Société Anonyme à Conseil d'administration (A public limited company with a board of directors) with a share capital of €5,357,200.30

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

Universal registration document 2022

Including the annual financial report

The Universal Registration Document was approved on April 25, 2023, by the French Financial Markets Authority — Autorité des Marchés Financiers (AMF) — in its capacity as the competent authority under Regulation (EU) 2017/1129. The AMF has approved this document after verifying that the information it contains is complete, consistent and comprehensible. The Universal Registration Document carries the following approval number: R.23-016. This approval shall not be considered a favorable opinion on the issuer described in the Universal Registration Document.

The Universal Registration Document may be used for the purpose of a public offering of financial securities or the admission of financial securities for trading on a regulated market if it is completed by a securities note and, if applicable, a summary and the amendment(s) thereto.

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 www.forseepower.com.

The English language version of this document is a free translation of the original, which was prepared in French. In all matters of interpretation, views or opinions expressed in the original language version of the document in French take precedence over the translation. It is available on the website of Forsee Power.

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

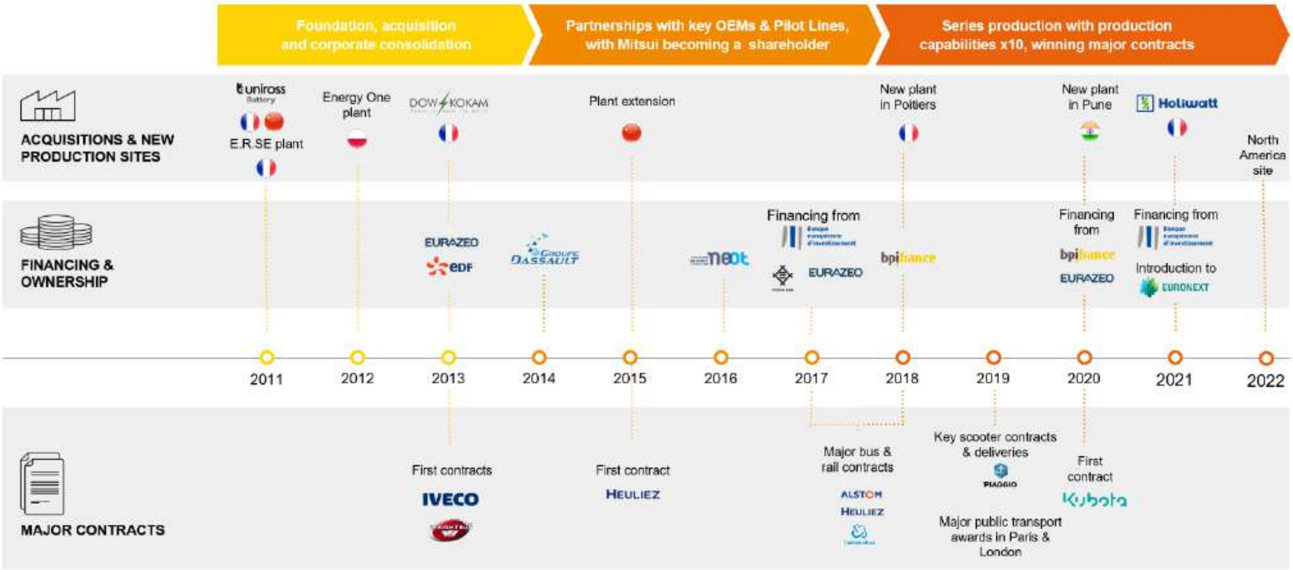
PRESENTATION

1.1 General overview

1.1.1 History and development of the Group

Growing rapidly since its creation in 2011, 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)

In recent years, the Company has developed its industrial capabilities to achieve installed capacity of around 2.5 GWh as of the date of this Document, in order to track and anticipate the growth of its current customers’ markets and to acquire new customers. The Company seeks to benefit from the ability to expand these current production plants (built-up areas available for adding production lines or land available for constructing additional buildings) to increase its production capacity, allowing it to reach critical mass for its current industrial sites and serve more customers from these bases. In China, the Company has identified an additional building in the same area of its current operations to expand its production space in 2023.

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

Build an industrial base in the United States

In June 2022, the Company announced the establishment of its North American headquarters and future battery system plant in Ohio, USA. This industrial base 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, which is beginning to take hold on the continent (such as LG Energy Solutions' and Xalt's gigafactories) but it is also a requirement for certain key markets such as the city bus market, which requires a local presence to comply with the FAST Act (70% of value must be produced locally in public procurement). Forsee Power plans to recruit management and production teams locally (around 120 employees involved in system production by 2028), duplicate the production of existing products and product ranges, cover the needs of current and local customers with its line of battery systems as well as systems designed specifically for this market, and foster the emergence of a local skills base.

The Group's aim is to achieve production capacity of 3 GWh in the United States by 2028, which it 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

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

The Group's commercial strategy is then to strengthen its presence in its current in which it has established a leading position, and gradually expand in emerging markets, 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:
  - supporting its current customers in their growth, expanding its range of products and services; "mobility as a service" is one of the competitive advantages that the Company is able to share with its customers to enable them to conquer new markets;
  - expanding its customer base in its current markets;
  - diversifying the types of vehicles fitted with its batteries; as its technologies evolve, the Company allows its customers to target new applications and thus open up new markets:
    - bus formats with greater autonomy, made possible by increasing energy density, and allowing long-distance bus markets to be targeted;
    - more flexible formats to target new types of vehicles (trucks and special vehicles);
  - developing new markets, particularly in Asia and North America, building on the Company's experience and credibility in Europe and the location of its production facilities.

- ***Off-highway vehicles***

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

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

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

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

- ***Rail***

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

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

It should be noted that the Company has decided at the end of 2022 to no longer dedicate resources to the development of the marine market, whose growth will not be immediate, and to devote its R&D teams and resources to market segments with high potential.

Light vehicles

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

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

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

It should be noted that, at the end of 2022, the Company has decided to no longer actively address the robotics and small industrial battery markets. However, it will continue to serve its existing customers and respond to requests for standard products. Indeed, these market segments represent numerous projects of limited size and the Company does not wish to mobilize its resources but rather dedicate them to electric mobility projects, which is its core business.

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 (approximately 98.8% of revenue as of December 31, 2022). The remainder comes mainly from engineering studies provided to customers during the design phase.

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

During the vehicle design phase, the Company assists its customers in its technological choices using internally developed tools (sizing model, aging models, TCO model, etc.). The Company also assists its customers with integrating battery systems into the vehicle: mechanical studies, BMS interfacing and sometimes also making specific developments and adjustments. Finally, its teams perform on-site interventions during the prototype development phase. With the roll out of mass production, the Company offers dedicated maintenance tools (Diagtool), training for its customers' staff and fleet operators, preventive maintenance and repair services using remote diagnostic tools, 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 2.3.1.3 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.

1.1.2.4 Expand its customer portfolio

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

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

The recent partnership with Ballard, Canada's world leading fuel cell group for medium and light duty vehicles will give Forsee Power access to complementary North American and international customers. Mitsui, the Japanese conglomerate shareholder of Forsee Power since 2017 is also a strategic industrial partner in connecting with Japanese and international automakers.

The current portfolio, centered around 10 customers that together represent about 92% of revenues in 2022, is set to diversify toward new customers, as the Group's activity expands in new business sectors in particular. In 2027, the company predicts that about 50% of revenues will come from the current top 10 customers.

1.1.2.5 Strengthen its technological leadership and the performance of its batteries

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

Promoting flexible formats

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

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

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

Increase energy density (doubled by 2025 compared with 2014)

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

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

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

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

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

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

Development of standardized product platforms that integrate artificial intelligence

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

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

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

1.1.2.6 Acquisitions

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

In addition to its organic growth (hiring, equipment acquisition), the Company also intends to carry out targeted acquisitions to acquire products that have already been validated for one of its target markets and/or technical and/or sales teams present in strategic countries.

The criteria assessed for these acquisitions will be the quality of products and teams, alignment and complementarity with the Company's strategy, and their financial valuation.

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

1.1.3 Competitive advantages

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

The Group believes that it is the market leader in Europe in the bus sector in terms of number of customers[1]. In the electric bus market (100% Battery Electric Vehicles and Fuel Cell Electric Vehicles) as of the date of the Universal Registration Document, the Group has 12 manufacturers as customers, including five European bus manufacturers: IVECO Heuliez (eWay), 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 10 customers in this segment. The Group recently signed a partnership agreement with Kubota, one of Japan's market leaders in off-highway vehicles.

As Alstom's partner for the hybridization of the Alstom TER train, the Group also equips SOCOFER's maintenance locomotives, positioning itself in the rail market. This position was strengthened in July 2021 with the purchase out of bankruptcy before the commercial court of the assets attached to the autonomous branch of Holiwatt providing power management products and systems for railways.

The Group is also present in the market for heavy hydrogen vehicles with a range of battery systems for use on road or rail. In particular, the Group is Wrightbus' exclusive partner for equipping its standard and double-decker hydrogen buses and Caetano's partner for its H2. City Gold hydrogen bus. Wrightbus, one of the world's leading hydrogen bus companies, has accumulated more than two million kilometers of experience with its Forsee Power battery-powered hydrogen buses that operate in cities across the UK. Caetano is also a market leader in Europe, primarily in Portugal and London. Forsee Power's battery systems are compatible with all fuel cells, and the Group has already been able to successfully test the interface with Ballard and Toyota fuel cells. In the field of hydrogen trucks, the group is a partner of Hyliko, a French specialist in hydrogen trucks.

The Group is also a leading actor in the light vehicle market in Asia and Europe. Its customers include Piaggio, the European leader in the two-wheeler market, and it works with a number of manufacturers and equipment suppliers in China and India, including Omega Seiki, Niu, Znen and Doohan. The Group believes that it is the only European manufacturer to benefit from this positioning in Asia, with industrial operations in both China and India.

The Group's strength also lies in its ability to accompany the customer journey of manufacturers and equipment suppliers that export vehicles from China to Europe, where the Group can provide after-sales service at its site in Poland.

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

The Group has an overall production capacity of nearly 2.5 GWh in 2022 in Europe (France and Poland) and Asia (China and India), localized to keep up with the growing momentum of electromobility worldwide (see section 1.2 of this Document). Production capacity is scalable and versatile, as the location of production is defined according to where the customers are located, using the most local supply chain possible and thus reducing the carbon footprint associated with transporting both supplies and deliveries to customers.

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

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

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

1.1.3.3 Industrial and commercial capabilities to capture growth opportunities

Since it was created, the Group has sought to establish an industrial network enabling it to meet the needs of its international customers and locate production as close to the markets as possible. In 2011, the Group acquired Uniross Batteries' production units in China, a site operational since 2003, and a site in France with the takeover of E.R.S.E., giving it access to heavy vehicle battery technology. The following year, the Group acquired Energy One, which has a production plant in Poland. In 2013, the acquisition of Dow Kokam France strengthened the Group's presence in heavy vehicle battery systems. In 2015, the Chinese plant was expanded to support growth in the light vehicle market in Asia. In 2018, driven by the strong growth of the bus sector, the Company set up a new production plant near Poitiers for the industrialization of its heavy vehicle systems. In 2020, the Group set up an industrial base in India to produce battery systems locally and thus be eligible for the electric mobility subsidy program launched by the Indian government (FAME II program).

The plants are also sized to allow production capacities to evolve and support growth in demand from the Group's customers, with the target of an installed production base of more than 13 GWh by 2027. The current structure of the plants allows for a gradual increase in capacity (approximately doubling) by adding additional assembly lines, either by simple duplication or by installing new lines. In addition, the production teams are calibrated to be able to produce in three teams, thus enabling the Group's factories to operate 24 hours a day to absorb any variations in demand. Finally, an increase in capacity will be achieved by expanding the Group's plants and new locations.

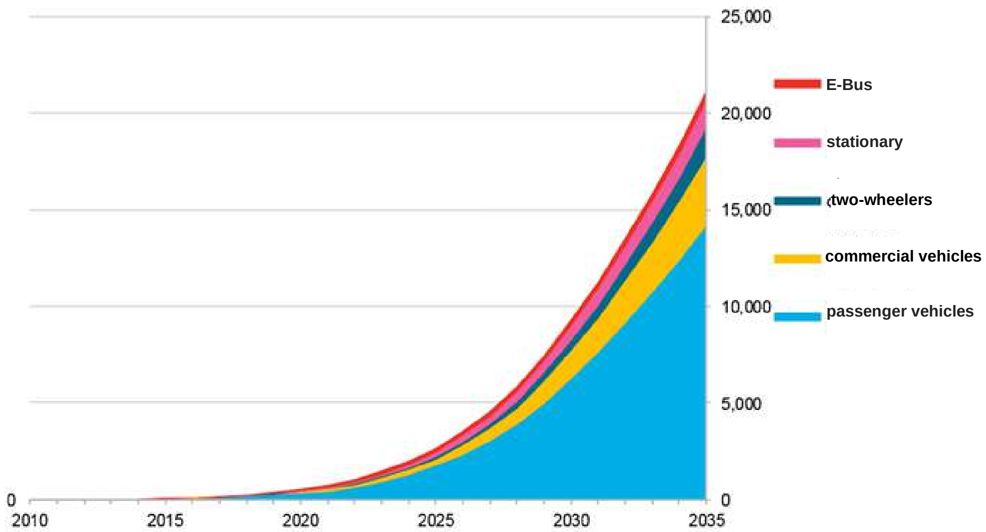
1.2 Description of the Group's target markets

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[2] predicts an average compound annual growth rate (CAGR) of more than 30%.

[2] *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. For example, the city of Paris has set itself the target of phasing out diesel vehicles by 2024 and gas vehicles by 2030. Furthermore, financial incentives (subsidies for Parisians who stop using their old vehicles) and accompanying measures have been put in place to encourage the installation of bicycle shelters and electric charging points. In addition, in the United States, as part of the multi-state action plan for zero-emission vehicles, eight states (California, Connecticut, Maryland, Massachusetts, New York, Oregon, Rhode Island and Vermont) have set a target of having 3.3 million zero-emission vehicles on the road by 2025.

Governments

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

- **The Paris Agreement:** International legally binding treaty on climate change adopted by 196 states at COP21 in Paris on December 12, 2015, which came into force on November 4, 2016; countries share the steps they will take to reduce their greenhouse gas emissions in order to meet the Paris Agreement's objectives;
- **China's Air Pollution Action Plan**: Three-year action plan from 2018 to 2020 to combat air pollution. The previous air pollution action plan, published in 2018, played a major role in improving air quality in major cities. The key policies of the 2021 Action Plan include a 20% share of non-fossil fuels in 2025 and an 18% reduction in carbon intensity between 2021 and 2025[3];

[3] *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, that commits the European Union to becoming climate neutral by 2050. The roadmap aims to transform the bloc of 27 nations from a high-carbon to a low-carbon economy;

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

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

- **Inflation Reduction Act (IRA)**: voted in 2022 in the United States, this plan mainly concerns measures in favor of the climate to finance, over ten years, the country's energy transition and thus achieve the objective of reducing greenhouse gas emissions by 50% in 2030 compared to 2005. 400 billion dollars are dedicated to the plan.

