EUR 5,000,000	2%
From EUR 5,000,001	1%

Term of the agreement:

The Cooperation Agreement (as revised on June 17, 2022) is effective as of October 1st, 2021, for a period of one year, renewable by tacit agreement for successive one-year terms. This agreement was renewed by tacit agreement for a period running from October 1st, 2022, to September 30, 2023, then from October 1st, 2023 to September 30, 2024.

In the event said Cooperation Agreement expires and is canceled, the Company will be required to continue to pay the success fee to Mitsui & Co. Ltd., the amount of which will then be based on the sales invoiced by the Company to any customer located in Japan for the nine months following the expiration or cancellation, and shall be equal to 50% of the amount of the success fee that would have been paid under the agreement.

Under this agreement, Mitsui & Co. Ltd invoiced the Company €161,332 during the financial year ended.

- ***Consultancy Agreement entered into with AMILU***

  Forsee Power entered into a Consultancy Agreement with AMILU dated July 24, 2020 for a period of 3 months, then renewed by tacit agreement for successive periods of 12 months. This agreement was renewed by tacit agreement for a period running from October 24, 2023, to October 23, 2024, before being terminated on January 15, 2024, with effect from December 31, 2023.

  AMILU is managed by Mr. Pierre Lahutte, director of Forsee Power.

  Under this agreement, AMILU's duties include advising the Company on its strategy and development in the market for batteries for road and off-highway vehicles, analysing Forsee Power's target market, products and technological portfolio, and proposing new segments, customer markets or partnerships. In consideration of the work performed, AMILU receives a fixed monthly fee of €10,000 excluding tax and a success fee, which varies between 0.5% and 0.1% of the revenues achieved by Forsee Power on certain contracts it enters into.

  Under this agreement, AMILU invoiced the Company €129,919 exclusive of tax (including €9,919 in expenses) to the Company during the financial year ended.

- ***Share purchase and investment agreement with Mitsui & Co., Ltd.***

  On July 26, 2023, the Company entered into a share purchase and investment agreement with EDF Pulse Holding and Mitsui & Co., Ltd, in the presence of NEoT Capital (a Forsee Power subsidiary).

  Mitsui & Co., Ltd. is a shareholder of the Company with over 10% of the voting rights, and Mr. Kosuke Nakajima, who was a member of the Company's Board of Directors at the time the contract was signed, was also General Manager of the Battery Solutions Department at Mitsui & Co., Ltd.

  Subject to the fulfilment of the conditions precedent relating to (i) the authorisation of Mitsui's investment by the Ministry of the Economy and Finance, with regard to the control of foreign investments in France, and (ii) obtaining the authorisation of the competent authorities relating to merger control, the purpose of the said agreement was to organise :

  - the sale to Mitsui & Co Ltd of 37,000 NEoT Capital shares by Forsee Power and 37,000 NEoT Capital shares by EDF Pulse Holding, at a price of €10 per share,
  - Mitsui's investment by subscribing to an increase in NEoT Capital's share capital, so that on completion of this transaction, EDF Pulse Holding, Forsee Power and Mitsui will each hold an equivalent stake in NEoT Capital.

  In this context, the Company and EDF Pulse Holding have granted Mitsui & Co., Ltd. customary asset and liability warranties.

  As a result of the lifting of the conditions precedent, the sale and investment transactions were completed on November 2, 2023.

6.5.2. Agreements that remained in effect during the financial year

The agreement, which continued during the financial year and which was not renewed during the financial year, is set out below:

- **Collaboration Agreement entered into with Mitsui & Co., Ltd.**

The Company entered into a Collaboration Agreement with Mitsui & Co., Ltd., dated September 27, 2021 (the "Collaboration Agreement"). Mitsui & Co., Ltd. is a shareholder of Forsee Power with over 10% of the voting rights, and Mr. Kosuke Nakajima, who was a member of the Company's Board of Directors at the time the contract was signed, was General Manager of the Battery Solutions Department at Mitsui & Co., Ltd.

The purpose of this agreement is to establish a framework for the business collaboration established between Forsee Power and Mitsui & Co., Ltd. The financial terms and conditions in consideration of the services rendered by Mitsui & Co., Ltd. will be discussed on a case-by-case basis for each project, taking into account the financial impact on the Forsee Power Group.

As part of the agreement, the Company and Mitsui & Co. Ltd. have agreed as follows:

– *Creation of a cooperation committee*

o This committee acts as the primary interface between the Company and Mitsui & Co. Ltd. in order to jointly pursue cooperation and use reasonable efforts to promote close and frequent business communication, provided that this is in accordance with applicable laws, in order to:

o This committee is composed of seven members, four of whom are appointed by the Company and three by Mitsui & Co., Ltd.

o This committee will meet at least four times a year, specifically in the month following the finalisation of the quarterly financial reporting.

– *Business Development*

o Mitsui & Co., Ltd. may assign two full-time employees within the Forsee Power Group to develop activities with the Group in order to accelerate its growth and may hold certain positions within the Group or its subsidiaries in order to achieve this objective. These two employees will remain employees of Mitsui & Co. Ltd. and must sign commitments (binding during their secondment and for a period of two years after the end of their secondment) including an acceptance on their part not to share any confidential information to which they have had access during their secondment with the commercial departments of Mitsui & Co. Ltd. which (i) are present in the same markets as those of the Group, or (ii) have entered into partnerships with companies which are present in the same markets as those of the Group.

– *Marketing activities*

o Mitsui & Co., Ltd. provides strategic support to the Forsee Power Group to enable it to achieve its future business growth, in particular through the development of new products and services and its expansion into new markets.

o The activity of Mitsui & Co. Ltd. as the Group’s representative in Japan will continue with effect from the admission of the Company’s shares to trading on the Euronext regulated market in Paris for a minimum period of five years with effect from the date of the Collaboration Agreement.

o If Mitsui & Co. Ltd. were to find an opportunity to sell the Company’s products to a new customer in a business sector such as mining, marine or railway (a “New Sector”) other than those provided for in the *Business Contribution Agreement* (described in section 6.5.1 above), Mitsui & Co. Ltd. may notify the Company of this opportunity.

If this New Sector is not of interest to the Company, it shall not be obliged to accept this opportunity. If this New Sector is of interest to the Company, the Company may notify Mitsui & Co., Ltd., and the parties to the Collaboration Agreement shall have an obligation either (i) to amend the *Business Contribution Agreement* or one of the service contracts concluded between the Company and Mitsui & Co., Ltd., to include the New Sector, or (ii) to enter into a new collaboration agreement (exclusive or non-exclusive) under which Mitsui & Co., Ltd. contributes to the marketing of the Company's products to a new customer in the New Sector and, in return for which, Mitsui & Co., Ltd. will be entitled to success fees.

Where an amendment is entered into pursuant to option (i) above, if no agreement is entered into for new sales of the Company's products to a new customer in the relevant New Sector within 12 months of the date on which the amendment was entered into, either party to the Collaboration Agreement may elect to re-amend the agreement to withdraw the relevant New Sector from such agreement by giving three months' notice to the other party. Where a new contract is entered into under option (ii) above, if no contract is entered into for new sales of the Company's products to a new customer in the relevant New Sector within 12 months of the date on which the new agreement was entered into, either party may elect to terminate such new agreement by giving three months' notice to the other party.

o If Mitsui & Co., Ltd. finds an opportunity to sell the Company's products to a new customer in a country such as Australia, Russia, Southeast Asian countries or the United States (a "New Country") other than those provided for in the *Business Contribution Agreement* or by one of the service contracts concluded between the Company and Mitsui & Co. Ltd. Mitsui & Co., Ltd. may notify the Company of this opportunity.

o If this New Country is not of interest to the Company, it shall not be obliged to accept this opportunity. If this New Country is of interest to the Company, the Company may notify Mitsui & Co., Ltd., and the parties to the Collaboration Agreement shall have the obligation either (i) to amend the *Business Contribution Agreement* or one of the service contracts concluded between the Company and Mitsui & Co., Ltd., to include the New Country, or (ii) to enter into a new collaboration agreement (exclusive or non-exclusive) under which Mitsui & Co. Ltd. contributes to the marketing of the Company's products to a customer in the New Country and, in return for which, Mitsui & Co. Ltd. will be entitled to success fees.

Where an amendment is entered into under option (i) above, if no contract is entered into for new sales of the Company's products to a new customer in the relevant New Country within 12 months after the date on which the amendment was entered into, either party to the Collaboration Agreement may elect to re-amend the agreement to withdraw the relevant New Country from such agreement by giving three months' notice to the other party.

Where a new contract is entered into under option (ii) above, if no contract is entered into for new sales of the Company's products to a new customer in the relevant New Country within 12 months of the date on which the new agreement was entered into, either party may elect to terminate such new agreement by giving three months' notice to the other party.

o The success fee of Mitsui & Co. Ltd. will be discussed with the Group on a case by case basis for each project taking into account the financial impact for the Group.

o The Company is free to develop and market its products by itself and/or through a third party, in a New Sector and/or in a New Country, without the authorisation of

Mitsui & Co. Ltd. and without Mitsui & Co. Ltd. being entitled to a commission on the income received by the Company, provided that if the Company decides to take steps to develop and market its products through a third party in a New Sector and/or in a New Country (the "**Third Party Marketing**"), the Company has notified Mitsui & Co. Ltd. in writing after taking this decision in order to allow the Company and Mitsui & Co. Ltd. to discuss and negotiate the potential realisation by Mitsui & Co. Ltd. of such Third Party Marketing on an exclusive basis for a period of at least 60 days from the date of receipt of this notification. After the expiry of this 60-day period (or, if applicable, after a date prior to which Mitsui & Co. Ltd. confirms that it is not interested in Third Party Marketing), unless the Company and Mitsui & Co. Ltd. have reached an agreement regarding Third Party Marketing by Mitsui & Co. Ltd., the Company will be free to discuss the Third Party Marketing with any person during the following 180 days. After the expiry of this 180-day period, any offer concerning the Third Party Marketing shall again be subject to the right of first glance of Mitsui & Co. Ltd.

The Collaboration Agreement entered into force with effect from the admission of the Company's shares to trading on the Euronext regulated market in Paris for a period of five years from the date of its entry into force. It is automatically renewable upon expiry of the initial term or any extension thereof for additional periods of two years at a time, unless terminated early.

Apart from the Collaboration Agreement described above, it should be noted that certain agreements detailed in section 6.5.1 were tacitly renewed during the Company's financial year ended December 31, 2023. These are listed below:

- the aforementioned "Business Contribution Agreement" entered into with Mitsui & Co. Ltd., as recast on June 17, 2022, continued from October 1st, 2022 to September 30, 2023 before being tacitly renewed for a further 12 months from October 1st, 2023 to September 30, 2024;
- the aforementioned "Consultancy Agreement" entered into with AMILU continued from October 24, 2022 to October 23, 2023, before being tacitly renewed from October 24, 2024. This contract was extinguished on January 15, 2024, with effect from December 31, 2023.

6.6. Procedure for evaluating current agreements

In accordance with Article L.22-10-12 of the French Commercial Code, the Board of Directors adopted a procedure for regularly evaluating whether agreements relating to day-to-day transactions entered into at arm's length referred to in Article L.225-39 of the French Commercial Code actually meet these conditions (the "**Procedure**").

Its purpose is to set out the regulatory framework applicable in France to so-called free and regulated agreements, and to describe the internal process and methodology for the identification, qualification, monitoring and regular control of agreements entered into between the Company and any interested person within the meaning of the applicable regulations.

It should be noted that the procedure is based on the following key principles:

- procedure for identifying agreements covering the identification of agreements with interested persons requiring any person to inform the finance department and the legal department prior to the signing or performance of the draft agreement; in addition, any person directly or indirectly interested in a regulated agreement is required to inform the Board of Directors as soon as they become aware of it;
- procedure for analysing agreements and qualifying them as a "free" agreement, where applicable, which provides that once the finance department and the legal department have been informed of the existence of a potential agreement with an interested person, they shall verify on a case-by-case basis and document together whether the agreement is "prohibited" (in which case it cannot be entered into), and whether the agreement can be considered as "free" within the meaning of the procedure. The finance department and the legal department may draw on the expertise of other departments to assess and qualify the agreement.

A list of free agreements is drawn up before March 31 of each year and is reviewed in detail by the finance department and the legal department to determine whether the original classification of the agreement should be maintained or whether the agreement should be reclassified as a regulated agreement and therefore immediately notified to the Board of Directors.

The list of free agreements is sent annually to the statutory auditors. Every year this list is submitted and if necessary discussed at the Audit and Risk Committee meeting that prepares the approval of the Company's annual financial statements. The Audit and Risk Committee reports annually to the Board of Directors on the due application of the procedure and if necessary proposes an update thereto.

The procedure was implemented for the first time in 2022. In this context, the Company’s finance department and legal department considered that it would be appropriate to carry out a more in-depth analysis of the agreements listed in section 6.5 above, in order to verify, in the light of the internal procedure, whether the latter would not meet the criteria for transactions in the normal course of business entered into under normal market conditions. Based on the analysis carried out by the Company's management during the 2023 financial year, certain agreements entered into with interested parties that had been classified as "regulated" in 2022 have been downgraded to "unregulated" for the 2023 financial year. Each year, the Board of Directors may take note of the implementation of this procedure.

6.7. Summary table of delegations of authority and powers regarding capital increases

	Date of meeting	Duration of authorisation	Maximum capital increase (in nominal value)	Use
Capital increase by issuing ordinary shares and/or any other securities, maintaining shareholders' preferential subscription rights (13th resolution)	June 23, 2023	26 months	50% of the share capital at the date of the Meeting (i.e. a capital increase of €3,563,405.55)[1] €150 million for debt securities(1)	-
Capital increase by issuing ordinary shares and/or any other securities, with cancellation of shareholders' preferential subscription rights and a public offering (other than the offerings referred to in paragraph 1 of Article L.411-2 of the French Monetary and Financial Code) (14th resolution)	June 23, 2023	26 months	50% of the share capital at the date of the Meeting (i.e. a capital increase of €3,563,405.55)[1] €150 million for debt securities(1)	-
Capital increase by issuing ordinary shares and/or any other securities, with cancellation of shareholders' preferential subscription rights, in the context of a public offering to qualified investors or a restricted circle of investors as referred to in paragraph 1 of Article L.411-2 of the French Monetary and Financial Code (15th resolution)	June 23, 2023	26 months	20% of the share capital at the date of the Meeting (i.e. a capital increase of €1,425,362.22)[1] €150 million for debt securities(1)	-
Increase in the number of securities to be issued in the event of a capital increase with or without preferential subscription rights decided under the aforementioned delegations of authority (16th resolution)	June 23, 2023	26 months	Extension up to 15% of the initial issue(1)	-
Capital increase by issuing ordinary shares or securities giving access to ordinary shares to be issued immediately or in the future by the Company, with cancellation of shareholders' preferential subscription rights in favour of categories of beneficiaries (18th resolution)(2)	June 23, 2023	18 months	20% of the share capital at the date of the Meeting (i.e. a capital increase of €1,425,362.22)[1] €150 million for debt securities(1)	-
Capital increase by issuing ordinary shares of the Company or securities giving immediate or future access by any means, to ordinary shares of the Company,	June 23, 2023	26 months	20% of the share capital at the date of the Meeting (i.e. a capital increase of	-

as consideration for contributions in kind of equity securities or securities in the event of a takeover bid involving an exchange component initiated by the Company (19th resolution)			€1,425,362.22)[1] €150 million for debt securities(1)	
Capital increase by issuing ordinary shares of the Company or securities giving immediate or future access by any means to ordinary shares of the Company, up to a limit of 10% of the share capital, as consideration for contributions in kind of equity securities or securities giving access to the share capital of third-party companies outside a public exchange offer (20th resolution)	June 23, 2023	26 months	10% of the share capital[1] €150 million for debt securities(1)	-
Capital increase by capitalising premiums, reserves, profits or other (22nd resolution)	June 23, 2023	26 months	20% of the share capital at the date of the Meeting (i.e. a capital increase of €1,425,362.22)	-
Authorisation to be granted to the Board of Directors to grant Company share subscription or purchase options (22nd resolution)	October 15, 2021	38 months	5% of the share capital(3)	-
Authorisation to be granted to the Board of Directors to grant existing or new free shares (23rd resolution)	October 15, 2021	38 months	5% of the share capital(3)	554,616 AGA

(1) These amounts are not cumulative and are to be deducted from an overall ceiling of (i) 50% of the share capital at the date of the general shareholders' meeting (i.e. a capital increase of €3,563,405.55), for the overall nominal amount of capital increases, and (ii) €150,000,000, for the maximum overall nominal amount of debt securities (21th resolution – Overall limit on authorisations - of the general shareholders' meeting of June 23, 2023).