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

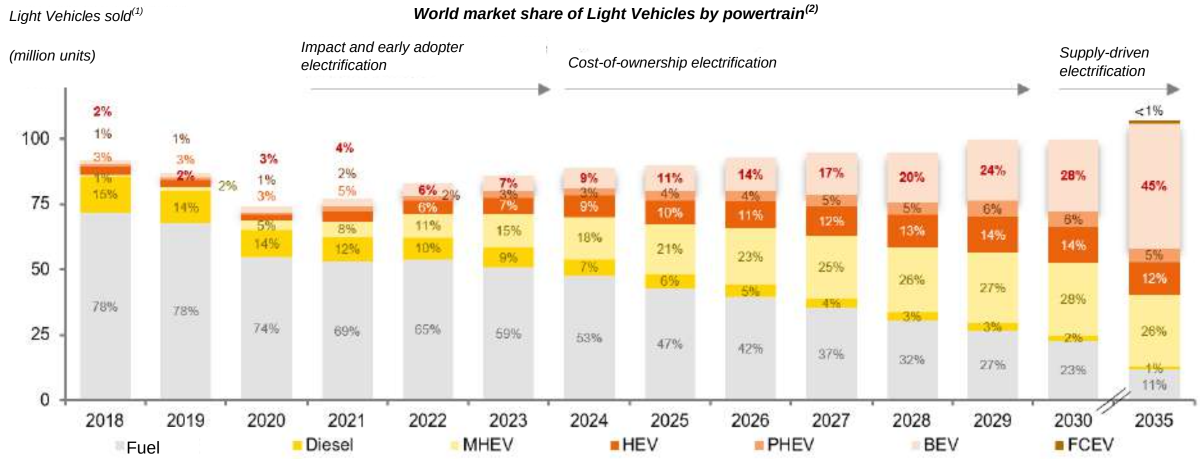
1.2.2.2 Maturity of the offering and of consumers

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[4]. Sales of electric vehicles have doubled each year in several markets, due in particular to numerous subsidies and regulations encouraging their adoption[5]. The proportion of electric vehicles and major components such as batteries and electric motors produced by original equipment manufacturers is increasing in most developed countries. China has the most established players. Manufacturers are stepping up their electric vehicle launch plans: it was announced that by 2022, nearly 240 different electric bus models will be available worldwide[6].

A few figures and examples:

- Target of 80% of the bus fleet in Paris to be purely electric by 2025[7];
- Greater London zero-emission bus target of 100% by 2037[8];
- Target for Californian public transportation agencies to move to a zero-emission bus fleet by 2040[9];
- Target for almost all cars, light trucks, buses and heavy-duty vehicles to be "zero emissions" in Europe by 2050[10];
- Forecast of a 41% CAGR over the period 2019 – 2027 for electric scooters and motorcycles in Europe[11];
- Forecast of a 45% CAGR over the period 2020 – 2027 for the European commercial electric vehicles market[12].

[4] *Agence Internationale de l'Energie (IEA), Global EV Outlook 2021, April 2021.*
[5] *Agence Internationale de l'Energie (IEA), Global EV Outlook 2021, April 2021.*
[6] *Agence Internationale de l'Energie (IEA), Global EV Outlook 2021, April 2021.*
[7] *Ile-de-France Mobilités, Press release, "The STIF and RATP present the new electric buses." May 2017.*
[8] *Mayor of London government, Press release, London's electric bus fleet becomes the largest in Europe – September 5, 2019.*
[9] *California Air Resource Board, 2018.*
[10] *European Commission, A fundamental transport transformation: Commission presents its plan for green, smart and affordable mobility – December 9, 2020.*
[11] *MarketsandMarkets, Electric scooter and motorcycle market – Global Forecast to 2027, 2019.*
[12] *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

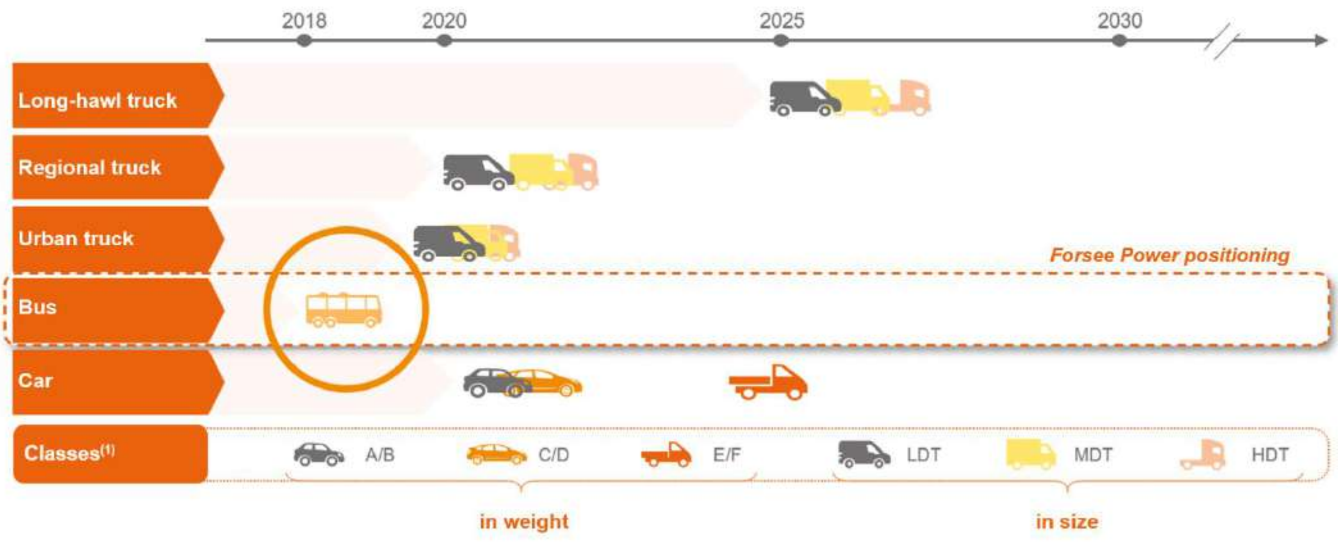
Electrification is driven by significant improvements in the economy of electric vehicles, including:

- reduction in battery costs (from USD 668 to USD 137 per kilowatt-hour (kWh) between 2013 and 2020)[13];
- considerable potential for battery pack rental;
- state subsidies;

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

[13] *BloombergNEF Lithium-ion Battery Price Survey finds prices fell 13% from 2019 to 2020, December 16, 2020.*
[14] *McKinsey Energy Insights' Global Energy Perspective, January 2019.*
[15] *McKinsey Energy Insights' Global Energy Perspective, January 2019.*
[16] *McKinsey Energy Insights' Global Energy Perspective, January 2019.*

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

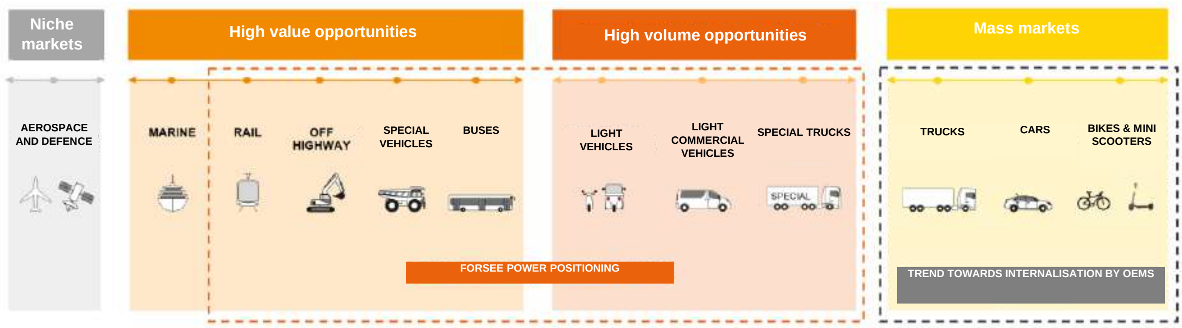


(1) *Vehicle categories:*

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

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

1.2.3 Market structure



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

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

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

Unlike the passenger car market, the light vehicle market has so far not opted for a strategy of verticalizing its battery systems production. This phenomenon is partly due to the small size of these systems and the high level of variability from one vehicle to another.

The light vehicle and robotics market is expected to see an average compound annual growth rate (CAGR) of 17.2% over 2020–2027, with the market growing from €1.2 billion in 2020 to €3.8 billion in 2027[17].

Two/three wheelers

The more technical and demanding scooter and three-wheeler market (speed, vibration, safety) represents a promising market for the Group. According to MarketsandMarkets in its 2019 "*Electric scooters and motorcycles market – Global Forecast to 2027*" study, the electric scooter and electric motorcycle market for lithium-ion batteries could grow by a maximum of 56% over the period 2019–2027. With the exception of the Chinese market (mainly equipped with lead-acid batteries), India currently represents the largest market for two-wheeled vehicles, with 1.8 million of the 4.5 million units on the world market. Average annual growth of more than 25.5% a year is also expected between 2021 and 2026 for three-wheeled vehicles equipped with lithium-ion batteries in Asia-Pacific[18], with high growth of 27 % in India which has the largest volumes.

The rest of the Asian market is also ahead of the European market[19].

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

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

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

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

Four-wheeled light vehicles

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

- **micro-vehicles** for passenger transport, a true complement to urban mobility vehicles (two-wheelers) consumers inclined toward alternative and flexible modes of transport, who are often not inclined toward ownership (but rather rental or self-sharing) and who do not have a driver's license. The main potential markets are in Europe and Asia, and to a lesser extent in major North American cities;
- **light utility vehicles**, whether autonomous or not, for services to urban local authorities, or for "off-road" applications, particularly in agricultural or forestry operations;
- **recreational vehicles** (go-karts, snowmobiles, jet skis, various small sports vehicles) have also expanded their range to the all-electric which makes them more user-friendly (e.g., noise- and odor-free indoor karting centers) and more respectful of the natural environment (mountains, beaches, lakes), while guaranteeing attractive handling conditions.

[17] 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.
[18] MarketsandMarkets, Asia Pacific 3-wheeler market – Forecast to 2026, 2021.
[19] MarketsandMarkets, Asia Pacific 3-wheeler market – Forecast to 2026, 2021.

Industrial tech (medical and robotics)

Robotics (AGV, Automated Guided Vehicles)

Driven by very strong growth in online sales and home delivery (accelerated by recent health crises), the supply chain has undergone a profound transformation in recent years, with the "industrialization" of internal logistics and order preparation processes. The main driver is customer satisfaction (with the consumer becoming accustomed to shorter and shorter delivery times), with high stakes in optimizing the working capital requirements.

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

The various AGV robots now perform very different functions:

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

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

Medical

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

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

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

It should be noted that in the future, the Company has decided not to be active in the industrial tech market (medical and robotics industry). For more details, the reader is invited to refer to paragraph 1.2.3.1 "light 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[20].

More specifically, the city bus market has the fastest electrification rate. According to one study, up to 60% of the world's bus fleet could be electric in 2040[21].

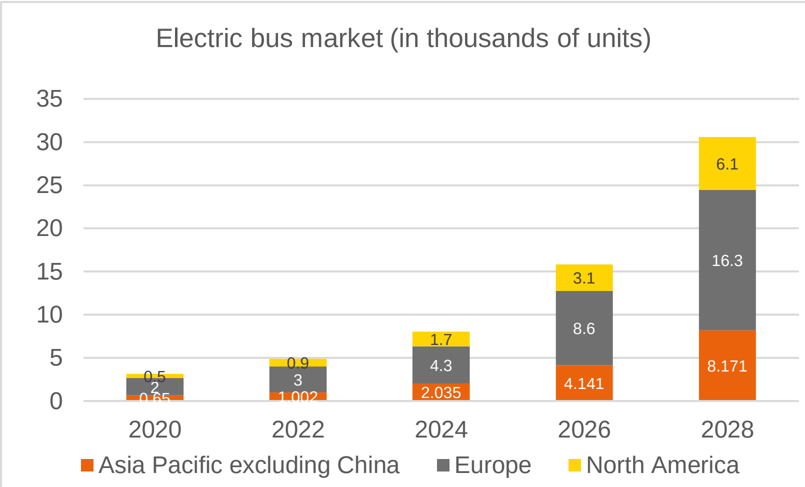
[20] *BloombergNEF, Hitting the EV Inflection Point, 2021.*
[21] *BloombergNEF, Electric Vehicle Outlook, 2020.*

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

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

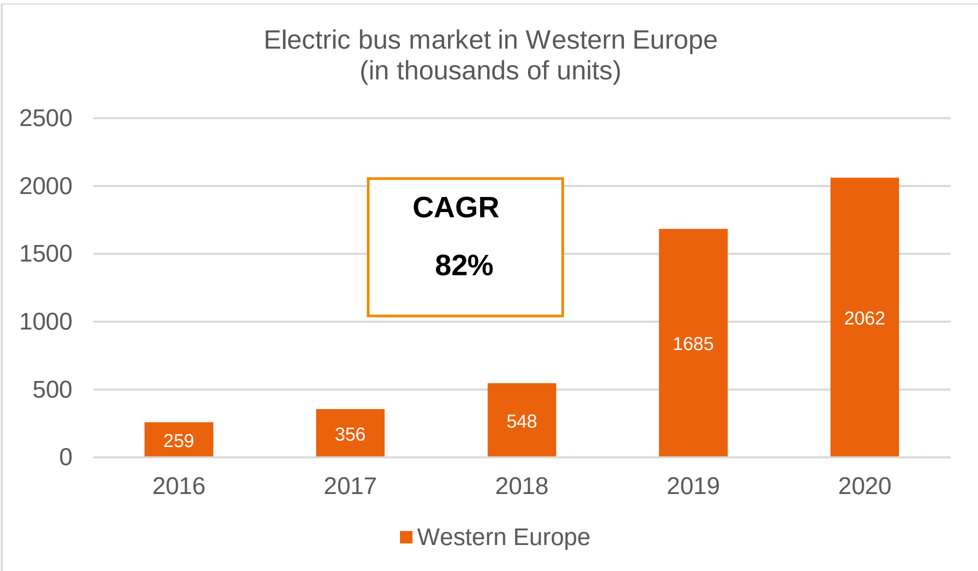
The projected volumes for the Chinese electric bus market were by far the largest in the world, with a forecast of more than 90% of volumes in 2020[22].

It is served primarily by local operators, with lithium iron phosphate technologies, and is hard for Pacific operators to access (excluding China).



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

Due to the effect of public policy, the European market is experiencing brisk growth. As shown in the table below, the European market managed to achieve growth of over 20% in 2020 despite the slowdown due to the COVID-19 pandemic.



[22] *MarketsandMarkets, Electric Bus 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[23]. The two main drivers of this market are:

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

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

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

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

Outside Europe, the North American and Asia-Pacific markets are also expected to see strong growth between 2022 and 2028[24].