(2) Categories of beneficiaries having one of the following characteristics, namely :

(i) natural or legal persons (including companies), trusts or investment funds, or other investment vehicles, whatever their form, governed by French or foreign law, investing on a regular basis in growth and/or cleantech companies; and/or

(ii) French or foreign companies, institutions, groups or entities, regardless of their form, which carry out a significant part of their activities in the field of green and/or renewable energy and which may, where applicable, sign an industrial and/or commercial partnership with the Company; and/or

(iii) French or foreign investment service providers, or any foreign institution with equivalent status, that may guarantee the completion of an issue intended to be placed with the persons referred to in (i) and/or (ii) above and, in this context, subscribe for the securities issued.

(3) These amounts are not cumulative and are to be deducted from an overall ceiling of 1,970,845 shares that may be issued or acquired on the exercise of options or that may be granted free of charge as decided by the combined shareholders' meeting of October 15, 2021 (24th resolution – Overall limit on authorisations).

6.8. Statutory Auditors' special report on regulated agreements

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2023

This is a free translation into English of the statutory auditors' special report on regulated agreements issued in the French language and is provided solely for the convenience of English-speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders' Meeting of Forsee Power

In our capacity as Statutory Auditors of your company, we present our report on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code (*code de commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by your Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents

6.8.1. Agreements subject to the approval of the general meeting

Pursuant to Article 225-40 of the French Commercial Code, we have been informed of the following agreements entered into during the past financial year which were subject to the prior authorization of your Board of Directors.

Agreements authorized and entered into during the past financial year

6.8.1.1. Tacit renewal of the Business Contribution Agreement with Mitsui &Co. Ltd

Persons concerned:

Mitsui & Co., Ltd., a shareholder of FORSEE POWER with more than 10% of the voting rights and Mr. Kosuke Nakajima, a former member of the Board of Directors of the Company and former General Manager of the battery solutions department at Mitsui & Co., Ltd.

Nature and purpose:

As part of this agreement, Mitsui & Co., Ltd. has the particular tasks of assisting the Company in business development, sales and marketing activities on behalf of FORSEE POWER, as exclusive agent on the territory of Japan, and in business development activities in other territories (the "Territories") and the specific sectors (the "Sectors") referred to in the appendix to the contract, as non-exclusive agent in these Territories and Sectors.

Terms:

The “Business Contribution Agreement” with Mitsui & Co., Ltd., entered into on December 21, 2020 and amended and replaced by the amendment of June 17, 2022, entered into force retroactively from October 1, 2021 for a period of one year, renewable by tacit agreement for successive periods of one year. The tacit renewal of this agreement was authorized by the Board of Directors on April 5, 2023 for the period from October 1, 2023 to September 30, 2024.

The contract provides for the payment of “success fees” by the company to Mitsui § Co, Ltd. in remuneration.

The methods for calculating these “success fees”, based on the amount of sales, on the one hand in Japan and on the other hand in the “territories” and “sectors”, are described in Appendix 3 of the said contract.

An expense of €49,978 was invoiced in respect of this agreement for the period commencing October 1, 2023.

6.8.1.2. Tacit renewal of the Consultancy Agreement with AMILU

Persons concerned:

Mr. Pierre Lahutte, Chairman of AMILU and a member of the Board of Directors of FORSEE POWER SA.

Nature and purpose:

The purpose of the agreement is to advise on strategy and development in the road vehicle battery market.

Terms:

The strategy and development consultancy agreement signed on July 24, 2020 between the Company and AMILU, represented by Mr. Pierre Lahutte, and renewable by tacit agreement by successive 12-month periods, was renewed by tacit agreement on October 24, 2023 until October 23, 2024. It was terminated on January 15, 2024 with effect on December 31, 2023.

The renewal of the agreement was previously authorized by the Board of Directors on April 5, 2023, which held that the continuation of this contract allows the company to refine its strategy and penetrate new markets thanks to the work and the connections of AMILU.

The contract provides for a fixed monthly remuneration of €10,000 and a variable remuneration for any new commercial contracts, invoiced annually.

Under this agreement, the company recorded total invoicing by AMILU of €20,000.00, excluding taxes, for the period commencing October 24, 2023.

6.8.1.3. Share purchase and investment agreement with Mitsui & Co., Ltd.

Persons concerned:
Mitsui & Co., Ltd., a shareholder of FORSEE POWER with more than 10% of the voting rights and Mr. Kosuke Nakajima, a former member of the Board of Directors of the Company and former General Manager of the battery solutions department at Mitsui & Co., Ltd.

Nature et Purpose:
Subject to the fulfillment of the conditions precedent relating to (i) authorization of Mitsui's investment by the Ministry of Economy and Finance, with regard to the control of foreign investments in France and (ii) obtaining authorization from the competent authorities relating to the control of concentrations, the purpose of this contract is:

- to arrange the sale to Mitsui & Co Ltd. of 37,000 Neot Capital shares by Forsee Power and 37,000 Neot Capital shares by EDF Pulse Holding, at a price of €10 per share
- Mitsui's subscription to a share capital increase by Neot Capital, so that at the end of this transaction, EDF Pulse Holding, Forsee Power and Mitsui will hold equal stakes in Neot Capital.

Terms:

The conclusion of this contract was previously authorized by the Board of Directors of the company on June 7, 2023. The Board noted that this investment transaction through a Share Purchase and Investment Agreement will allow the company's subsidiary, Neot Capital, (i) to raise funds of nearly €3.5 million and (ii) to be able to benefit from the support and expertise of Mitsui in the development of its business.

6.8.2. Agreements already approved by the general meetings

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements, previously approved by General Meetings of prior years, had continuing effect during the year:

6.8.2.1. Business Contribution Agreement with Mitsui &Co. Ltd

Persons concerned:

Mitsui & Co., Ltd., a shareholder of FORSEE POWER with more than 10% of the voting rights and Mr. Kosuke Nakajima, a former member of the Board of Directors of the Company and former General Manager of the battery solutions department at Mitsui & Co., Ltd.

Nature and purpose:

As part of this agreement, Mitsui & Co., Ltd. has the particular tasks of assisting the Company in business development, sales and marketing activities on behalf of FORSEE POWER, as exclusive agent on the territory of Japan, and in business development activities in other territories (the "Territories") and the specific sectors (the "Sectors") referred to in the appendix to the contract, as non-exclusive agent in these Territories and Sectors.

Terms:

The "Business Contribution Agreement" with Mitsui & Co., Ltd., entered into on December 21, 2020 and amended and replaced by the amendment of June 17, 2022, that entered into force retroactively from October 1, 2021 for a period of one year until 30 September 2022, was renewed by tacit agreement from October 1 2022 to September 30 2023.

The contract provides for the payment of “success fees” by the company to Mitsui § Co, Ltd. in remuneration.

The methods for calculating these “success fees”, based on the amount of sales, on the one hand in Japan and on the other hand in the “territories” and “sectors”, are described in Appendix 3 of the said contract.

An expense of €111,354 was recognized under this agreement in the accounts as of December 31, 2023.

6.8.2.2. "Collaboration Agreement" with Mitsui & Co., Ltd.

Persons concerned:

Mitsui & Co., Ltd., a shareholder of the Company with more than 10% of the voting rights and Mr. Kosuke Nakajima, a former member of the Company's Board of Directors and former General Manager of the battery solutions department at Mitsui & Co., Ltd.

Nature and purpose:

The purpose of this agreement is to determine a framework for the commercial collaboration established between FORSEE POWER SA and Mitsui & Co., Ltd. The financial terms in consideration for services rendered by Mitsui & Co., Ltd. are discussed on a case-by-case basis, for each project, taking into account the financial impact on the FORSEE POWER Group.

Execution during the year:

This agreement, signed on September 27, 2021, for a period of 5 years, continued in effect during the past financial year.

6.8.2.3. Consultancy Agreement with AMILU from October 24, 2021 to October 23, 2022

Concerned person:

Mr. Pierre Lahutte, Chairman of AMILU and a member of the Board of Directors of FORSEE POWER.

Nature and purpose:

The strategy and development consultancy agreement was signed on July 24, 2020 and renewed by tacit agreement for the periods from October 24, 2020 to October 23, 2021, from October 24, 2021 to October 23, 2022 and from October 24, 2022 to October 23, 2023. The purpose of the agreement is to advise on strategy and development in the road vehicle battery market.

In consideration for the duties performed, AMILU receives a fixed monthly remuneration of €10,000, excluding taxes, and a success fee of between 0.5% and 0.1% of the revenue realized by FORSEE POWER on certain contracts concluded by FORSEE POWER.

Terms:

The agreement continued in effect until October 23, 2023.

The Company recorded total invoicing by AMILU of €109,919, excluding taxes, in expenses of the period.

Paris-La Défense and Sarcelles, April 24, 2024

The Statutory Auditors

French original signed by

Deloitte & Associés	Jean Lebit
Thierry QUERON	

7
CAPITAL AND SHAREHOLDING STRUCTURE*

7.1 Information about the company

7.1.1 Corporate name

The corporate name of the Company is "Forsee Power".

7.1.2 Registered office

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

7.1.3 Legal form

As of the date of this document, the Company has been established as a *société anonyme* with a Board of directors governed by French law.

7.1.4 Company identification

The Company's registration number is specified in paragraph 7.1.8 of this document.

The Company's LEI code is 969500S7F4LVSHHUZB87.

7.1.5 Legislation

Société anonyme with a Board of Directors incorporated under French law.

7.1.6 Term

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

7.1.7 Corporate purpose

The purpose of the Company is, in France and abroad, directly or indirectly, on its own behalf or on behalf of third parties:

- the acquisition of all interests and holdings in all commercial, industrial, financial or real estate companies and businesses, whether French or foreign, in any form whatsoever, in particular by subscribing for or acquiring all securities, equity interests or other corporate rights;
- the designing, manufacturing, production, assembly and marketing of batteries and battery chargers and all associated accessories;
- the financing of innovative projects and technologies in the fields of energy and mobility;
- the acquisition and management of all real estate assets and rights and, if necessary, their resale;
- the setting up of the financial means necessary for the realisation of the Company's purpose and in particular all loans with or without guarantee;
- the management of its own cash and that of any companies in which it has an interest, and the financing by way of loans, guarantees, endorsements, advances or by any other means of companies and enterprises related to the Company;

- any services related to the management, administration, coordination or control of the companies in which it has interests, as well as any administrative, legal, accounting and financial services.

It may act in its own name, either alone or in association or partnership with any other company or person, and carry out, directly or indirectly, in France or abroad, in any form whatsoever, operations falling within its purpose and, in general, any financial, commercial, industrial, moveable or fixed property operations that may be directly or indirectly related to the above-mentioned purpose or to any similar or related purposes likely to promote its extension or development.

7.1.8 Trade and companies register

The Company is registered in the Créteil Commercial Court registry under number 494 605 488.

7.1.9 Place where documents and information relating to the company may be consulted

Information concerning the Company, including the articles of association, statement of financial position, statement of income, the report of the Board of Directors to the Shareholders' Meetings and the report of the statutory auditors, may be consulted on request at the Company's registered office.

The Company's articles of association, minutes of shareholders' meetings and other corporate documents, as well as historical financial information and any valuation or statement prepared by an expert at the request of the Group that must be made available to shareholders, in accordance with applicable law, may be consulted, free of charge, at the Company's registered office.

The regulated information published by the Company is available on the Company's website at the following address: www.forseepower-finance.com.

The Company's contact information is as follows:

Email: contact@forseepower.com

Website: https://www.forseepower.com

7.1.10 Financial year

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

7.1.11 Statutory distribution of profits

Each share gives the right, in the ownership of the company's assets, in the sharing of profits and in the liquidation surplus, to a proportional share of the number and nominal value of the existing shares.

7.1.12 Shareholders' voting rights

The voting rights attached to the shares are proportional to the percentage of capital they represent, and each share gives the right to one vote.

In accordance with the provisions of Article L. 22-10-46 of the French Commercial Code, a double voting right is attached to all fully paid-up shares registered in the name of the same shareholder for at least two years.

7.1.13 Declaration of intent

In the context of the different threshold crossings described in paragraph 7.3.4 below, it is specified that :

- On November 13, 2023, Ballard Power Systems Inc. made a declaration of intent stating, among other things, that it has no plans to purchase additional shares in the Company or to take control of the Company, that it has no plans to change its strategy towards the issuer and that it has no plans to seek the appointment of a new member to the Board of Directors, bearing in mind that it has been a member of the Company's Board of Directors since November 2021.
- On November 9 and 15, 2023, Caisse des Dépôts et Consignations and EPIC Bpifrance, acting through Bpifrance Investissement in its capacity as management company of the SPI - Société de Projets Industriels fund, made declarations of intent stating, among other things, that they had no plans to purchase additional shares in the Company in the months following the declaration, nor to take control of the Company, and that they had no plans to seek the appointment of a new member to the Board of Directors.

7.2 Equity

7.2.1 Share Capital

As of December 31, 2023, the share capital of Forsee Power is set at €7,155,072.70 divided into 71,550,727 shares with a par value of ten cents of euro each.

7.2.2 Potential capital

At December 31, 2023, the dilutive instruments are described below:

	Warrants	**Free Share Grant**	**Stock-Options 2018**	**Stock-Options 2021**	**TOTAL**
Total number of shares that may be subscribed upon exercise of warrants, stock options or free shares	1,927,477	208,000	780,000	1,500,000	4,415,477
Potential dilution	2.54%	0.27%	1.03%	1.97%	5.81%

The potentially dilutive effect of these instruments amounts to 5.81% of the share capital at December 31, 2023.

For a more detailed description of the plans, please refer to paragraph 6.2.5.5.

7.2.3 Non-equity securities

As of December 31, 2023, the Company has not issued any non-equity securities.

7.2.4 Conditions set by the Board of Directors for the exercise of stock options granted to executives

The terms and conditions of stock option plans No. 1 and No. 2 approved by the Extraordinary Shareholders' Meetings held on December 20 and 21, 2018 and August 5, 2021, respectively, are described in Chapter 6 "Corporate Governance Report" of this document.

7.2.5 Conditions set by the Board of Directors for the disposal of free shares granted to executives

The terms and conditions of plans No. 1 and No. 2 for the granting of free shares to the executive and to employees who are not corporate officers, decided respectively by the extraordinary shareholders' meetings of August 5, 2021, and October 15, 2021, respectively, are described in Chapter 6 "Corporate governance report" of this document.