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

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

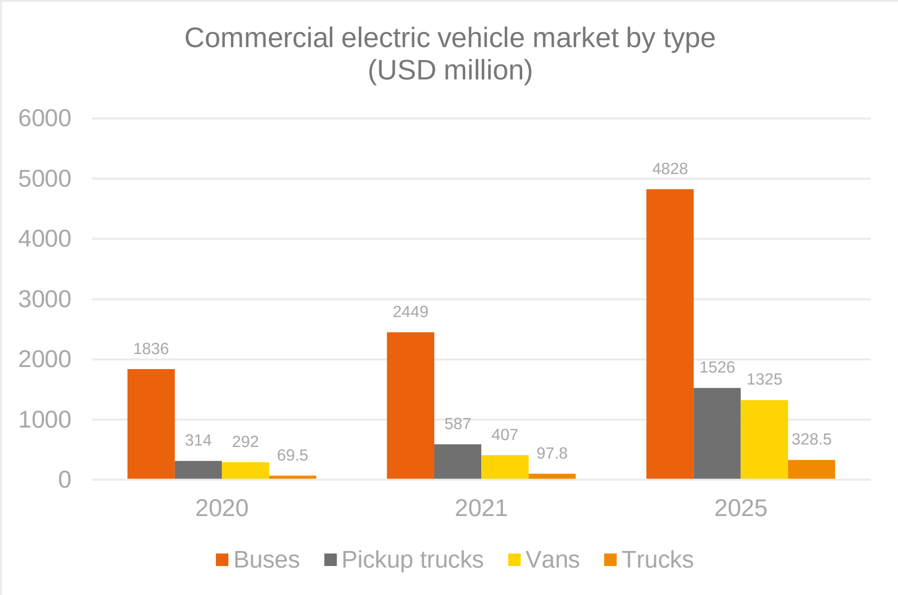
Other commercial vehicles

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

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

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.

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



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)[25].

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;
- 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[26].

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[25] *MarketsandMarkets, Electric Commercial Vehicle Market – Global Forecast to 2027, 2019 and Company's estimates.*
[26] *MarketsandMarkets, Off-highway Vehicle Market – Global Forecast to 2027, 2019 for units and estimates, and Company's estimates for battery capacities and values.*

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, 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[27].

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).

For some applications, this involves incorporating an electrical storage system (battery) into a propulsion system that is already partly electrified. In catenary rail systems, the driving force mainly comes from an electric engine. Including a battery allows for catenary-free journeys: emergency power supply, extension of lines without extending the catenary network (very costly in terms of time and investment), and leaving the transport network to evolve into a clean catenary-free site. The battery also allows for improved energy efficiency by recovering braking energy, which would otherwise be returned to the catenary network and largely lost. In diesel-electric propulsion systems (trains), the driving force is provided by electric engines that are supplied with electrical energy by a diesel-electric generator. The incorporation of a battery then optimizes engine speeds by making them work at their most efficient 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.

[27] *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.*

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

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

All of these developments are fueling growing demand for 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

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

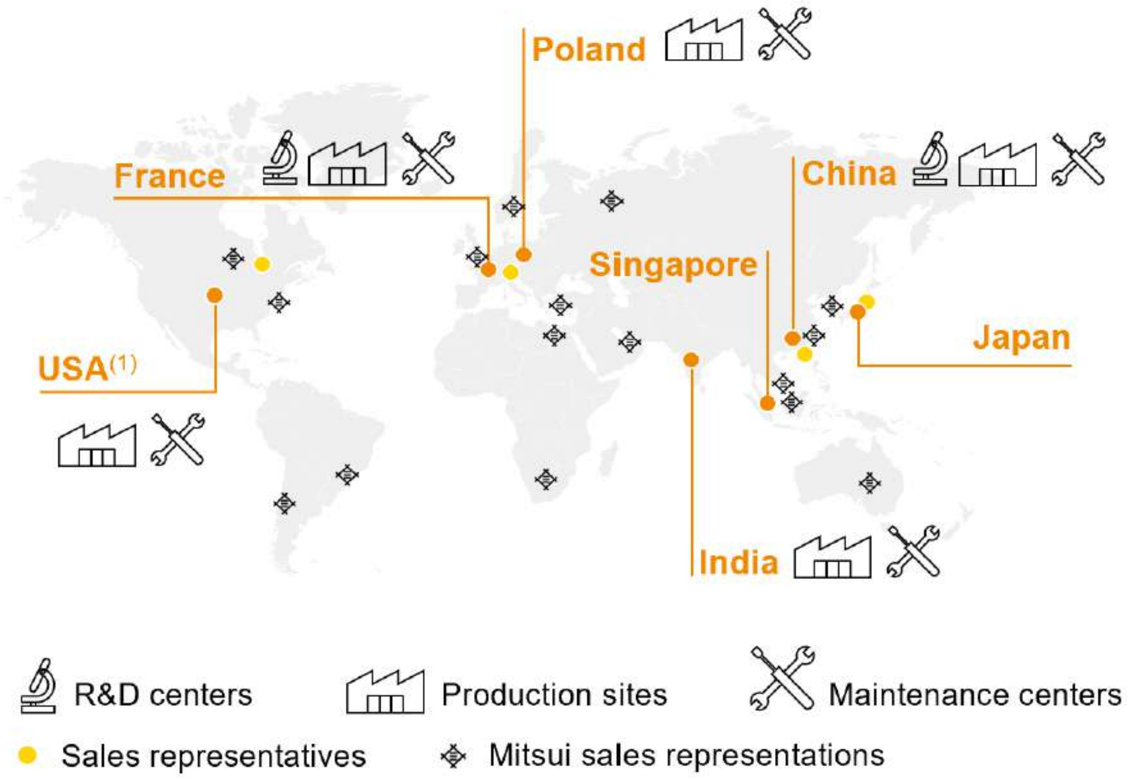
In particular, Forsee Power, which chooses not to position itself in mass markets, believes that there is a risk of in-house production by operators targeting very high-volume markets such as cars and trucks.

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

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

1.3 Description of the Group's activities*

1.3.1 Activities and key figures



Source: Company
Notes: (1) production start end 2023

2011	5	3	638
CREATION	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[28], the Group has focused its strategy on two business segments:

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

These business segments accounted for 21% and 79%, respectively, of the Group’s activity for the year ended December 31, 2022. 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 in paragraph 2.3.2 “Results of operations”.

[28] *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.*

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 by the end of 2023. 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 that uses lithium in an ionic form. There are different technologies on the market made up of different compounds. In electric vehicles, several electrochemical families may be present, the main ones being NMC (Nickel Manganese Cobalt), NCA (Nickel Cobalt Aluminum), LTO (Lithium Titanate Oxide) and LFP (Lithium Iron Phosphate).

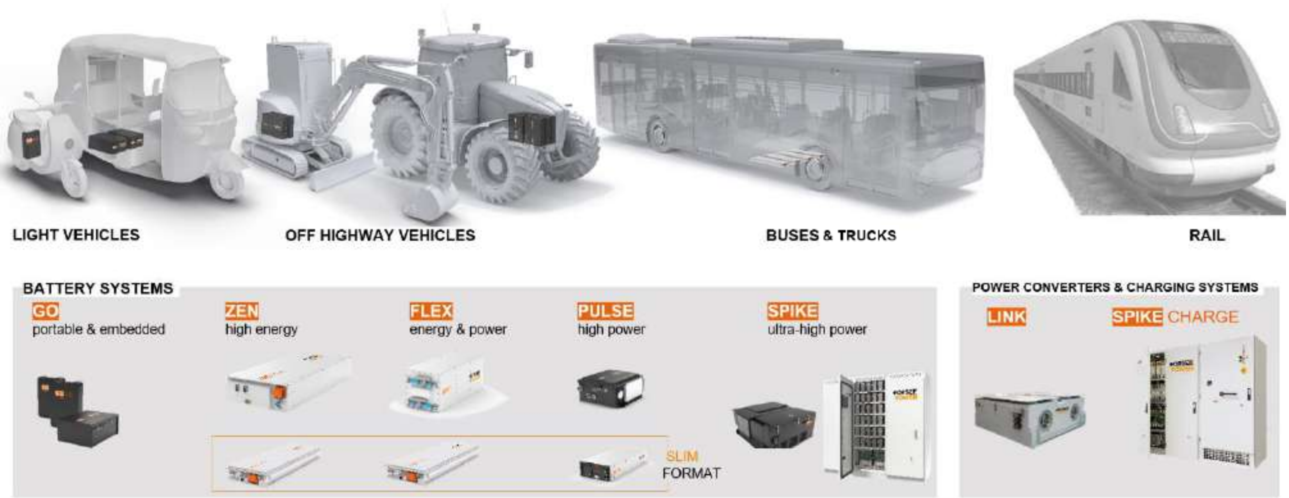
For the design of its battery systems, the Group qualifies and selects a very wide range of technologies to design the best battery systems for each of the applications it addresses.

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

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

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

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, depending on the on-board energy and the charging power.
- End-of-the-line charge: This application requires energy and power batteries. Charging takes approximately 15 minutes, e.g., during a driver's break.
- Quick charge: This application requires high-power batteries. Charging takes place for a few minutes at certain stops.
- Ultra-fast charging: This application requires very high-power batteries. Charging takes place for a few seconds at each stop (or almost).

Hydrogen vehicles

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

Hybrid diesel/battery vehicles

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

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

(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. The batteries must be lightweight and energy dense, using NMC lithium-ion technology. This maneuverability thus enables battery exchanges (*hot swapping*), to always have a fully charged battery and to increase vehicle use during the day. It is therefore not uncommon for the user to have more than one battery per vehicle.

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

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

(III) Battery systems for medical use

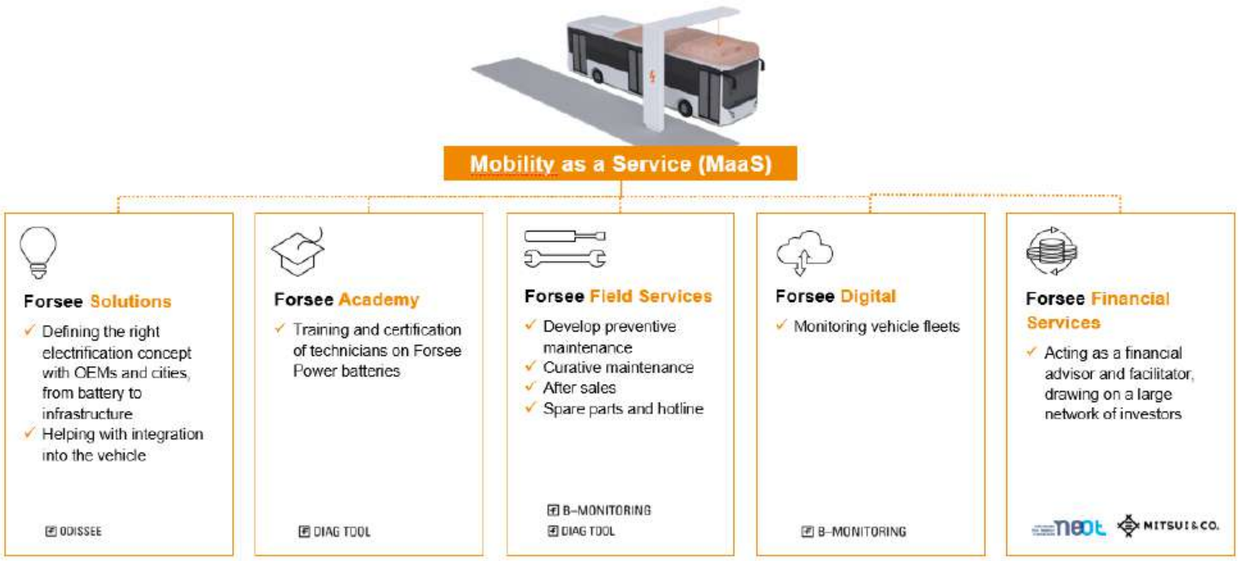
The applications relevant to the Group's products are:

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

Over one million battery packs have been sold by the Group in the last 11 years in France, the United States and Asia, from factories in China and Poland.

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

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 beyond the mere knowledge of the battery, covering the battery, the associated vehicle and its charging infrastructure.

Financing

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

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

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

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

Second life and recycling

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

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

The Group started mass production of its battery systems for heavy vehicles in 2018. Given that the first life of batteries can extend from 8 to 15 years depending on the technology (see 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 and Industrial Tech

The customer portfolio is diversified for this business and also relies on several key customers. In light mobility, Piaggio and Omega Seiki are two major references.

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

- **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.

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

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

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

- **Hager:** Long-term customer since 2013 in the field of batteries for alarm equipment and smoke detectors. Production is carried out in Poland, with global cooperation between the Hager and Forsee Power teams in France, Germany and more recently in China. This demonstrates the Group's ability to support its historical customers internationally at multiple sites around the world.
- **Somfy:** Customer established in 2019 and strengthened last year through a major contract for roller shutter batteries, which will be deployed in 2021–2022. The Group was thus able to mobilize its teams in France and China to respond adequately to Somfy's requests both globally and locally.
- **Medical**:
  - **O2 Concept and Precision Medical:** These two American companies, major players in the field of breathing aids, have been customers of the Group since 2013. Several batteries for oxygen concentrators have been produced from the Group's factory in China and have been in the product range for almost 10 years. Recently, these customers expressed the wish to be able to receive production from Europe as well, and the Group's Polish site thus integrated production of one in early 2021; this demonstrates the Group's industrial capacity to meet different production localization needs.
  - **GCE-ESAB:** this major player of British origin specializes in fans, which were recently used in the treatment of COVID-19. The Group supplies this customer with custom-made portable batteries for its equipment.

It should be noted that in the future, the Company has decided not to be active in the industrial tech market (medical and robotics industry). 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)**: As a customer of the Group since 2012, the Iveco/Heuliez Group launched its first production electric bus developments in 2014 and chose the Group as of 2015 based on the "off-the-shelf" Flex7 system. As early as 2016, as part of a long-term partnership, the Group launched the development of the Zen range, allowing 350 kWh of battery per 12-meter bus, thus enabling it to meet market requirements in terms of battery life and passenger capacity. Heuliez set a track record for battery life with this system, reaching 527 km in October 2019. Iveco/Heuliez has also capitalized on the Group's wide range, and developed 18-meter articulated buses and fast-load systems for the Dutch market, due to the Group's Flex and Pulse product ranges. Iveco/Heuliez is also the first Forsee Power customer to have benefited from the Group's battery financing offer. 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. The Group and Wrightbus collaborate beyond the United Kingdom, and are looking toward Asia and North America, where the Group supports it with its financing offers.

- **Alstom:** Forsee Power has been Alstom's partner since 2016. Forsee Power supplied the battery systems of the first demonstrators on the Aptis bus with opportunity charging (Flex7) (this project has been stopped by Alstom in 2021), before being selected in 2018 to supply the high-energy batteries of the serial version for the RATP markets (Alstom being among the three selected suppliers). Forsee Power is also Alstom's supplier for its regional hybrid express train project, which consists of replacing half of the diesel-hybrid engines with a very high-power battery system developed according to railway standards. After a successful test, the high-power battery systems developed by the Group were integrated into the first experimental hybrid TER at the beginning of 2021 for mass production planned for 2023. Designed with the SNCF and in partnership with the Occitanie, Grand Est, Nouvelle-Aquitaine and Centre-Val-de-Loire regions, this new hybrid TER called "Régiolis Hybride" is manufactured by Alstom with a goal of 20% energy savings and reducing greenhouse gas emissions. Régiolis Hybride will benefit in particular from regenerative braking on arrival at the station, allowing charging of the batteries and use of this energy in traction phases. At the end of the tests, Alstom plans to convert between 100 and 200 trains in its fleet to hybrid mode.
- **Caetano Bus:** A partner of Caetano Bus since 2017, Forsee Power supplies its entire range of batteries (Zen, Pulse, Flex). Due to the Zen35 batteries, Caetano has won contracts for all-electric buses in London and Lisbon.