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

Transactions in the Company's securities reported to the *Autorité des Marchés Financiers* ("AMF") in 2023 by executives, persons treated as executives and persons closely related to them, referred to in Article L. 621-18-2 of the French Monetary and Financial Code, are summarised below:

Name	Transaction type	Transaction date	Unit price	Volume of securities
Jörg Ernst *Board Director*	Acquisition	26/04/2023	€2.7900	1,000
AMILU SAS *Legal entity related to Mr. Pierre Lahutte, Director*	Subscription	28/04/2023	€2.7900	19,000
Bpifrance Investissement SAS *Director*	Subscription	04/05/2023	€2.7900	3,584,229
Sylvie Bernard-Curie *Director*	Acquisition	09/05/2023	€2.7900	6,300
Christophe Gurtner *Chairman and Chief Executive Officer*	Subscription	09/05/2023	€2.7900	1,792

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

As of December 31, 2023, none of the Company's shares are held by any of its subsidiaries or by a third party on its behalf. As of December 31, 2023, the Company held 105,284 of its own shares, representing approximately 0.15% (based on the share capital as of December 31, 2023), held under the liquidity contract. These shares have no voting rights.

7.2.8 Other securities giving access to the share capital

7.2.8.1 Share subscription options

By virtue of its 22nd resolution the Company's shareholders' meeting of October 15, 2021 authorised the Board of Directors, with the option of sub-delegation, to grant share subscription or purchase options to some or all of the Company's employees and corporate officers. As of the date of this document, the Board of Directors has not made use of this delegation.

7.2.8.2 Grant of free shares

As of December 31, 2023, by virtue of its 23rd resolution the Company's shareholders' meeting of October 15, 2021 authorised the Board of Directors to grant existing or new free shares to some or all of the Group's employees and corporate officers. As specified in Chapter 6 "Corporate governance report" of this document, the Board of Directors has decided, as at the date of this document, to grant under Plan No. 2 (i) 346,616 free shares during the 2022 financial year and (ii) 208,000 free shares during the 2023 financial year.

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

None.

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

None.

7.2.11 Forsee Power's share buyback programme

Authorisation granted by the shareholders' meeting of June 23, 2023

The shareholders' meeting of June 23, 2023 authorised the Board of Directors to trade in the Company's own shares on the stock market. This authorisation was given for 18 months, until December 23, 2024.

The maximum unit repurchase price was set by the 11th resolution, adopted by the Company's combined shareholders' meeting on June 23, 2023, at a unit price of €10 per share for a maximum amount of €50,000,000.

The objectives of this programme include:

- promoting liquidity and stimulating trading in the Company's shares as part of a liquidity contract to be signed with an independent investment services provider, compliant with the ethics charter recognised by the French Financial Markets Authority (AMF); and/or
- meeting obligations relating to stock option plans, free share grants, employee savings plans or other share grants to employees of the Company or an affiliated company, including (i) the implementation of any Company share purchase option plan pursuant to the provisions of Articles L.225-177 *et seq*. of the French Commercial Code, (ii) the grant of existing shares to employees under a profit-sharing scheme and the implementation of any company savings plan under the conditions provided for by law, in particular Articles L.3332-1 to L.3332-8 *et seq*. of the French Labour Code or (iii) the grant of existing free shares pursuant to the provisions of Articles L.225-197-1 *et seq*. of the French Commercial Code; and/or
- providing shares for use in connection with the exercise of rights attached to securities giving rights to the share capital through redemption, conversion, exchange, presentation of a warrant or in any other manner, pursuant to the regulations in force; and/or
- cancelling all or part of the securities purchased, subject to a specific resolution; and/or
- more generally, carrying out any transaction that complies with the regulations in force.

Review of the shares buyback programme

(In number of treasury shares)	Stimulating trading	Share buyback programme	Total
Position as of December 31, 2022	74,081		74,081
Purchases	238,318		238,318
Sales/transfers	(207,115)		(207,115)
Position as of December 31, 2023	**105,284**		**105,284**

Over the full year 2023, 238,318 shares were purchased at an average price of €2.94 per share and 207,115 shares were sold at an average price of €3.02 per share. As of December 31, 2023, the Company directly or indirectly held 105,284 of its own shares, representing a value of €289 thousand based on the carrying amount.

It should be noted that there are no trading costs associated with the liquidity contract.

7.2.12 Agreement providing for employee shareholding in the Company

None.

7.2.13 Employee share ownership plans

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

(i) **2018 Stock Option Plan No. 1:** in accordance with decisions made by the extraordinary shareholders' meeting held on December 20 and 21, 2018, the Company empowered the Chairman to grant, pursuant to Articles L.225-177 to L.225-185 of the French Commercial Code, 17,137 options giving rights to subscribe to 17,137 ordinary shares of the Company. The Chairman used this delegation and granted 8,550 options out of the 17,137 options in the plan, including 6,300 options to certain Group employees. As a result of the stock split decided by the Company's shareholders' meeting held on October 15, 2021, and the lapse of 75,000 options following the departure of an employee of the Company, as of the date of this document the 2018 Stock Option Plan is composed by 780,000 options that entitles the holder(s) to subscribe for 780,000 Company shares;

(ii) **2021 Stock Option Plan No. 2**: in accordance with decisions made by the extraordinary shareholders' meeting held on August 5, 2021, the Company authorised the Chairman to grant, pursuant to Articles L.225-177 to L.225-185 of the French Commercial Code, 15,000 options giving rights to subscribe to 15,000 ordinary shares of the Company. The Chairman, by resolution dated August 12, 2021, used this delegation and granted all 15,000 options in the plan. As a result of the stock split of the Company's shares decided by the shareholders' meeting of October 15, 2021, as of the date of this document, the 2021 Stock Option Plan entitles the holder(s) to subscribe for 1,500,000 Company shares;

(iii) **Free share grant Plan No. 1**: in accordance with the decisions made by the extraordinary shareholders' meeting held on August 5, 2021, the Company empowered the Chairman to grant 4,000 free shares in the Company. The Chairman made use of this delegation and granted 3,820 ordinary shares under the plan. As a result of the stock split of the Company's shares decided by the shareholders' meeting of October 15, 2021, the number of free shares awarded amounts to 382,000[43];

Free share grant Plan No. 2: in accordance with the decisions made by the combined shareholder meeting held on October 15, 2021, the Company empowered the Board of Directors to grant free shares in the Company (up to a limit of 5% of the share capital and not exceeding an overall ceiling of 1,970,845 shares); the Board made use of this delegation and approved a plan under which 600,000 free shares could be granted. Under this plan, (i) 346,616 free ordinary shares have been granted[44] in the 2022 financial year and (ii) 208,000 free ordinary shares have been granted in the 2023 financial year.

7.2.14 Changes in share capital

The table below shows the history of changes in the Company's share capital over the last three years:

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[43] It should be noted that of the 382,000 shares granted under free share grants plan Plan No. 1, only 362,000 were definitively vested on September 15, 2022, as one of the beneficiaries did not meet the presence criteria on the definitive vesting date.
[44] It should be noted that of the 346,616 shares granted in 2022 under free share grants plan No. 2, only 314,616 were definitively vested in 2023, as one of the beneficiaries did not meet the presence criteria on the definitive vesting date.

Date(s) of operation	Nature of the operation	Number of shares issued or cancelled	Nominal amount (€)	Share or contribution premium (€)	Cumulative nominal amount of share capital (€)	Total cumulative number of shares outstanding	Nominal value (€)
September 28, 2021	Capital increase in cash reserved for the SPI - Sociétés de Projets Industriels Fund	3,296 ordinary shares	32,960	2,109,440	3,031,720	303,172	10
September 28, 2021	Capital increase through conversion of convertible bonds into shares	76,923 ADPC3	769,230	29,230,667.52	3,800,950	380,095	10
September 29, 2021	Capital increase in cash reserved for Eurazeo funds	14,074 ordinary shares	140,740	9,007,360	3,941,690	394,169	10
October 15, 2021	Division of the nominal value	/	/	/	3,941,690	39,416,900	0.10
November 4, 2021	Capital increase by way of a public offering with suppression of the preferential subscription right	13,793,103	1,379,310.30	98,620,686.45	5,321,000.30	53,210,003	0.10
September 15, 2022	Capital increase resulting from the vesting of 362,000 free shares granted on September 14, 2021	362,000	36,200	/	5,357,200.30	53,572,003	0.10
May 9, 2023	Capital increase by way of a public offering with suppression of the preferential subscription right and with an irreducible priority period for the benefit of shareholders	17,664,108	1,766,410.80	47 516 450,52	7,123,611.10	71,236,111	0.10
June 7, 2023	Capital increase resulting from the early vesting of 32,000 free shares granted on September 14, 2022	32,000	32,000	/	7,126,811.10	71,268,111	0.10

Date(s) of operation	Nature of the operation	Number of shares issued or cancelled	Nominal amount (€)	Share or contribution premium (€)	Cumulative nominal amount of share capital (€)	Total cumulative number of shares outstanding	Nominal value (€)
October, 16 2023	Capital increase resulting from the vesting of 282,616 free shares granted on June 7, 2022	282,616	28,261.60	/	7,155,072.70	71,550,727	0.10

7.2.15 Disposal of shares

Not applicable.

7.2.16 Pledges

Not applicable.

7.3 Shareholding and share capital

7.3.1 Breakdown of share capital and voting rights

The table below shows the breakdown of the Company's capital on a diluted basis[(1)] as of 31 December 2023:

Shareholders	Number of shares	% Share capital
Eurazeo Investment Manager	17,014,232	22.45%
Mitsui & Co, Ltd	19,064,883	25.15%
Société de Projets Industriels	9,047,929	11.94%
Christophe Gurtner	3,912,873	5.16%
Groupe industriel Marcel Dassault	2,004,465	2.64%
Ballard Power system Inc.	5,200,000	6.86%
Maxion	1,792,114	2.36%
Free float	14,877,231	19.63%
European Investment Bank[(2)]	1,927,477	2.54%
Managers	962,281	1.27%
TOTAL	**75,803,485**	**100%**

(1) After exercise of the 780,000 stock options under Plan No. 1 and the 1,500,000 stock options under Plan No. 2, after acquisition of the 208,000 free shares granted under Plan No. 2 and after exercise of the 11,357 warrants issued to the European Investment Bank.

(2) Shares that may be subscribed upon exercise of the BEIA, BEIC and BEIE warrants held by the European Investment Bank. It is specified that the number of ordinary shares that may be subscribed upon exercise of these warrants varies according to the cases of adjustment provided for in the agreements concluded with the said bank.

7.3.2 Undertakings to retain shares given by shareholders

There is no statutory clause limiting the free negotiability of the shares comprising the Company's share capital. Nevertheless, as part of its capital increase, without preferential subscription rights with a priority period for existing shareholders, carried out in May 2023, some of the shareholders had made retention commitments, which have now expired. In addition, Christophe Gurtner has undertaken to retain 20% of the free shares he has definitively vested under free share grants plan No. 2 described in Chapter 6 "Corporate governance report".

7.3.3 Obligation to hold the Company's shares

Neither the Company's bylaws nor its internal regulations require a director to hold a certain number of shares in order to exercise his or her mandate within the Company.

7.3.4 Crossing of legal and/or statutory thresholds

During the financial year ended 31 December 2023, the Company received the following threshold crossing declarations :

- On May 11, 2023, EPIC Bpifrance declared to the Company that, indirectly through Bpifrance Investissement, in its capacity as management company of the SPI-Sociétés de Projets Industriels fund, it (i) had exceeded the statutory thresholds of 12% of the Company's share capital and voting rights, and (ii) held 9,047,929 shares and voting rights in the Company, representing 12.7% of the share capital and voting rights;
- On May 12, 2023, MIROVA declared to the Company that, through its SICAV funds Mirova Funds - Mirova Europe Environmental Equity Fund and FCP Abeille La Fabrique Impact ISR, managed by MIROVA, it (i) had exceeded the statutory thresholds of 3% of the Company's share capital and voting rights, and (ii) held 1,889,059 shares in the Company, representing 3.53% of the share capital and voting rights;
- On June 29, 2023, MIROVA declared to the Company that, through its SICAV funds Mirova Funds - Mirova Europe Environmental Equity Fund and FCP Abeille La Fabrique Impact ISR, managed by MIROVA, it (i) had fallen below the statutory thresholds of 3% of the Company's share capital and voting rights, and (ii) held 1,889,059 shares in the Company, representing 2.65% of the share capital and voting rights;
- On November 8, 2023, Ballard Power Systems Inc. declared to the Company that it (i) had exceeded the legal thresholds of 10% and the statutory thresholds of 9% of the Company's share capital and voting rights, and (ii) held 5,200,000 shares in the Company, representing 7.27% of the share capital and 10,400,000 voting rights, representing 11.27% of the voting rights of the Company;
- On November 9, 2023, Mitsui & Co, Ltd. declared to the Company that it (i) had exceeded the statutory thresholds of 27% of the Company's share capital and voting rights, and (ii) held 19,064,883 shares in the Company, representing 26.65% of the share capital, and 26,129,766 voting rights, representing. 28.32% of the voting rights of the Company;
- On November 9, 2023, Caisse des Dépôts et Consignations (CDC) declared to the Company that, indirectly through Bpifrance Investissement, in its capacity as management company of the SPI-Sociétés de Projets Industriels fund, it (i) had exceeded the legal and statutory thresholds of 15% of the Company's share capital and voting rights, and (ii) held 9,883,133 shares in the Company, representing 13.81% of the share capital, and 14,456,833 voting rights, representing 15.67% of the voting rights of the Company;
- On November 15, 2023, EPIC Bpifrance declared to the Company that, indirectly through Bpifrance Investissement, in its capacity as management company of the SPI-Sociétés de

Projets Industriels fund, it (i) had exceeded the legal and statutory thresholds of 15% of the Company's share capital and voting rights, and (ii) held 9,047,929 shares in the Company, representing 12.64% of the share capital, and 14,511,629 voting rights, representing 15.57% of the voting rights of the Company.

7.3.5 Change in shareholding structure over three years

The table below shows the breakdown of share capital and voting rights as of December 31, 2021, December 31, 2022 and December 31, 2023 on a non-diluted basis:

Shareholder	Number of ordinary shares and voting rights	Percentage of share capital	Percentage of exercisable voting rights
Eurazeo Investment Manager	15,222,118	28.61%	28.62%
Mitsui & Co, Ltd.	14,285,900	26.85%	26.86%
Société de Projets Industriels	5,463,700	10.27%	10.27%
Christophe Gurtner	1,860,257	3.50%	3.50%
Groupe industriel Marcel Dassault	2,358,194	4.43%	4.43%
Ballard Power Systems Inc.	5,200,000	9.77%	9.78%
Free float	8,792,767	16.52%	16.53%
Treasury shares	27,067	0.05%	-
Total as of December 31, 2021	**53,210,003**	**100%**	**100%**
Eurazeo Investment Manager	15,222,118	28.41%	28.45%
Mitsui & Co, Ltd.	14,285,900	26.67%	26.70%
Société de Projets Industriels	5,463,700	10.20%	10.21%
Christophe Gurtner	1,900,257	3.55%	3.55%
Groupe industriel Marcel Dassault	2,358,194	4.40%	4.41%
Ballard Power Systems Inc.	5,200,000	9.71%	9.72%
Managers	362,000	0.68%	0.68%
Free float	8,705,753	16.25%	16.27%
Treasury shares	74,081	0.14%	-
Total as of December 31, 2022	**53,572,003**	**100%**	**100%**
Eurazeo Investment Manager	17,014,232	23.78%	18.29%
Mitsui & Co, Ltd	19,064,883	26.65%	28.08%
Société de Projets Industriels	9,047,929	12.65%	15.60%
Christophe Gurtner	2,187,873	3.06%	4.35%
Groupe industriel Marcel Dassault	2,004,465	2.80%	4.31%
Ballard Power Systems Inc.	5,200,000	7.27%	11.18%
Maxion	1,792,114	2.50%	1.93%
Managers	362,000	0.51%	0.39%
Free float	14,771,947	20.65%	15.88%
Treasury shares	105,284	0.15%	-
Total as of December 31, 2023	**71,550,727**	**100%**	**100%**

7.3.6 Control structure

As of December 31, 2023, the majority of the Company's share capital and voting rights are held by the Eurazeo funds and Mitsui & Co. Ltd.