1.3.4 Important contracts

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

(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 Manufacturer in the Indian market, at the express request of Forsee Power India Private Limited;
- support Forsee Power India Private Limited with companies specializing in electric vehicles/Original Equipment Manufacturers in India for their 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.

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

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

- electrochemistry, including material physics and physico-chemical kinetics: advanced analysis of aging phenomena throughout the life cycle (storage, recycling, etc.);
- functional analysis of the system and overall electrical sizing;
- complete multi-scale thermomechanical design (cells, modules, packs, vehicle system);
- wiring systems (power and control-command);
- the cooling system;
- analog and digital electronic design;
- electromagnetic compatibility according to applicable standards and customer specifications;
- resistance to vibrations, shocks and any other environmental conditions specific to vehicles;
- software development as a whole (on-board software, diagnostic and maintenance software, test software, etc.).

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

- sizing and preliminary overall architecture analyses;
- functional and behavioral modeling, advanced simulations linked to the mission profile specific to each target application or sector;

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

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

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

R&D cycles include:

- a phase of studies or exploration of concepts, from a predominantly scientific and technological perspective, which may involve external collaborations;
- a functional modeling 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 (as amended by Directive 2013/56/EU of the European Parliament and of the Council of 20 November 2013, and Directive (EU) 2018/849) prohibits the placing on the market of batteries and accumulators containing substances deemed hazardous, and contains specific rules for the collection, treatment, recycling and disposal of waste batteries and accumulators. It introduces "extended producer responsibility" for batteries and accumulators, making producers, distributors or persons responsible for the placing on the market of such products liable for their end-of-life costs.

In addition, Regulations on Waste Electrical and Electronic Equipment (WEEE), stemming from Directive 2012/19/EU of July 4, 2012, apply to certain electrical and electronic components used to make batteries and marketed by the Group. The WEEE regulations also enforce a system of extended producer liability for electrical and electronic equipment, including batteries. This system requires separate collection of batteries and accumulators for end-of-life treatment. The provisions on waste batteries and accumulators have been transposed into French law and are currently included in Articles R. 543-124 *et seq*. of the French Environment Code.

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

As such, the Company is required to remove, or arrange the removal of, and to treat, or arrange the treatment of, waste batteries and accumulators integrated into the batteries, which must be collected separately either by the distributors under their obligation to take back used batteries, or by local authorities responsible for waste collection. Failure to comply with these obligations may result in criminal or administrative fines, significant fees to make good the obligations, and the risk of legal action involving customers or third parties. The regulation provides for the option of waste removal and treatment being carried out by either an approved eco-agency paid for by the producers, or by setting up an individual system which must be approved by the authorities. In this case, the Group will specifically design batteries with easy repair and disassembly in mind, so that reusable or recyclable components can be separated. In order to meet its declaration obligations with ADEME, the Group has set up partnerships with different companies specializing in the recycling of the batteries and accumulators integrated in the batteries, such as the French eco-organization SCRELEC. In connection with the second life of batteries, arrangements must be made to return the batteries in order to run diagnostics. Once a battery is determined to have reached the end of its life span, the Group will carry out on its site the dismantling and separation of all recyclable components to ensure a minimum recycling rate of 50% in accordance with the regulations.

European Directive 2006/66/EC of 6 September 2006, on batteries and accumulators and waste batteries and accumulators is due to be superseded by new European regulations. As part of the European Green Deal, on December 10, 2020, the European Commission proposed a package of measures that sets out a new batteries regulation with the aim of modernizing EU legislation and implementing an action plan for a circular system. This regulation will replace Directive 2006/66/EC. At the date of this document, the text is still awaiting publication, which is expected in May 2023.

The main measures proposed by the European Commission are summarized below:

- New classification of batteries to ensure that the regulation covers all batteries, including any potential new types of battery.
- Labeling: Batteries must be labeled in a visible, legible and indelible manner, to provide the information necessary for the identification of batteries and of their main characteristics, as well as other information regarding lifetime, charging capacity, the requirement to collect separately, the presence of hazardous substances and safety risks.
- Battery management system for electric vehicles for storing the information and data needed to determine the state of health and expected lifetime of the batteries.
- End-of-life management: provisions on registration, extended producer responsibility, collection, treatment and recycling, including recycling efficiency, end-of-life information, repurposing of batteries and reporting. These regulations will replace the equivalent ones in Directive 2006/66/EC.
- New collection rate target for portable batteries: Collection rates will gradually increase so as to ensure that 65% of waste portable batteries are collected by the end of 2025 and that 70% of such waste is collected by the end of 2030.

- Battery passport: By January 1, 2026, industrial batteries and electric vehicle batteries will have an electronic record for each individual battery placed on the market.
- Creation of a reporting system for automotive and industrial batteries.
- Recycling efficiency targets: New recycling efficiency and material recovery targets will be set out for lead-acid batteries, nickel-cadmium batteries and lithium batteries. The target for lithium batteries will be set at 65% starting in 2025.
- Obligation to report the carbon footprint associated with the overall life cycle: Information is required in the form of a carbon footprint declaration. Thereafter, the batteries will be subject to a classification into carbon footprint performance classes. Ultimately, batteries will need to comply with maximum life cycle carbon footprint thresholds.
- Performance and durability: Information must be provided for each battery. This information must be made available online in a battery database and/or in the battery passport.
- Quantity of content recycled: The technical documentation for industrial and electric vehicle batteries with internal storage that contain cobalt, lead, lithium or nickel in active materials must contain information about the amount of the above materials that have been recovered.
- Reasonable supply chain diligence for raw materials in industrial and electric vehicle batteries: Reasonable due diligence policies will be established for rechargeable industrial and electric vehicle batteries placed on the single market. The European Commission will be empowered to review the list of substances and risk categories.
- Third-party verification is required, via notified bodies, for the provisions on the carbon footprint and recycled content declarations, and on the reasonable due diligence policy for the responsible sourcing of raw materials.

In China, the Law of the People’s Republic of China on the Prevention and Control of Solid Waste Pollution provides, among other things, that the management and disposal of hazardous and/or toxic waste must be carried out by the company responsible for their creation. The company may dispose of the waste itself or through a third party, but it must comply with Chinese regulatory standards and obtain the necessary permits for waste storage. As such, a company that subcontracts its waste management must ensure that its contracting party meets these legal requirements. As of the date of this document, the Company uses a third party for the treatment of its hazardous waste.

In addition, the Law of the People’s Republic of China on the Prevention and Control of Solid Waste Pollution also requires companies working with these substances to establish preventive measures as well as contingency plans in case of accidents and to submit these plans for registration to the relevant authorities (local environmental department and those responsible for the supervision and administration of pollution prevention and control). These same departments may conduct inspections to verify the consistency of the envisaged measures.

Moreover, the Group is subject to standard environmental, safety and recycling regulations in China and India. There are no specific regulatory requirements for batteries, other than the use of an accredited organization for their recycling.

Finally, with respect to the United States, the Group works through centers in Europe and is not directly responsible for either the classification of its products in the United States or their recycling.

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. These laws apply to transportation between two countries that are parties to the regulation in question. Furthermore, within the European Union, Directive

2008/68/EC of the European Parliament and of the Council of 24 September 2008, on the inland transport of dangerous goods provides for the compulsory application of the regulations relating to road, rail and inland waterway modes of transportation between two European Union Member States.

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

In addition to the internal audit each year, an independent safety consultant carries out an annual audit. This audit looks at the Group’s processes, compliance with regulations and risk prevention in warehousing-related and land/maritime transportation-related (shipping) matters. Furthermore, all carriers and logistics service providers in the Group enjoy approved AEO (Authorized Economic Operator) status for customs, security and safety, and TMD certification.

In China, the Law of the People’s Republic of China on the Prevention and Control of Solid Waste Pollution provides for the implementation of a set of requirements regarding the storage of hazardous materials, especially according to their nature. This means that local and national regulations governing monitoring, control, ventilation, sun protection, temperature control, fire prevention, fire extinguishing, decompression, poisoning prevention, moisture proofing, lightning protection, static electricity prevention, and corrosion prevention must be observed.

In addition, the Law of the People’s Republic of China on the Prevention and Control of Solid Waste Pollution also requires that hazardous materials be stored in separate warehouses and comply with special storage conditions. For example, the storage conditions for lithium are as follows:

- surface area of each battery less than or equal to 100 square meters;
- distance between two batteries greater than or equal to 1 meter;
- distance between each battery plate, beam and column greater than or equal to 0.3 meter;
- distance between each battery and the wall greater than or equal to 0.5 meter.

1.5.3 Regulations relating to chemical substances

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

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

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

Failure to comply with these obligations may result in criminal and administrative sanctions that may be issued simultaneously.

In accordance with the REACH Regulation, and where the Group is the importer of chemical products in Europe, the Group must ensure that one of the entities in the supply chain has registered the product. Where this is not the case, the Group must register the product.

Furthermore, the Group is required to report the presence of more than 0.1% of all compounds deemed to be Substances of Very High Concern (SVHC). As of the date of this document, the batteries that the Group manufactures or places on the market do not contain any SVHCs.

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 or equipment that may endanger or adversely affect the interests protected by Article L. 511-1 of the French Environment Code, in particular neighborhood habitability, health, environmental protection and reasonable energy usage. Depending on the level of danger they represent with regard to these protected interests, the commissioning of an ICPE is subject to a declaration, registration or authorization procedure by the local prefect authority. The procedure for acquiring authorization to operate includes the submission of a file describing the technical and financial capabilities of the future operator and a public survey. As of the date of this document, operations at the Chasseneuil-du-Poitou production plant are subject to declaration under the ICPE regulations, given the threshold levels of lithium per square meter.

While an ICPE is in operation, the operator is required to comply with the environmental regulations and technical requirements issued either by ministerial decree or by an order that has been adopted by the local prefect. These requirements are intended in particular to control the consequences of activities classified on the interests protected by Article L. 511-1 of the French Environment Code, such as discharges into water or emissions into the air, measures to protect against water or soil pollution, or even fire protection measures.

When operations on a site subject to ICPE regulations are stopped, the corresponding final operator is required to restore the site to its original condition, with a view to the site's future use. At the Chasseneuil-du-Poitou site, this was the duty of the former operator. When determining the obligations to restore the site's condition, the future use-types taken into consideration for ICPEs subject to declaration are industrial uses, that is, unless such uses are inconsistent with the planning documents in force when operations are stopped. Furthermore, the liability of the final operator lasts for 30 years after notice is given regarding the permanent halt in ICPE operations, during which time the prefect may require additional restoration work.

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.

It does not cover post-crash safety requirements of road vehicles.

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

- **The UN38.3 standard**

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

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 31 December 2022, 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 2022**	**FY 2021**	**Change**	**Change (as a %)**
Revenues	**111,018**	**72,423**	+ 38,595	+ 53%
Of which Heavy Vehicles (HeV)	87,844	50,481	+ 37,363	+ 74%
Of which Light Vehicles and Industrial Tech (LeV & Ind Tech)	23,175	21,942	+ 1,232	+ 6%
Adjusted EBITDA [(a)]	**(13,901)**	**(14,351)**	+ 450	+ 3%
Adjusted EBITDA margin	(13)%	(20)%		
Current operating income	**(30,113)**	**(25,984)**	- 4,129	- 16%
Operating income (loss)	**(30,113)**	**(26,772)**	- 3,341	- 12%
Net financial income (expense)	**(1,726)**	**(11,192)**	+ 9,466	+ 85%
Net income of the consolidated group	**(32,568)**	**(38,097)**	**+ 5,529**	**+ 15%**

a) As of 31 December 2022, the Group no longer tracks EBITDA as a performance indicator. The adjusted EBITDA indicator corresponds to operating income before amortisation 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 assets. It is also restated for share-based payment expenses. The Group considers that these expenses do not reflect its current operating performance, particularly for equity-settled compensation plans, which have no direct impact on cash. This indicator is detailed in paragraph 2.1.3 of this document.

In the 2022 financial year, Forsee Power recorded a robust sales performance in an environment of major pressure on supplies, with consolidated revenues of €111,018 thousand, up 53%, reflecting in particular:

- the strong recovery in the heavy vehicle market (+74%) and continued growth in the light vehicle segment (+6%).
- a positive scope effect linked to the integration of the Holiwatt business activity on July 21, 2021 (+€382 thousand; +71%).

On a like-for-like basis[29], the Group's revenues would have amounted to €110,099 thousand in 2022.

The Group’s adjusted EBITDA improved from €(14,351) thousand in 2021 to €(13,901) thousand in 2022, despite a negative scope effect of:

- -€2,845 thousand related to the integration of Holiwatt on July 21, 2021;
- -€325 thousand related to the Group’s development in the United States.

On a like-for-like basis[29], in 2022 the Group's adjusted EBITDA would have been €(10,731) thousand, or 10% of Group revenues.

In this context, the adjusted EBITDA margin improved from (20)% in 2021 to (13)% in 2022. This improvement is mainly due to:

- improved productivity due to both higher margins and higher volumes;
- the integration of the net operating costs of the new Holiwatt business taken over by the Group in July 2021;
- the controlled increase in the Group's fixed costs.

The operating loss for FY 2022 came to €(30,113) thousand, down from the operating loss of €(26,772) thousand for FY 2021. Operating income (loss) is analysed below in paragraph 2.3.2 of this document.

Following its initial public offering in November 2021, Forsee Power had significant liquidity. As of December 31, 2022, Forsee Power had liquidity of €31,014 thousand. The Group has also continued to successfully implement actions to extend its suppliers' payment terms and to use its "deconsolidating" factoring contracts to optimise its working capital requirements (WCR).

The working capital requirement balance[30] in the 2022 closing statement of financial position represents 26% of revenues compared with 31% in 2021. This €7,006 thousand increase in WCR is mainly due to a higher inventory level (+€9,059 thousand). The very strong growth in Group revenues in 2022 compared with 2021 (+53%) necessitated a resizing of inventories. Furthermore, the occasional shortage of certain components at the end of the first half of 2022 meant that production of certain battery systems could not be finalised, leading to an increase in work in progress inventories.

Changes in other WCR items (trade receivables, trade payables, other current assets and other current liabilities) fell (-€2,053 thousand), in this context of very strong growth, as the Group is, among other things, taking substantive action to continuously improve its supplier payment times.

Purchases of property, plant and equipment net of advances and deposits as a % of revenues fell to 4%, i.e. €4,441 thousand in 2022 compared with €4,630 thousand in 2021, i.e. 6%.

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

[29] The notion of like-for-like basis does not include the contribution of Holiwatt, acquired on July 21, 2021, and does not include the Group's development in the United States.
[30] For further details, please refer to note 9.2 of the consolidated financial statements.

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 98% of the Group's consolidated revenue at 31 December 2022 and 88% at 31 December 2021.

A significant portion of the Group's revenue was generated with a limited number of strategic customers. The contribution of the top ten customers to the Group's revenue was 92% at December 31, 2022 and 87% at December 31, 2021. The customer with which the Group recorded the largest revenues for the year ended December 31, 2022 accounts for 36% of the Group’s consolidated revenues and the second-largest 31%. The customer with whom the Group recorded the largest revenues for the year ended December 31, 2021 accounted for 46% of the Group's consolidated turnover and the second largest 10%.

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.

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

(ii) <u>The ability to win new customers</u>

The share of new customers was 2% at December 31, 2022 and 12% at December 31, 2021 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.

The Group's order book for the period to December 31, 2028 amounts to approximately €1.4 billion at the date of this document, mainly with certain strategic customers of the Group such as Iveco/Heuliez, Piaggio and Wrightbus.

The order book includes indications of firm orders from customers, which are included in the book with a probability of 100%, as well as specific expressions of interest and advanced negotiations with customers for which the Group is the sole supplier which are reflected in the order book at corresponding weighted probability rates (between 50% and 75%). The order book also reflects business for which the Group has received (i) a request for quotation or for which the Group is in bilateral negotiations and to which management has assigned a probability of at least 50% and (ii) outstanding orders with historical customers for which the Group receives regular purchase orders and to which management has assigned a probability of at least 50%. The definition of order book used by the Group for operational purposes does not correspond to a standard accounting aggregate with a single, generally accepted definition.

As of December 31, 2022, 11% (or €117,031 thousand) of the order book was contracted (firm and irrevocable orders with a probability of 100%), while 89% was weighted (41% for which the Group is the customer's sole supplier and 49% for which the Group has business in progress with the customer).

As of December 31, 2021, 5% (i.e. €54,601 thousand) of the order book was contracted (firm and irrevocable orders with a probability of 100%), while 95% was weighted (70% for which the Group is the customer's sole supplier and 26% for which the Group has business in progress with the customer).

The order book is based on actual purchase forecasts discussed with customers, but these forecasts do not constitute firm purchase commitments. In addition, the assessment of the probabilities of conversion of the order book to firm orders may not be appropriate. In addition, lithium-ion battery cells generally have a limited life. If customers do not convert their forecasts into firm orders, the Group could have a larger number of battery cells in stock, which could lead to reduced warranty periods or inventory write-downs. As a result, the order book may not generate the corresponding future revenues. As a result, actual sales could be noticeably lower than the order book suggests at the date of this document.

(iv) Changes in exchange rates

The Group's consolidated financial statements are presented in euros. However, in each of the countries in which it operates, the Group generally incurs expenses and sometimes makes sales in local currencies. Consequently, these transactions must be translated into euros when preparing the financial statements. For the statement of income, this is done at the average rate for each period. In the case of the statement of financial position, this is done using the exchange rates applicable at the statement of financial position date.

The Group is exposed to foreign exchange risk due to the relationships with its investments in China and Poland.

The Group is thus exposed to currency risk in respect of the US dollar (USD), the Yuan (RMB) and to a lesser extent the Polish Zloty (PLN), the Hong Kong dollar (HKD), the Indian rupee (INR) and the Singapore dollar (SGD).

The Group occasionally enters into currency hedges (forward contracts) on the US dollar ($) and the Japanese yen (¥) to limit the exchange rate risk in the payment of invoices to certain foreign suppliers. Forward contracts are individually written in notional terms for the amount of the supplier debt, in the same currency and with the same maturity as the supplier debt (see Note 3.3.20 to the consolidated financial statements in section 4.3 of this document).

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" of this document).

(v) The impact of the Covid-19 pandemic

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

Nevertheless, this situation did not cause any significant disruption in 2022, as the production site located in Chin operated normally and continued to operate without any particular problems.

(vi) 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 2.10 "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.

(vii) 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 3.3.16 of the consolidated financial statements.

(viii) Price trends and structural cost control

Heavy electric vehicles, light electric vehicles and energy storage may be subject to price declines due to rapidly changing technologies, industry standards and end-user preferences.

As a result, the Group's customers may expect the Group, as a supplier, to reduce its costs and lower the price of its battery systems to mitigate the negative impact on their margins.

In addition, the flexibility of the Group's battery system design allows it to manufacture at a sustained rate, which enables the Group to provide battery systems at attractive and competitive prices.

The cost of battery cells depends in part on the price and availability of raw materials such as lithium, nickel, cobalt and/or other metals.

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

In addition, due to (i) the limited number of manufacturers, (ii) the long lead times for these same manufacturers to increase their production capacity, and (iii) the faster growth of demand than supply in the battery market, tensions arise in the supply of key cells and components used in the manufacture of battery systems. These tensions generally result in an increase in purchase prices, which can degrade margins.

As a result, if the Group were unable to pass on these 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.

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

Definition of adjusted EBITDA

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

It corresponds to operating income before amortisation and impairment of intangible assets, depreciation of right-of-use assets for property, plant and equipment, depreciation and impairment of property, plant and equipment and net impairment of assets. It is also restated for share-based payment expenses. The Group considers that these expenses do not reflect its current operating performance, particularly for equity-settled compensation plans, which have no direct impact on cash.

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

In € thousands	FY 2022	FY 2021
Current operating income	**(30,113)**	**(25,984)**
- Amortisation and impairment of intangible assets	(4,271)	(2,307)
- Depreciation of right-of-use assets for property, plant and equipment	(1,312)	(1,123)
- Depreciation and impairment of property, plant and equipment	(3,507)	(1,332)
- Net impairment on inventories and receivables	(3,599)	(172)
- Share-based payment expenses	(3,389)	(5,556)
- Employer's contributions for share-based payments	(134)	(1,143)
Adjusted EBITDA	**(13,901)**	**(14,351)**

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)* (or transport and storage), which includes the market for solutions adapted to the development of electric or hybrid vehicles for various means of transport (buses, utility and "last mile" vehicles, trams, trains, trucks and marine vessels) and stationary storage (residential, commercial and industrial). Stationary storage is not part of first life but second life.
- *Light Vehicles and Industrial Tech (LeV & Ind Tech)* (or portable and mobility), which includes the light electric mobility market as well as other electric applications (electric scooters, light vehicles with 2 to 4 wheels, electric bikes, medical equipment, 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 and trends

The forecasts for the year ending December 31, 2023 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 and management” 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, 2023 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, 2023 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, 2022. They have been prepared on the basis of the scope of consolidation and activity existing as of December 31, 2022.

They are mainly based on the following assumptions:

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

The forecast for the year ending December 31, 2023 is based on a strong increase in revenues and adjusted EBITDA as defined in paragraph 2.1.3 compared to the 2022 financial year, which will mainly come from:

- strong growth in sales of battery systems in the Heavy Vehicles (“HeV”) segment;
- resumption of significant sales growth in the Light Vehicles and Industrial Tech (“Lev & Ind Tech”) segment;
- the increase in the Company’s production capacity, particularly in France, Poland, India and China;
- significant growth in the company’s order book due to the convergence of three phenomena:
  - growth in orders from existing customers;
  - acquisition of new customers;
  - faster ramp-up of these customers, due to the growing maturity of the e-mobility markets and the increasing number of mandates from authorities to encourage the uptake of electric transport.
- 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;
- an ability to win new customers in Europe (Van Hool / Kiepe, Bluebus), in China for export markets (CRRC), in the Middle East (MCV), thanks to unique expertise in the field of batteries for transport;
- the continued implementation of the Group's strategy and more specifically related to:
  - growing sales volumes, which allow for a better absorption of the fixed cost base;
  - controlled growth of these fixed costs excluding production costs;
  - the development, production and marketing of new battery systems that are less and less expensive, offer more functionality and also generate better margins;
  - no significant changes in the economic and financial terms and conditions negotiated with suppliers compared with those in force on December 31, 2022; This is the context for the partnership announced with CALB, for example, which will secure the Group's supply of cells, a component subject to severe supply pressures.
- Average annual growth rate[31] in the Company revenues of more than 40% over the period 2023-2028;

These forecasts also take into account the expected effect of the following factors:

- the Company does not expect any major growth in its rail business by 2023.
- the Company has decided to no longer actively address the robotics and small industrial battery markets, but will nevertheless continue to serve its existing customers and respond to requests for standard products. Similarly, the Company has decided to no longer dedicate resources to development in the maritime applications market.
- The Company expects a gradual return to normal operations in FY23 with respect to the supply chain. Although pressures remain for certain components, particularly cells, the company no longer expects any significant deterioration in its costs or purchasing conditions.

[31] *The average annual growth rate is calculated based on the average change in revenue over the period 2023-2028.*

In terms of statement of financial position structure, the Company makes the following assumptions for the coming 2023 financial year:

- Use of factoring lines the involve the deconsolidation of trade receivables under IFRS, and the ability to obtain new lines of the same type from banking partners;
- Improvement in the quality of the Company's credit with credit insurance companies and the Banque de France, allowing for a gradual improvement in supplier payment terms;
- Optimisation of inventory levels with the relocation of certain supplies, in particular battery cells from Asia to Europe; this relocation will depend on the ability of European suppliers to offer cells with satisfactory characteristics and price levels; and;
- Maintaining a policy of rigorous investment management, giving preference to solutions that provide a rapid return on investment.

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

The 2023 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;
- Average annual market growth rate (AAGR) in excess of 30% until 2030[32];
- 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 31 December 2022 and the average rates for 2022.

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 2023.

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

2.2.1 Information on trends and objectives

2.2.1.1 General presentation

The objectives presented below are not forecast data or estimates of the Group's profits, but the result of its strategic guidelines. These objectives are based on data, assumptions and estimates that the Group believes to be reasonable. These data, assumptions and estimates may change or be modified due to uncertainties relating in particular to the economic, financial, competitive and regulatory environment affecting the Group. In particular, the occurrence of one or more risks described in Chapter 3 “Risk factors and management” of this document could have an impact on the Group’s activities, results, financial position or prospects and therefore call into question its ability to achieve the objectives presented below. The Group makes no commitment and gives no guarantee that the objectives described in this chapter 2 will be achieved.

2.2.1.2 Business trends

A detailed description of the Group's results for the year ended December 31, 2022 is available in section 2.3 "Analysis of the business and results" of this document. The reader is also invited to refer to sections 2.6 "Group consolidated cash flows" and 2.7 "Financial debt" of this document for a description of the Group's cash flows and net debt.

The medium-term objectives of Forsee Power described below assume the realisation of its investment plan, which will be decided in particular according to market conditions.

These medium-term objectives also reflect its expectations regarding key market trends over the period 2023-2025, including the following:

- Continued technological improvements in energy density and electrical infrastructure, resulting in efficiency gains;
- Favourable development of the regulatory environment;
- Growing interest from players in green battery solutions, given the increasing attractiveness of electricity compared to oil, which favours the electrification of vehicle fleets.

2.2.1.3 Medium-term objectives

Since its IPO, the Group has decided to limit its medium-term objectives[33] to revenues and adjusted EBITDA, and thus no longer to communicate the working capital requirement, capital expenditure and weight of the Light Vehicles and Industrial Tech (LeV & Ind Tech) and Heavy Vehicles (HeV) business segments, considered to be no longer in line with its strategic guidelines and ambitions.

[33] As a reminder, at the time of its IPO, the Group had adopted the following medium-term objectives (by 2027): revenues of around €600m, EBITDA and adjusted EBITDA margins both above 15%, working capital requirements below 10% of Group revenues, capital expenditure (property, plant and equipment) below 3% of Group revenues, and the Light Vehicles and Industrial Tech (LeV & Ind Tech) and Heavy Vehicles (HeV) business segments representing respectively 15% and 85% of Group revenues.

- *Revenue objectives*

For the year ending December 31, 2023, the Group expects to generate revenues of more than €160 million. For the year ended December 31, 2022, the Group's consolidated revenues amounted to €111,018 thousand (see section 2.1 of this document in particular).

The Group also aims to achieve annual revenues of over €235 million by 2024 and over €850 million by 2028.

Revenue growth is based on:

- growth in the Group's target markets and continued market share gains;
- an average annual growth rate for the Company’s revenue of more than 40% over the period 2023-2028;

Beyond 2028, the Group expects sustained growth in its business, driven by growth in electromobility in its main markets.

- *Adjusted EBITDA objectives*

Adjusted EBITDA, for the year ending December 31, 2023, will also improve significantly compared with 2022.The Group's objective is to reach break-even (adjusted EBITDA break-even) by 2024 and an adjusted EBITDA margin of 15% by 2028.
This improvement in profitability is mainly based on:

- Revenue growth:
- the Group's capacity to produce additional volumes from its current facilities, which will be gradually scaled up as needed;
- the development, production and marketing of new battery systems that are less and less expensive, offer more functionality and also generate better margins;
- market developments in line with the trends presented in section 1.2 of this document;
- the continued implementation of the Group’s strategy, as described in paragraph 1.1.2 of this document;
- no significant changes in the economic and financial terms and conditions negotiated with suppliers compared with those in force on December 31, 2022; and
- 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.

2.3 Analysis of the business and results

2.3.1 Highlights

2.3.1.1 Business performance

- Launch of the new ZEN PLUS range: Forsee Power has launched a new offering of ultra-high energy density and ultra-modular battery systems for heavy-duty vehicles.
- Order for 420 ZEN SLIM battery systems by Wrightbus: Forsee Power received a firm order for 420 ZEN SLIM battery systems to power Wrightbus buses. Deliveries of these battery systems are scheduled for 2022 and 2023.
- Renewal of the partnership with IVECO for the supply of batteries for electric buses;
- Partnership with EDF Store & Forecast for the development of mobile electricity storage systems with first- and second-life batteries;
- Renewed technology partnership with LG Energy Solution for the launch of the ZEN 42 high energy battery systems.
- A strengthened positioning in the bus market thanks in particular to the increase in contracts signed with Wrightbus, Iveco Heuliez, VanHool Kiepe, and other international manufacturers. Overall, in 2023, based on customer forecasts, Forsee Power will equip more than 1,000 electric buses with its battery systems;
- Numerous projects in the off-highway vehicle market (agricultural, construction and industrial vehicles) and the start of mass production for Kubota and Iseki from the end of 2023;
- Orders in the rail market to equip trains in France and Europe, and projects under development in this market segment in Asia;
- First contracts in the truck market that will turn into revenues from the end of this year as well;
- Retrofit projects to convert thermal vehicles into electric vehicles, such as for the school buses of the Rouen metropolitan area, for which Forsee Power won the tender with its partner Greenmot;
- An increase in the Company's market share in the light vehicle segment, with deliveries to the Indian manufacturer Omega Seiki Mobility and other major players in the sector in Asia, including Japan, where the market is booming.

2.3.1.2 Industrial development

- **Inauguration of the Chasseneuil-du-Poitou mass production plant**

  In the spring of 2022, Forsee Power officially inaugurated its mass production plant in Chasseneuil-du-Poitou for smart battery systems for heavy vehicles.

- **The Group's development in the United States**

  Forsee Power continues its international expansion by establishing its North American headquarters and a gigafactory in Columbus, Ohio. The production site will be operational by the end of 2023.

  For further details, the reader is invited to refer to paragraph 4.3.2 of the highlights of the consolidated financial statements for the year ended 31 December 2022.

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

  The mass production of batteries for light electric vehicles at the Pune industrial site in India intensified in 2022.

  For further details, the reader is invited to refer to paragraph 4.3.2 of the highlights of the consolidated financial statements for the year ended December 31, 2022.

2.3.1.3 Implementation of the strategy of offering a complete range of products and services by increasing the stake in NEoT Capital

On May 31 and June 30, 2022, Forsee Power increased its stake in NEoT Capital from 15% to 50%. For more details, please refer to section 2.10.5.1 of this document.

This transaction reflects Forsee Power's strategy to offer a complete range of products and services with a positioning across the entire value chain to support manufacturers and regions in their ecological transition with turnkey solutions.

This increase in the stake in NEoT Capital resulted in Forsee Power subscribing to the capital increase in the amount of €1,243 thousand, of which €1,058 thousand in cash and €185 thousand by way of conversion of a receivable.