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

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

7.3.7 Agreements likely to result in a change of control

To the best of the Company's knowledge, as of the date of this document, there is no agreement whose implementation could, at a later date, result in a change of control.

7.3.8 Dividends

7.3.8.1 Dividend distribution policy

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

7.3.8.2 Dividends distributed over the last three financial years

Forsee Power SA did not distribute any dividends for the financial years ended December 31, 2021, 2022 and 2023.

8
ADDITIONAL INFORMATION

8.1. Persons responsible

8.1.1. Person responsible for the universal registration document and the annual financial report

Christophe Gurtner, Chairman and Chief Executive Officer of Forsee Power.

8.1.2. Declaration by the person responsible for the universal registration document and the annual financial report

“I certify that the information contained in this universal registration document is, to the best of my knowledge, true and accurate, and does not contain any omission likely to affect its scope or significance.

I certify, to my knowledge, that the financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of the Company and all the other companies included in the scope of consolidation, and that the elements of the management report included in the universal registration document, present a fair review of the development and performance of the business and financial position of the Company and all the other companies included in the scope of consolidation, together as well as a description of the main risks and uncertainties that they face.”

Ivry-sur-Seine, April 30, 2024

Christophe Gurtner

Chairman and Chief Executive Officer of Forsee Power

8.1.3. Person responsible for the financial information

Christophe Gurtner

Chairman and Chief Executive Officer of Forsee Power

1 boulevard Hippolyte Marquès, 94 200 Ivry-sur-Seine

8.2. Statutory auditors

8.2.1. Auditors

	Date of first appointment	Date of appointment/ renewal	Term of office	Expiry date
Auditors				
Deloitte & Associés Statutory auditor Member of the Compagnie régionale de Versailles et du Centre Represented by Mr. Thierry Queron Tour Majunga, 6 place de la Pyramide 92908 Paris-La Défense	30.06.2017	2023 General shareholders' meeting	6 financial years	General shareholders' meeting of 2029
Mr. Jean Lebit Compagnie régionale de Versailles et du Centre Represented by Mr. Jean Lebit 18 Avenue du 8 Mai 1945, 95200 Sarcelles	20.12.2018	-	6 financial years	General shareholders' meeting of 2024

8.2.2. Information on the statutory auditors that have resigned, were eliminated or whose mandate was not renewed

During the period covered by the historical financial information, there was no resignation of the statutory auditors.

8.2.3. Fees paid to statutory auditors

See paragraph 10.4 of the notes to the consolidated financial statements for the year ended December 31, 2023, in section 4.3 of this document.

8.3. Historical financial information incorporated by reference

Pursuant to Article 19 of Regulation (EU) No. 2017/1129 of 14 June 2017, supplemented by Delegated Regulation (EU) 2019/980, this 2023 Universal Registration Document includes by reference:

- the consolidated financial statements for the financial year ended December 31, 2022, prepared in accordance with IFRS as adopted by the European Union, and the related statutory auditors' report presented in sections 4.3 and 4.4 respectively of the universal registration document approved by the French Financial Markets Authority (*Autorité des marchés financiers - AMF*) on April 25, 2023, under number R.23-016, as well as the information extracted from the 2022 Management Report in chapters 1, 2, 3, 5 and 7 of the 2022 Universal Registration Document;
- the consolidated financial statements for the financial year ended December 31, 2021, prepared in accordance with IFRS as adopted by the European Union, and the related statutory auditors' report presented in sections 4.3 and 4.4 respectively of the universal registration document approved by the French Financial Markets Authority (*Autorité des marchés financiers - AMF*) on June 20, 2022, under number R.22-027 as well as the information extracted from the 2021 Management Report in chapters 1, 2, 3, 5 and 7 of the 2021 Universal Registration Document;
- the parts not included in these documents are either not relevant to the investor or are covered elsewhere in the universal registration document.

8.4. Documents available for the public

The Company's press releases, annual documents including historical financial information about the Company filed with the AMF and updates are available on the Company's website at www.forseepower-finance.com, and a copy may be obtained at the Company's registered office, 1 boulevard Hippolyte Marquès, 94 200 Ivry-sur-Seine.

All information published and made public by the Company over the past twelve months in France is available on the Company's website at the address indicated above and on the AMF website at the following address: www.amf-france.org.

Finally, the Company's bylaws, as well as the minutes of shareholders' meetings, the auditors' reports and all other corporate documents may be consulted at the Company's registered office.

8.5. Cross-references tables

8.5.1. Cross-reference table for the provisions of appendices 1 and 2 of the 2019/980 delegated regulation of the European Commission

This cross-reference table identifies the main information required by appendices 1 and 2 of the 2019/980 delegated Regulation of the European Commission dated March 14, 2019. This table refers to the sections of this universal registration document on which the information related to each item is indicated.

Information required		Sections/ Paragraphs
Section 1	**Persons responsible, third-party information, expert's reports and competent authority approval**	
1.1	Identity of the person responsible	8.1.1 and 8.1.3
1.2	Statement of the person responsible	8.1.2
1.3	Identity of the person participating as an expert whose statement or report is included in the universal registration document	N/A
1.4	Statement on the information provided by a third party	N/A
1.5	Statement on the competent authority	Insert AMF
Section 2	**Statutory auditors**	
2.1	Identity	8.2
2.2	Change	N/A
Section 3	**Risk factors**	**3**
Section 4	**Information about the issuer**	
4.1	Legal and commercial name	7.1.1
4.2	Registration place and number, legal entity identifier (LEI)	7.1.4 and 7.1.8
4.3	Incorporation date and term	7.1.6
4.4	Registered office, legal form, applicable legislation, country of incorporation, address and telephone number of the registered office, website	7.1.2, 7.1.3, 7.1.5
Section 5	**Business overview**	
5.1	Principal activities	1.3
5.1.1	Nature of operations and principal activities	1.3
5.1.2	Development of new products and/or services	1.3.2
5.2	Principal Markets	1.2 and 1.3
5.3	Important events in the development of the business	1.1.1, 2.3.1, 4.3.10.1 and 4.1.1.2

13.1	Compensation paid and benefits in kind	6.2.5
13.2	Provisions for pension and retirement obligations	6.2.5
Section 14	**Board practices**	
14.1	Expiration date of the current terms of office	6.1
14.2	Service contracts between members of the administrative or management bodies and the issuer or one of its subsidiaries	6.2.3
14.3	Information on the Board committees	6.1 and 6.2
14.4	Statement of compliance with the corporate governance rules applicable to the issuer	Chapter 6 - Introductory table
14.5	Potential material changes on the corporate governance	N/A
Section 15	**Employees**	
15.1	Number of employees	5.5.1
15.2	Equity interests and stock options of corporate officers	6.2.5.5
15.3	Agreements involving the employees in the capital of the issuer	7.2.12
Section 16	**Major shareholders**	
16.1	Identification of the major shareholders	7.3.1
16.2	Voting rights	7.3.1
16.3	Control of the issuer	7.3.1, 7.3.6
16.4	Arrangements that may result in a change of control	7.3.7
Section 17	**Related party transactions**	
17.1	Details of related party agreements	Section 4.3, notes 3.3.32 and 10.2
Section 18	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
18.1	Historical financial information	
18.1.1	Audited historical financial information and audit report	Chapter 4
18.1.2	Change of accounting reference date	N/A
18.1.3	Accounting standards	4.1 and 4.3
18.1.4	Change of accounting framework	N/A
18.1.5	Financial statements	4.1
18.1.6	Consolidated financial statements	4.3