2.3.1.4 Innovation and new product development

- Launch of PULSE 0.5, an ultra-high-power battery for 48V off-highway hybrid systems - Obtained DNV certification for its Pulse 2.5 ‘marine’ battery;
- Increasing the autonomy of Life portable batteries for the medical sector;
- Extension of the SLIM range with ZEN 8 SLIM batteries for off-highway and light vehicles;
- Launch of the new ZEN PLUS range:

  Forsee Power has launched a new offering of ultra-high energy density and ultra-modular battery systems for heavy-duty vehicles. This new range, called "ZEN PLUS", is the first pack on the market with the ability to perfectly adjust voltage and energy to the system's needs; it supports both 650 V and 800 V engines with a single battery format.

2.3.1.5 Research tax credit

The research tax credit for the 2018 financial year was received on June 20, 2022 for an amount of €725 thousand.

The research tax credit (CIR) for eligible expenses for the 2021 and 2022 financial years was recognised in the financial statements for the year ended December 31, 2022 for an amount of €812 thousand and €1,341 thousand, respectively.

2.3.1.6 EcoVadis CSR rating

On September 1, 2022, EcoVadis, a sustainability and Corporate Social Responsibility (CSR) rating and assessment organisation, awarded Forsee Power the gold medal for its sustainable development performance with a score of 70/100.

This award, given to only 5% of all 90,000 companies assessed by EcoVadis, recognises the Company's progress in the areas of environment, responsible purchasing, ethics and human rights.

2.3.1.7 Dispute with Unu GmbH

For further details, please refer to section 2.12 and note 7.11 of the consolidated financial statements in this document.

2.3.1.8 Impact of Covid-19 on business in China

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

Nevertheless, this situation did not cause any significant disruption in 2022, as the production site located in China operated normally and continued to operate without any particular problems.

2.3.1.9 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, there are logistical impacts and increases in raw material costs linked to the geopolitical situation in Ukraine and in the energy sector, but the Group is not directly exposed.

2.3.1.10 Uncertainties related to the current economic and political environment

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

2.3.1.11 Consolidated revenues for Q1 2023

Breakdown of first quarter revenues by segment

(in thousands of €)	**Q1 2023**	Q1 2022	Change	Change in % of total
Heavy vehicles	**31,361**	13,729	17,632	+128%
Light vehicles	**6,389**	4,792	1,597	+33%
Total sales	**37,751**	18,521	19,229	+104%

Forsee Power reported sales of €37.8 million in the first quarter of 2023, up +104% vs. Q1 2022. This growth was driven by both the light vehicle segment (+33%), which benefited from a rebound in commercial activity after a year 2022 dedicated to the development of new product generations.
Quarter after quarter, the heavy vehicle segment maintained a strong sales momentum with revenues up +128% to €31.4 million.
At the same time, the level of firm orders booked for 2023[34] continues to grow following the multiplication of partnerships with leading players and amounts to €154 million.

Strategy and outlook: intensified internationalization

In 2023, Forsee Power aims to accelerate its sales momentum in its two market segments and will be able to capitalize on:

- The company's position in the bus market has been strengthened by the growing number of contracts signed with Wrightbus, Iveco Heuliez, VanHool Kiepe, CRRC Greenway, Bluebus and other international manufacturers. Overall, this year, based on customer forecasts, Forsee Power will equip over 1,000 electric buses with its battery systems;
- Numerous projects in the off-highway vehicle market (agricultural, construction and industrial vehicles) and the start of mass production for Kubota and Iseki at the end of 2023;
- Orders in the railway market to equip trains in France and Europe, and projects under development in this market segment in Asia;
- First contracts in the truck market that will turn into revenue by the end of this year as well;
- An increase in the Company's market share in the light vehicle segment, with deliveries to the Indian manufacturer Omega Seiki Mobility and other major players in the sector in Asia, including Japan, where the market is booming.

At the same time, the Company will continue to deploy its strategic plan, the priorities of which remain :

- The development of its production unit in the United States, which aims to reach a production capacity of 3 GWh by 2028, benefiting from the Biden climate plan, the *Inflation Reduction Act*, and an exponential demand for locally produced electric mobility solutions;
- Continued development of its commercial partnerships, particularly in new countries such as Japan and Australia, or in the Americas with Maxion, and in the high value-added segments of bus, rail, off-highway and light vehicles;
- Continued expansion of its product and service offering with new product launches expected by the end of the year.

[34] Orders booked as of April 1, 2023 that have been invoiced since January 1, 2023 or will be invoiced by December 31, 2023. The definition of order backlog used by the Group for operational purposes does not correspond to a standard accounting aggregate meeting a single, generally accepted definition.

2.3.2 Results of operations

Revenues

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

In € thousands	FY 2022	FY 2021	Change
France			
Heavy Vehicles (HeV)	42,447	40,352	+2,095
Light Vehicles and Industrial Tech (LeV & Ind Tech)	8,826	5,989	+2,837
Total	**51,273**	**46,342**	**+4,931**
As a %	***46%***	*64%*	
Europe			
Heavy Vehicles (HeV)	44,771	10,040	+34,731
Light Vehicles and Industrial Tech (LeV & Ind Tech)	4,369	2,793	+1,576
Total	**49,140**	**12,833**	**+36,307**
As a %	***44%***	*18%*	
Asia			
Heavy Vehicles (HeV)	253	6	+247
Light Vehicles and Industrial Tech (LeV & Ind Tech)	7,793	10,511	–2,718
Total	**8,046**	**10,517**	**–2,471**
As a %	***7%***	*15%*	
United States			
Heavy Vehicles (HeV)	146	-	+146
Light Vehicles and Industrial Tech (LeV & Ind Tech)	2,186	2,649	–463
Total	**2,332**	**2,649**	**–317**
As a %	***2%***	*4%*	
Rest of the world			
Heavy Vehicles (HeV)	227	82	+145
Light Vehicles and Industrial Tech (LeV & Ind Tech)	-	-	-
Total	**227**	**82**	**+145**
As a %	***0%***	*0%*	
TOTAL	**111,018**	**72,423**	**+38,595**
Heavy Vehicles (HeV)	**87,844**	50,481	+37,363
Light Vehicles and Industrial Tech (LeV & Ind Tech)	**23,175**	21,942	+1,233

The Group's consolidated revenues amounted to €111,018 thousand in 2022 compared with €72,423 thousand in 2021, an increase of +€38,595 thousand or +53%. This growth was mainly due to the strong business recovery in the heavy vehicle market (+74%) and continued growth - albeit at a slower pace in the fourth quarter - in the light vehicle segment (+6%). During this period, which saw strong pressure on the supply of certain electronic components, and high demand from the electromobility market, Forsee Power was able to take advantage of its position as a leader in smart battery systems for high value-added segments. Thus, the order book for 2023 is already equivalent to the 2022 revenues, which bodes well for the Group's business growth.

In terms of geographical revenue distribution, the French market is the majority contributor to total revenues, while the rest of Europe is growing strongly, now accounting for 44% of sales (compared with 18% in 2021).

The Heavy Vehicles (HeV) business segment remained the largest contributor to the Group's consolidated revenues (79% in 2022 compared with 70% in 2021).

Revenues for this segment were €87,844 thousand in 2022, up + €37,363 thousand, or +74% compared with 2021. This mainly results from:

- The increase in revenues in Europe (+€34,731 thousand) resulted mainly from the start of deliveries to the customer Bamford Bus in the United Kingdom as part of a global order to equip 420 buses with ZEN SLIM battery systems.

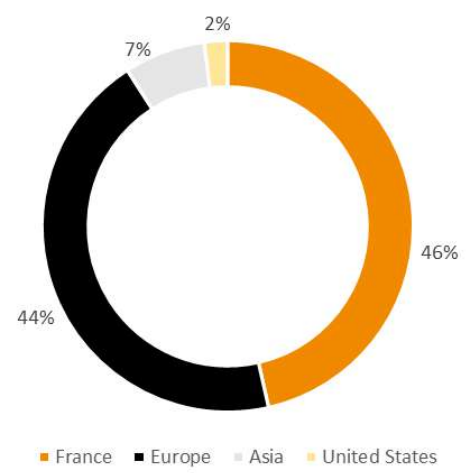
- The increase in revenues in France (+€2,095 thousand), mainly due to the sale of battery systems for the bus market, a direct consequence of the ramp-up with existing customers, notably with the renewal of the IVECO partnership.

The Light Vehicles and Industrial Tech (LeV & Ind Tech) segment accounted for 21% of the Group's revenues in 2022 (compared with 30% in 2021).

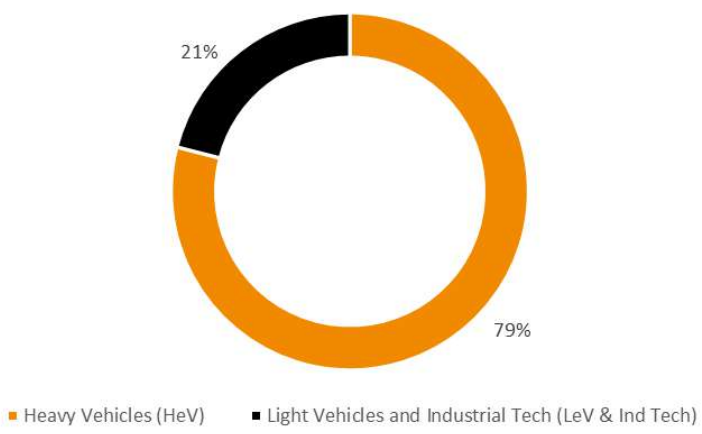
Revenues for this segment were €23,175 thousand, an increase of + €1,233 thousand, or +6% compared with 2021.

This segment slowed down in the fourth quarter of 2022. After a testing phase in recent years in this market segment, Forsee Power's key account customers have focused on developing new generations of products in 2022, with the aim of bringing them to market in mass production from 2023.

Breakdown of revenues by geographic area



Breakdown of revenues by business segment



Current operating income

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

	Financial year				
	2022		2021		
	€ thousands	% of revenues	€ thousands	% of revenues	% change
Revenues	**111,018**	**-**	**72,423**	**-**	**+ 53%**
Other operating income and expenses	(430)	0	(1,042)	-1	+ 59%
External services and purchases consumed	(95,302)	- 86	(66,008)	-91	- 44%
Personnel costs	(30,086)	- 27	(26,613)	-37	- 13%
Taxes and duties	(771)	- 1	(906)	-1	+ 15%
Depreciation and amortisation	(9,090)	- 8	(4,762)	-7	- 91%
Provisions and impairment	(5,453)	- 5	925	1	- 690%
Current operating income (EBIT)	**(30,113)**	**- 27**	**(25,984)**	**-36**	**- 16%**

- ***Revenues***

  Refer to the analysis above.

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

Other operating income and expenses decreased to an expense of €(430) thousand for the year ended December 31, 2022, compared with €(1,042) thousand for the year ended December 31, 2021.

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

The breakdown of the item is as follows:

In € thousands	FY 2022	FY 2021
Purchases consumed, including foreign exchange gains and losses on purchases	(82,970)	(56,843)
Fees, external services	(4,446)	(3,058)
Leases, maintenance and insurance	(1,984)	(2,349)
Transport, travel and conference expenses	(3,558)	(2,426)
Study and research costs	(1,209)	(905)
Post and telecommunications expenses	(250)	(280)
Subcontracting	(666)	(26)
Other	(219)	(122)
External services and purchases consumed	**(95,302)**	**(66,008)**

The increase in external services and purchases consumed of +€29,294 thousand, or +44% in 2022 compared to 2021, is mainly due to:

- the increase in purchases consumed of +€26,127 thousand (+46% compared with 2021), 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 increase in transport, travel and entertainment expenses for +€1,132 thousand mainly due to the increase in activity and the lifting of COVID-19 health restrictions;
- an increase in fees and external services of +€1,388 thousand, mainly related to the cost of assistance from a specialised consulting firm in connection with the new listed company status.

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. After peaking during 2022, the costs of these raw materials have begun to decline with a simultaneous reduction in transportation costs.

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

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

- ***Personnel costs***

The +€3,473 thousand increase in personnel costs, or 13% more than in 2021, is mainly due to the increase in the number of employees (638 as of end-December 2022 compared with 597 as of end-December 2021) as a result of the increase in activity, the Group's efforts to continue to size up for the strong growth to come, as well as the transfer of employees from the former Holiwatt business. This effect is partially offset by the decrease in share-based payment costs.

As a percentage of revenues, salaries and social security charges, excluding the cost of share-based payments, fell to 24% in 2022 from 28% in 2021, related to the takeover of the former Holiwatt business.

- ***Taxes and duties***

Taxes, duties and similar payments decreased (-€135 thousand between 2021 and 2022) and amounted to €(771) thousand as of December 31, 2022. As a percentage of revenues, taxes, duties and similar payments were stable at 0.7% as of December 31, 2022, unchanged from December 31, 2021.

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

Non-current operating income was zero in 2022. It amounted to €(788) thousand in 2021 and corresponded to uncapitalised costs relating to the IPO.

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

The item breaks down as follows:

In € thousands	FY 2022	FY 2021
Amortisation and impairment of intangible assets	(4,271)	(2,307)
Depreciation of right-of-use assets for property, plant and equipment	(1,312)	(1,123)
Depreciation and impairment of property, plant and equipment	(3,507)	(1,332)
Provisions for risks and charges	(1,854)	1,097
Net impairment of inventories and receivables	(3,599)	(172)
Net charges	**(14,543)**	**(3,837)**

The item increased from €(3,837) thousand in 2021 to €(14,543) thousand in 2022. Its contribution as a percentage of revenues increased to 13% of revenues in 2022 compared with 5% in 2021.

Fixed assets and provisions are discussed in the comments on the statement of financial position in section 2.5 of this document.

Operating income (loss)

Given the factors presented above, the Group's operating loss increased by €3,341 thousand to €(30,113) thousand in 2022 (compared with €(26,772) thousand in 2021).

Net financial income (expense)

The Group's net financial income increased from €(11,192) thousand at end-December 2021 to €(1,726) thousand at end-December 2022, i.e. an improvement of +€9,466 thousand, resulting mainly from:

- the decrease in the cost of gross financial debt (€(2,982) thousand in 2022 compared with €(5,468) thousand in 2021), explained by the overall reduction in the Group's debt (see the analysis of the Group's debt in section 2.7 of this document).
- the change in other net financial income and expenses for the 2022 financial year corresponds to income of €1,254 thousand, compared with a financial expense of €(5,723) thousand in 2021. This change is explained in particular by:
    - the change in the fair value of the BSA Warrant A and C derivative, which in 2022 generated financial income with a positive net impact on financial income of +€1,972 thousand and +€893 thousand, respectively. In 2021, the change in fair value was €(1,805) thousand for the BSA $_{\text{EIB Warrant A}}$ derivative and €90 thousand for the BSA $_{\text{EIB Warrant C}}$ derivative.

- the decrease in the expense calculated using the effective interest rate method on financial liabilities (€(1,293) thousand in 2022 compared with €(3,375) thousand in 2021).
- a -€1,330 thousand decrease in bank commission expenses. This item consisted mainly of penalties paid to the EIB in 2021 as a result of the early repayment waiver after new financial debt of €(1,250) thousand had been taken out.

Tax expense

The tax expense was €(398) thousand as of December 31, 2022 compared with €(134) thousand as of December 31, 2021. Theoretical tax income was €8,043 thousand as of December 31 2022, compared with €9,491 thousand as of December 31, 2021. The change in the tax expense is due to deferred taxes.