18.1.7	Date of latest financial information	4.1 and 4.3
18.2	Interim and other financial information	
18.2.1	Half yearly and quarterly financial information and interim financial information	N/A
18.3	Auditing of historical annual financial information	
18.3.1	Audit report on the historical financial information	4.2 and 4.4
18.3.2	Other information audited by the auditors	5.9
18.3.3	Financial information not extracted from audited financial statements of the issuer	N/A
18.4	Pro forma financial information	N/A
18.5	Dividend policy	7.3.8
18.6	Legal and arbitration proceedings	2.13
18.7	Significant change in the issuer's financial position	2.11.6
Section 19	**Additional information**	
19.1	Share capital	7.2
19.2	Memorandum and Articles of Association	
19.2.1	Trade and Companies Register, purposes of the issuer	7.1
19.2.2	Rights, preferences and restrictions attaching to shares	7.1
19.2.3	Provisions that may delay, defer or prevent a change of control	N/A
Section 20	**Material contracts**	
20.1	Material contracts of the issuer or any member of the group	1.3.4
Section 21	**Documents available**	
21.1	Statement regarding the available documents	8.4

8.5.2. Cross-reference table for the annual financial report

In order to facilitate the reading of this universal registration document, the cross-reference table below identifies the information provided for in Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulation, which constitutes the annual financial report.

Information required	Section
Group consolidated financial statements	4.3
Annual financial statements	4.1
Management report	Dedicated table – 8.5.3
Corporate governance report	Dedicated table – 8.5.5
Declaration by the person responsible	8.1.2
Statutory auditors’ report on the consolidated financial statements	4.4
Statutory auditors’ report on the annual financial statements	4.2
Statutory auditors' fees	8.2.3

8.5.3. Cross-reference table for the Company's and the Group's management report

This universal registration document includes all information of the management report.

In order to examine the information contained in the management report, the following cross-reference table identifies the main information provided for by Articles L. 225-100 and following, L. 22-10-35 and L. 22-10-36, L. 232-1 and R. 225-102 and following of the French Commercial Code. The specific sections of the management report dedicated to corporate governance, pursuant to Articles L. 225-37 para. 6, and following and, L.22-10-8 and following of the French Commercial Code are detailed below.

Information required	Section
Situation and activity	
Analysis of the company's business development, results and financial situation, in particular its debt situation, in relation to the volume and complexity of business	2.3
Activity and results of the company as a whole, its subsidiaries and controlled companies by business segment	2.3
Key performance indicators of a financial nature and, any non-financial performance indicators	2.1
Main risks and uncertainties	3
Financial risks resulting from the effects of the climate change and measures undertaken by the Company	3.1.7
Internal control and risk management procedures implemented by the Company for the preparation and processing of financial information	3.2
Company's objectives, hedging policy and exposure to price, credit, liquidity and cash flows risks	3.1.5
Add-back of operating expenses and extravagant expenses (article 39.4 and 223 quater, article 39.5 and 223 quinquies of the French General Tax Code)	2.12.7
Research and development activities	1.4
Significant events since the end of the financial year	2.12.1
Company and Group foreseeable trends and outlook	2.2
Significant acquisitions of equity interests in companies which have their registered office in France	2.11.5
Activities of the Company's subsidiaries	1.3
Table of the Company's results for the last five years	2.12.3
Information on suppliers and customers payment terms	2.12.4
Legal and shareholder information	
Employee share ownership at the year-end	7.2.12
Identity of shareholders holding more than 5%	7.3

Name of companies controlled directly or indirectly by the company and the share of the company's capital that they hold (treasury shares)	7.2.7
Information on share buybacks	7.2.11
Amount of dividends distributed in the last three years	7.3.8
Summary of transactions by executives on Company securities	7.2.6
Information on loans granted to other companies	N/A
List of existing branches	N/A
Non-financial criteria	
Consolidated Non-Financial Performance Statement (NFPS)	Dedicated table – 8.5.4
Vigilance plan	N/A

8.5.4. Cross-reference table for the Non-Financial Performance Statement

Information required	Chapter / Section
2023 Non-Financial Performance Statement	5
Presentation of the business model	5.1.1
Description of the main risks related to the business of the company or group, including, where relevant and proportionate, risks created by business relationships, products or services	5.2.2
Information on the effects of the business on respect for human rights and the fight against corruption and tax evasion, and the way in which the company or group takes into account the social and environmental consequences of its activity (description of the policies applied and due diligence procedures implemented to prevent, identify and mitigate the main risks associated with the company's or group's activity	5.3.2
Results of policies applied by the company or group, including key performance indicators	5.6
Corporate social information (employment, work organization, health and safety, labor relations, training, equal treatment)	5.5
Environmental information (general environmental policy, pollution, circular economy, climate change)	5.4
Societal information (societal commitments in favor of sustainable development, subcontracting and suppliers, fair practices)	5.2.2, 5.3.1, 5.3.2
Information on anti-corruption and tax evasion	5.3.2
Information on actions in favor of Human rights	5.3.2
Specific information: - the company's policy to prevent the risk of technological accidents; - the company's ability to cover its civil liability in respect of property and persons as a result of the operation of such facilities; - resources planned by the company to ensure the compensation of victims in the event of a technological accident involving its liability.	5.5
Collective agreements signed within the company and their impact on the company's business performance as well as employee working conditions	5.5
Statement by the independent third party on the information contained in the NFPS	5.9

8.5.5. Cross-reference table for the corporate governance report

Information required	Section
Duties, composition, conditions of preparation and organization of the Board of Directors	6.1
List of all offices and positions held in any company by each of the corporate officers during the financial year	6.1.1
Methods of exercising general management	6.2.1
Description of diversity policy, objectives and results applied to Board members (including gender diversity)	6.2.4
Limitations placed by the Board on the powers of the Chief Executive Officer	6.2.1
Reference to of the AFEP-MEDEF Corporate Governance Code and application of the comply or explain principle	Chapter 6 – text and introductory table
Description and implementation of the evaluation procedure of non-regulated agreements	6.6
Review of members' independence and potential conflicts of interest	6.2.3
Agreements between an executive officer or a major shareholder and a subsidiary	6.5
Compensation policy for corporate officers	6.2.5
Remuneration and benefits of all kinds paid to corporate officers	6.2.5
Use of the "claw back" possibility to claim the return of variable remuneration	N/A
Remuneration paid or granted by a company included in the scope of consolidation pursuant to Article L.233-16 of the French Commercial Code	N/A
Remuneration ratios between the remuneration of each corporate officer and the average and median remunerations of the Company employees	6.2.5.6
Annual change in the remuneration, the Company's performances, the average remuneration of the Company employees and the abovementioned ratios over the five past financial years	6.2.5.6
Explanation on how the total remuneration complies with the remuneration policy adopted, including the way it contributes to long term performances of the Company and the way the performance criteria has been applied	6.2.5.6
Manner in which the vote of the last ordinary shareholder meeting has been taken into account	N/A
Deviation from the procedure for the implementation of the remuneration policy and any derogations	N/A
Application of Article L. 225-45 al. 2 of the French Commercial Code (suspension of payment of directors' remuneration in the event of failure to comply with the Board of Directors' gender diversity)	N/A
Attribution and retention of stock options by corporate officers	6.2.5.5.2
Attribution and retention of free share grants to corporate officers	6.2.5.5.3

Specific conditions related to shareholders’ attendance at the annual shareholder meeting	6.3
Information likely to have an impact in the event of a takeover bid or exchange offer	6.4
Summary table of the status of valid delegations of powers and powers granted by the shareholder meeting to the Board of Directors with regard to capital increases and the use made of these delegations during the past year	6.7