The differences (i.e. tax income of €8,440 thousand in 2022 and €9,625 thousand in 2021) 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 (€8,890 thousand in 2022 and €9,653 thousand in 2021), derivatives on financial instruments (€(393) thousand in 2022 and €1,230 thousand in 2021), and IPO costs of €1,820 thousand in 2021.

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 net loss of the consolidated group is €(32,568) thousand as of December 31, 2022 compared with €(38,097) thousand as of December 31, 2021, i.e. an improvement of +€5,529 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, 2022, 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

As of December 31, 2022, the Group had several instruments for financing its business activity including:

- Two unused financing lines of €10 million each (Tranche C and D) granted by the EIB (European Investment Bank) and made available under the agreement signed in December 2020.

The €10 million Tranche C is subject to revenue covenants that the Group had met already at the end of the 2020 financial year. The €10 million Tranche C is also conditional on the completion of a €10 million capital increase by one or more shareholders. This condition was met in November 2021 with the Company's IPO. Tranche C was undrawn as of December 31, 2022.

The €10 million Tranche D is conditional on a level of revenues and profitability that the Group expects to achieve by 2024 and is not currently available.

It should be noted that the financing lines drawn down on the EIB were accompanied by 6,857 "EIB A" share subscription warrants (BSA), and 3,500 "EIB C" share subscription warrants giving access to a maximum of 1,248,024 new shares[35].

- In addition, the Group has several factoring programmes: HSBC capped at €2.1 million for receivables in euros and $2.0 million for other receivables (see Note 3.3.10 of consolidated financial statements), and a factoring contract included in a client's reverse factoring programme with the banking institution Banco Santander.

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.

For further details, please refer to Note 3.1.3 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 2.6 and 2.7 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

As a result, equity attributable to owners of the Group's parent company amounted to €39,650 thousand at December 31, 2022 and €69,224 thousand at December 31, 2021.

The decrease in equity between 2021 and 2022 (-€29,574 thousand) was due mainly to the recognition of the net loss for the year (€(32,568) thousand), partially offset by the effect of share-based payments of €3,389 thousand.

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

[35] It should be noted that the number of shares to which the "EIB A" and "EIB C" share subscription warrants entitle their holders may be adjusted if certain adjustment events occur, in particular in the event of the issue of new shares by the Company.

2.5 Comments on the main statement of financial position items

(In € millions)	31.12.2022	31.12.2021	Change	Change (as a %)
Non-current assets	**49,509**	**41,738**	**+7,771**	**+19%**
Of which property, plant and equipment[a]	25,978	18,643	+7,335	+39%
Of which intangible assets[b]	14,955	14,892	+63	NA
Of which investments in equity-accounted companies[c]	4,043	-	+4,043	NA
Of which non-current financial assets[d]	1,751	5,588	-3,837	-69%
Current assets	**97,017**	**124,859**	**-27,842**	**-22%**
Of which inventories [e]	37,476	28,417	+9,059	+32%
Of which cash and cash equivalents[f]	31,014	70,770	-39,756	-56%
Of which trade receivables[g]	15,960	10,571	+5,389	+51%
Of which other current assets[h]	12,566	15,101	-2,535	-17%
Total assets	**146,526**	**166,598**	**-20,072**	**-12%**
Of which Equity[f]	**39,650**	**69,224**	**-29,574**	**-43%**
Of which borrowings and financial liabilities[j]	**60,167**	**53,673**	**+6,494**	**+12%**
Of which loans from the EIB	22,581	20,351	+2,230	+11%
Of which State-guaranteed loans	16,803	18,400	-1,597	-9%
Of which right-of-use liabilities	15,584	9,315	+6,269	+67%
Of which Atout loan from BPI	3,438	4,375	-937	-21%
Of which accrued interest on financial liabilities	1,065	863	+202	+23%
Of which related-party liabilities	691	331	+360	+109%
Of which derivative financial instruments[k]	**4,108**	**6,972**	**-2,864**	**-41%**
Of which Provisions for risks and charges[l]	**7,170**	**5,316**	**+1,854**	**+35%**
Of which Trade payables[m]	**20,152**	**13,599**	**+6,553**	**+48%**
Of which other liabilities[n]	**14,722**	**17,629**	**-2,907**	**-16%**
Total liabilities	**146,526**	**166,598**	**-20,072**	**-12%**

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 (+€3,748 thousand). This effect was partially offset by the increase in amortisation and impairment related to the increase in intangible assets (-€4,274 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 50% stake since June 30, 2022 in partnership with the EDF Group (see section 2.3.1.3 and 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 €977 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 €632 thousand and guarantee deposits on liquidity contracts for €142 thousand (see Note 7.4 to the consolidated financial statements – section 4.3 of this document).*

e) *The +€9,059 thousand increase in inventories is mainly due to the growth in the Group's activity (see Note 7.6 to the consolidated financial statements – section 4.3 of this document).*

f) *As of December 31, 2022, 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). Cash flows are analysed in section 2.6.*

g) The +€5,389 thousand increase in trade receivables is mainly due to the growth in the Group's activity (see Note 7.7 to the consolidated financial statements – section 4.3 of this document).

h) The decrease in this item is due to the reduction in advances and deposits paid of -€4,251 thousand (see Note 7.8 to the consolidated financial statements – section 4.3 of this document), partially offset by the recognition of CIR receivables for €3,698 thousand in 2022 and the increase in tax receivables for +€2,221 thousand.

i) Movements affecting the Group's equity in FY 2021 and FY 2022 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 2.7 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 (€4,884 thousand at December 2022 compared with €3,279 thousand at December 2021);*
- *recycling, set aside to cover the estimated future costs of recycling battery systems sold, for which the Group has a recovery and recycling commitment in the event that customers return batteries (€1,597 thousand at the end of 2022, compared with €709 thousand at the end of December 2021) in line with the growth in revenues;*
- *in respect of the dispute with Unu GmbH, for €441 thousand as of December 31, 2022 (compared with €651 thousand as of end-December 2021). This dispute is discussed in section 2.12 and in Note 7.11 to the consolidated financial statements – section 4.3 of this document.*

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

n) The non-current portion came to €4,116 thousand as of December 31, 2022 (€3,683 thousand as of December 31, 2021) and the current portion came to €10,606 thousand as of December 31, 2022 (€13,946 thousand as of December 31, 2021). Other liabilities correspond mainly to advances and deposits received, social security and tax liabilities, deferred income on specific battery warranty extensions and benefits granted on interest free State-guaranteed loans maturing in one to five years. Other liabilities are detailed in Note 7.18 to the consolidated financial statements in section 4.3 of this document.

2.6 Group consolidated cash flows

in € thousands	FY 2022	FY 2021	Change
Cash flow from operating activities	(24,491)	(18,324)	-6,167
Cash flow from investing activities	(9,116)	(10,182)	+1,066
Cash flow from financing activities	(6,021)	87,921	-93,942
Impact of currency translation	(126)	85	-211
Change in cash and cash equivalents	**(39,756)**	**59,498**	**-99,254**

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

in € thousands	**FY 2022**	**FY 2021**	**Change**
Cash flow before cost of net financial debt and tax [(a)]	(17,737)	(18,740)	+1,003
Tax expense paid (income received) [(b)]	812	59	+753
Change in working capital requirements [(c)]	(7,567)	357	-7,924
Cash flow from operating activities	**(24,491)**	**(18,324)**	**-6,167**

a) *The improvement in cash flow is mainly explained by the increase in depreciation, amortisation and provisions of +€7,261 thousand, offset by a lower IFRS 2 charge in 2022 compared with 2021.*

b) *As of December 31, 2022, this flow corresponds mainly to the 2018 CIR net receivable collected in June 2022 for €725 thousand.* ***.*** *See the consolidated cash flow statement and note 9.2 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 €(7,567) thousand, compared with €(357) thousand in 2021. This decrease (-€7,924 thousand) was due mainly to the effect of:*

- *the increase in the level of inventories (contribution to the change in WCR of +€9,288 thousand in 2022 compared with €(408) thousand in 2021). The 2020 Covid-19 crisis resulted in a particularly high level of inventory in 2020. This inventory had been gradually reduced in 2021, generating a positive effect on the operating working capital requirement over this period. In 2022, supply and transportation conditions led the Company to build up a higher inventory to avoid supply shortages.*
- *the increase in trade receivables (contribution to the change in WCR of +€5,496 thousand in 2022 compared with +€1,995 thousand in 2021), linked to changes in the payment terms of non-factoring customers and also to a higher level of activity in late 2022.*
- *the decrease in other assets (contribution to the change in WCR of €(6,526) thousand in 2022 compared with +€4,837 thousand in 2021), which is explained by the decrease in advances and deposits paid to suppliers.*
- *the increase in trade payables (contribution to the change in WCR of €(2,374) thousand in 2022 compared with €(3,003) thousand in 2021), which is exclusively explained by the increase in activity.*
- *the decrease in other liabilities (contribution to the change in WCR of +€1,683 thousand in 2022 compared with €(3,778) thousand in 2021), which is explained by the decrease in social security liabilities.*

The reduction in cash flow from operating activities (-€6,167 thousand) is directly attributable to the deterioration in the working capital requirement of -€7,924 thousand explained in the table above.

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

in € thousands	**FY 2022**	**FY 2021**	**Change**
Acquisition of fixed assets (net of liabilities and advances paid)[(a)]	(9,156)	(9,361)	+205
Investment grant for an R&D project	-	337	-337
Set-up of cash pledge[(b)]	(1,000)	-	-1,000
Repayment of cash pledge[(c)]	4,305	-	+4,305
Assets managed under liquidity contract	186	(500)	+686
Realised gains (losses) on liquidity contract	(101)	(2)	-99
Proceeds from financial assets	-	45	-45
Change in scope of consolidation	0	(700)	+700
Acquisition of NEoT Capital shares from Mitsubishi Corporation[(d)]	(2,292)	-	-2,292
Cash subscription to the NeoT capital increase[(e)]	(1,058)	-	-1,058
Cash flow from investing activities	**(9,116)**	**(10,182)**	**+1,066**

a) *These acquisitions mainly concern research and development expenses, as well as those enabling the Company to increase its production capacity or improve its production facilities in its various plants (see the consolidated cash flow statement and Note 9.3 to the consolidated financial statements - section 4.3 of this document).*

b) *On July 25, 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 to the consolidated financial statements – section 4.3 of this document).*

c) *The Group had a stand-by letter of credit (documentary SBLC) of $7,000 thousand with a bank in favour of a foreign supplier. This documentary SBLC was secured by a cash pledge in the amount of $4,500 thousand (i.e. €3,973 thousand as of December 31, 2021). This documentary SBLC was cancelled in November 2022 following the granting of sufficient cover by a credit insurer of the foreign supplier. The cancellation of the SBLC led to the return on December 1, 2022 of the cash pledge of $4,500 thousand (i.e. €4,305 thousand). (see Note 3.3.10 to the consolidated financial statements - section 4.3 of this document.*

d) *The acquisition of NEoT shares is described in Note 3.2.2.2 to the consolidated financial statements in section 4.3 of this document.*

e) *The cash subscription to the NeoT capital increase of €(1,058) thousand by collective decision of the shareholders on June 30, 2022 (see Note 7.5 to the consolidated financial statements – section 4.3 of this document).*

Cash flow from investing activities improved mainly due to the cancellation of the documentary SBLC in 2022 following the granting of sufficient cover by a credit insurer of the foreign supplier (see analysis above). This effect is partially offset by the acquisition of NEoT Capital shares from Mitsubishi Corporation and the set-up of a cash pledge.

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

in € thousands	**FY 2022**	**FY 2021**	**Change**
Capital issue through IPO[a]	0	100,000	-100,000
Payment of IPO issue expenses[a]	(1,230)	(6,423)	+5,193
Subscription to BSA warrant C issue	0	4	-4
Payment of capital issue expenses (excluding IPO)	0	(148)	+148
Change in other financial liabilities	(18)	15	-33
New borrowings[b]	0	30,000	-30,000
Repayment of borrowings[c]	(3,120)	(29,161)	+26,041
Debt repayments on leased real estate	(1,126)	(880)	-246
Factoring financing[d]	1	(1,381)	+1,382
Payment of EIB loan issuance costs	0	(108)	+108
Change in financial liabilities with related parties	340	-	+340
Bank charges paid	(232)	(1,562)	+1,330
Financial expenses paid	(637)	(2,433)	+1,796
Cash flow from financing activities	**(6,021)**	**87,921**	**-93,942**

a) *In 2022, the disbursement of €1,230 thousand in IPO issuance costs corresponds to the settlement during the first half of 2022 of the residual amounts provisioned as of December 31, 2021.*

In 2021, these flows correspond to the capital increase carried out by the Group on November 3, 2021 for €100 million. Total expenses relating to the IPO amounted to €7,453 thousand, of which €6,865 thousand charged to issue premium and €788 thousand presented as non-current operating expenses. Proceeds net of expenses received from the capital increase in cash came to €92.5 million (see Note 2 to the consolidated financial statements of the Universal Registration Document 2021).

b) *See the financial debt analysis in section 2.7 of this document.*

c) *See the financial debt analysis in section 2.7 of this document.*

d) *See the financial debt analysis in section 2.7 of this document.*

Cash flow from financing activities decreased as a result of (i) the capital issue carried out in connection with the 2021 IPO (ii) the disbursement of IPO issue costs (iii) the decrease in new borrowing and (iv) the decrease in repayments of existing loans.

2.7 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, 2021	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, 2022
Loan from the EIB	20,351		(0)					1,262		968	0		22,581
Atout loan from BPI	4,375					(2,188)							2,188
State-guaranteed loan from BPI	5,000					(1,563)							3,438
State-guaranteed loan from BNP	6,746					(2,813)		276					4,209
State-guaranteed loan from HSBC	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
Long-term financial debt	51,915	340	(0)			(11,018)	(79)	1,848	1	968	0	7,483	51,455
Atout loan from BPI			(938)			2,188							1,250
State-guaranteed loan from BPI			(313)			1,563							1,250
State-guaranteed loan from BNP			(938)			2,813							1,875
State-guaranteed loan from HSBC			(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									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	(10)	(1)	0	7,483	60,167
Of which													
Current	*1,760*	*2,311*	*(5,386)*			*11,014*	*(6)*		*(10)*	*(968)*			*8,711*
Non-current	*51,912*	*340*	*(0)*			*(11,018)*	*(79)*	*1,848*		*968*	*0*	*7,483*	*51,455*

- ***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, leading in the event of exercise to the issuance of 859,263 ordinary shares.

A new EIB loan was signed in December 2020 for which tranche A, of €21.5 million, was disbursed on June 16, 2021 for a 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 388,761 ordinary shares. On September 28, 2021, the Company obtained a prior approval requested from the EIB to be able to carry out the various capital restructuring operations prior to the IPO as well as the IPO itself. In consideration for this approval, the capitalised interest rate applicable to tranche A of the EIB loan was increased by 0.5% from 4% to 4.5% per year (applicable retroactively). In addition, the EIB required the payment of a restructuring fee of €1,255 thousand, which was paid in December 2021.

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

The financial derivatives on the EIB loans (BSA $_{\text{EIB Warrant A}}$ and BSA $_{\text{EIB Warrant C}}$) are presented below in paragraph 2.7.2.

The EIB financing is detailed in Note 3.1.3 to the consolidated financial statements in section 4.3 of this document.

- ***Other bank financing***

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

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

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

  The State-guaranteed loan taken out with BNP Paribas was also amended on March 19, 2021, mainly to introduce a new interest rate on the loan of 0.75 % from its initial maturity date (June 4, 2021) and to adjust the repayment schedule to quarterly instalments in accordance with the terms and conditions set out in the agreement. In addition, the state-guaranteed loan (PGE) with HSBC was also amended in March 2021, bringing the interest rate to 0.31%.

  The Company's representations and undertakings under these agreements and the events of early repayment stipulated therein are in line with market standards for this type of loan (State-guaranteed loans - PGE) and mainly concern the Company's solvency, the preservation of its assets, compliance with the terms of the agreement in question, its purpose and the specific terms and conditions of State-guaranteed loans.

- the Atout loan granted by Bpifrance, in the amount of €5 million and at an annual percentage rate of 5%. This loan has a one-year grace period and will then be repaid quarterly from August 31, 2021 to June 30, 2025. It does not impose any financial covenant. The Company's representations and undertakings under this agreement, as well as the events of early repayment, are similar to those of the State-guaranteed loan referred to above.

See Note 3.1.3 to the consolidated financial statements in section 4.3 of this document.

- ***Factoring***

As part of its business activity, the Group has entered into factoring agreements with HSBC Factoring France and Banco Santander to accelerate the collection of trade receivables and cash inflows by setting-up financing secured by trade receivables.
Receivables assigned without recourse (HSBC contract) and which are no longer presented in the statement of financial position amount to €2,563 thousand as of December 31, 2022 (€4,067 thousand as of December 31, 2021);

Under the factoring contract included in a customer's reverse factoring programme, the Group has as of December 31, 2022 discounted with Banco Santander receivables totalling €5,354 thousand with a maturity date later than December 31, 2022 (€629 thousand as of December 31, 2021).

The outstanding receivables financed by factoring with and without recourse are detailed in the table below and in Notes 3.3.10 and 7.7 to the consolidated financial statements in section 4.3 of this document:

€ thousands	**31.12.2022**	31.12.2021
Assignment of receivables without recourse	2,563	4,067
Total receivables assigned	**2,563**	**4,067**

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

The right-of-use liability amounted to €15,584 thousand as of December 31, 2022 and €9,315 thousand as of December 31, 2021. The increase in this lease liability is due to IFRS 16 new borrowings.

2.7.1 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.

2.7.2 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**	**December 31, 2022**	**December 31, 2021**
BSA Warrant A for EIB	March 18, 2018	March 15, 2028	6,857	859,263	2,817	4,789
BSA Warrant C for EIB	June 4, 2021	June 4, 2041	3,500	388,761	1,291	2,184
Total			**10,357**	**1,248,024**	**4,108**	**6,972**

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

2.8 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 B Tranche 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, 2022, only Tranche A, for an amount of €21.5 million in June 2021, and Tranche B for an amount of €8.5 million were drawn down. It should be noted, however, that the Company repaid Tranche B already in 2021.

The conditions precedent to the availability of the various Tranches are as follows:

- in the case of Tranche C, (i) the delivery of a certificate signed by an authorized representative of the Company confirming that the Company's consolidated revenues over the past 12 months exceed €60 million, (ii) the completion of a capital increase or an issue of new bonds convertible into shares for an amount exceeding €10 million and (iii) if, at the relevant drawdown date, no capital increase or issue of new bonds convertible into shares for an amount of more than €40 million has taken place, the signature of a non-possessory pledge agreement in favour of the EIB on the Company's movable assets (excluding inventories); and
- in the case of Tranche D, (i) the delivery of a certificate signed by an authorized representative of the Company confirming that the Company's consolidated revenues over the last 12 months exceeded €100 million and that its EBITDA, as defined in the contract, was positive over this period (ii) the completion of a capital increase or an issue of new bonds convertible into shares in an amount exceeding €40 million and (iii) proof that (a) the convertible bonds issued by the Company and subscribed by Sociétés de Projets Industriels and Eurazeo (formerly known as Idinvest) in February and May 2020 have been converted into shares and that (b) the convertible bonds that would have been issued under the conditions precedent to the availability of Tranche C for an amount of €10 million have been converted into shares.

- **Interest and Fees**

The Tranches bear interest at an annual rate equal to the sum of (i) a fixed 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. There is no capitalised interest rate for Tranche B, the capitalized interest rate applicable to Tranche C is 3% per annum (and may be reduced to 1.5% per annum if, prior to the drawdown of Tranche C, the Company has received, by way of a capital increase or a bond issue subordinated to the EIB 2020 Loan Agreement, the sum of €40 million) and the capitalized interest rate applicable to Tranche D is 2% 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 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.

In addition, if the aggregate amount of the revenues, net income or EBITDA of the Company and its guarantor subsidiaries ceases to represent 90% of the consolidated revenues, 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 revenues, 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, 2022, the Company's equity amounted to €39,650 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.

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

In order to finance its future development and investments, the Group has several financing instruments at its disposal as of December 31, 2022, including:

- Two unused financing lines of €10 million each (Tranche C and D) granted by the EIB (European Investment Bank) and made available under the agreement signed in December 2020.

  The €10 million Tranche C is subject to revenue covenants that the Group had met already at the end of the 2020 financial year. The €10 million Tranche C is also conditional on the completion of a €10 million capital increase by one or more shareholders. This condition was met in November 2021 with the Company's IPO. Tranche C was undrawn as of December 31, 2022.

  The €10 million Tranche D is conditional on a level of revenues and profitability that the Group expects to achieve by 2024 and is not currently available.

It should be noted that the financing lines drawn down on the EIB were accompanied by 6,857 "EIB A" share subscription warrants (BSA), and 3,500 "EIB C" share subscription warrants giving access to a maximum of 1,248,024 new shares[36].

- In addition, the Group has several factoring programmes: HSBC capped at €2.1 million for receivables in euros and $2.0 million for other receivables (see Note 3.3.10 of consolidated financial statements), and a factoring contract included in a customer's reverse factoring programme with the banking institution Banco Santander.

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.

2.10 Capital expenditure

2.10.1 Principal investments made

The total amount of investments made by the Group amounted to €9,116 thousand for the year ended December 31, 2022, compared with €10,182 thousand for the year ended December 31, 2021.

2.10.2 Main investments in progress

Acquisitions of fixed assets totalled €9,156 thousand for the year ended December 31, 2022, compared with €9,361 thousand for the year ended December 31, 2021.

These investments mainly concerned:

- developments at the Group's various sites;
- improvements to production lines; and
- improvements in information systems such as the implementation of Electronic Document Management (EDM) and the deployment of quality software.

2.10.3 Main future investments

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

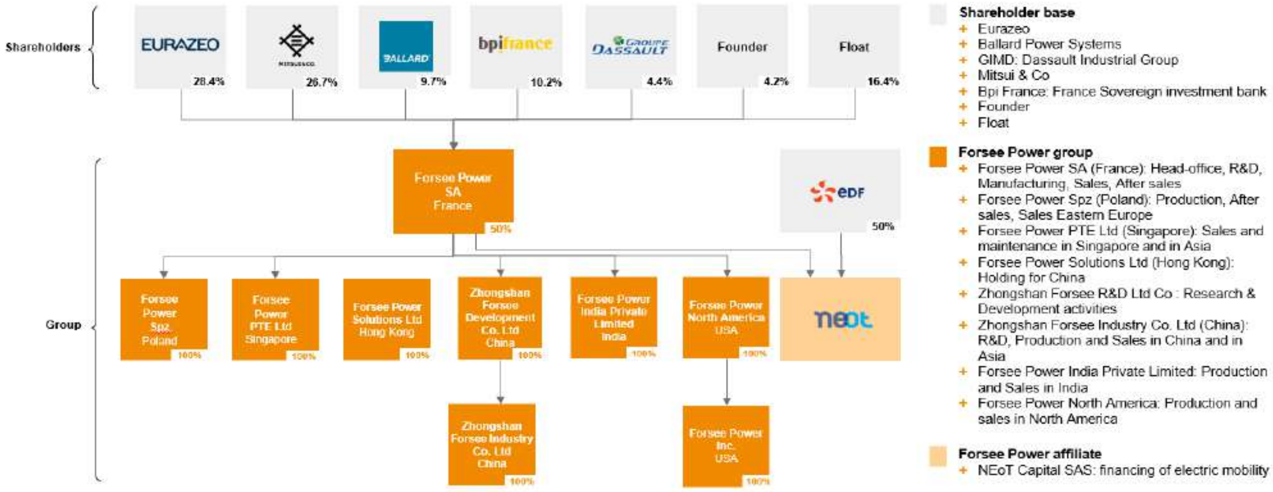
Within the framework of the takeover of the assets attached to the autonomous branch of activity of the company Holiwatt, 2022 was devoted to relaunching sales and the accelerated development of customer projects but based solely on the existing "product" portfolio. At the same time, the Group plans to define a portfolio of new products to meet the expectations of the rail market in the medium term. To this end, the Group plans to invest in this activity over the next few years.

[36] *It should be noted that the number of shares to which the "EIB A" and "EIB C" share subscription warrants entitle their holders may be adjusted if certain adjustment events occur, in particular in the event of the issue of new shares by the Company.*

2.10.4 Organizational structure

2.10.4.1 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.



At December 31, 2022, NeoT Capital is accounted for using the equity method in the consolidated accounts.

2.10.4.2 Significant subsidiaries

			December 31, 2022			December 31, 2021		
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	50%	50%	EM	15%	15%	NC
9 – Forsee Power North America Inc	USA	United States Dollar	100%	100%	FC	NA	NA	NA
10 – Forsee Power Inc	USA	United States Dollar	100%	100%	FC	NA	NA	NA

Information on the Company's direct or indirect shareholdings is provided in section 4.3 of this document in Note 4 to the Group's consolidated financial statements "Information on the scope of consolidation" and in Note 18 to the annual financial statements "Table/list of subsidiaries and shareholdings" in section 4.1.

2.10.5 Recent acquisitions and sales of subsidiaries

Changes in the scope of consolidation are detailed in paragraphs 4.3.4, 4.3.5.1 and 4.3.5.2 to the Group's consolidated financial statements for the year ended December 31, 2022 in section 4.3 of this document.

2.10.5.1 Acquisitions

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

In order to strengthen the implementation of the Group’s strategy of offering a complete range of products and services for battery systems, Forsee Power signed a firm commitment on March 25, 2022 to acquire all of the NEoT Capital shares held by its partner Mitsubishi Corporation, i.e. 42.5% of the shares issued, for an amount of €2,292 thousand. This acquisition was finalised on May 31, 2022 following the EIB's approval, leading the Group to hold 57.5% of the shares in NEoT Capital.

This stake was reduced to 50% following the collective and unanimous decision of the shareholders taken on June 30, 2022 by Forsee Power and its partner EDF, leading to the recapitalisation of NEoT Capital for €3,210 thousand, of which €2,500 thousand in cash and €710 thousand by a capital increase by debt conversion.

In parallel with these transactions, a new shareholders' agreement was signed and the articles of association of NEoT Capital were updated 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 elements of the NEoT Capital stake led to this stake being classified as an associate under IAS 28, resulting in the company being consolidated using the equity method since June 30, 2022.

2.10.5.2 Creations

- Creation of Forsee Power North America Inc., registered in the state of Ohio in May 2022 and 100% owned by Forsee Power SA;
- Forsee Power Inc. was incorporated in the state of Ohio in June 2022 and is wholly owned by Forsee Power North America Inc.

2.10.5.3 Disposals

None.

2.10.6 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 31 December 2022.

2.11 Other information

2.11.1 Subsequent events

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

2.11.2 Information about the parent company

2.11.2.1 Business activity

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

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

2.11.2.2 Comments on the business activity of the parent company

in € thousands	FY 2022	FY 2021
Revenues	**108,249**	**66,878**
Operating profit (loss)	(29,921)	(22,157)
Net financial income (expense)	(2,023)	(4,478)
Exceptional income	(119)	(1,228)
Corporate income tax	(2,078)	(2,237)
Profit (loss) for the year	**(29,985)**	**(25,627)**
Equity	58,077	88,062
Financial liabilities	44,734	47,024
Cash and cash equivalents	29,107	69,664

- ***Revenues***

Revenues came to €108,249 thousand in 2022, up +€41,371 thousand from 2021. They consisted mainly of sales of battery systems for heavy vehicles, up by +€37,363 thousand due to the increase in volumes with three of the Company's main customers.

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

The operating loss was €(29,921) thousand in 2022, compared with €(22,157) thousand in 2021. This deterioration is explained by the increase in external expenses and personnel costs, a direct consequence of the increase in activity, as well as the increase in depreciation, amortisation and provisions. These effects are partially offset by the increase in revenues referred to above.

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

Net financial expense improved by +€2,455 thousand compared with 2021. This change can be explained in particular by the decrease in interest and financial expenses, as a result of the reduction in the debt level.

- ***Net exceptional items***

Exceptional items for the financial year show a net expense of €(119) thousand in 2022, compared with €(1,228) thousand in 2021, which essentially corresponded to penalties invoiced by the EIB following the repayment of tranche B in November 2021.

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

- ***Tax expense***

The tax expense recognised amounts to €(2,078) thousand compared to €(2,237) thousand in 2021. The decrease is mainly due to the recognition in 2022 of the income related to the CIR for the years 2021 and 2022, and the recognition in 2021 of the income related to the CIR for the 2018, 2019 and 2020 financial years.

This aggregate is detailed in section 4.1 - Note 20 "Taxes" of this document.

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

The net loss for the year is €(29,985) thousand, compared to €(25,627) in 2021.

- ***Financial position***

As of December 31, 2022, the Company's shareholders' equity amounted to €58,077 thousand, compared with €88,062 thousand as of December 31, 2021. The decrease of -€29,985 thousand was mainly due to the appropriation of the net loss for the 2021 financial year amounting to €(25,627) thousand.

The main elements of the Group’s financing are detailed in Note 12 to the financial statements.

Forsee Power SA’s financial debt amounts to €44,734 thousand in 2022, down -€2,290 thousand compared to 2021. This decrease was due to a -€2,004 thousand decrease in bank borrowings.

The decrease in cash and cash equivalents of -€40,556 thousand compared with 2021 is mainly due to growth in the Company’s business and its financing needs during the year.

2.11.3 Table of results for the last five financial years

Result	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
I. Financial position at year-end (in €k)					
a) Share capital	**5,357**	5,321	2,999	2,999	2,452
b) Number of shares composing the share capital	**53,572,003.00**	53,210,003.00	299,876.00(1)	299,876.00(1)	245,219.00(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	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	**108,249**	66,878	61,084	53,511	24,831
b) Earnings before tax, depreciation, amortisation and provisions	**(13,176)**	(10,723)	(13,701)	(19,523)	(18,586)
c) Corporate income tax	**2,078**	(2,237)	-	(28)	(82)
d) Earnings after tax, depreciation, amortisation and provisions	**(29,985)**	(25,627)	(24,641)	(25,397)	(22,465)
e) Amount of distributed earnings		-	-	-	
III. Earnings per share (in euros)					
a) Earnings after tax but before depreciation, amortisation and provisions	**(0.25)**	(0.20)	(45.69)	(65.10)	(75.79)
b) Earnings after tax, depreciation, amortisation and provisions	**(0.56)**	(0.48)	(82.17)	(84.69)	(91.61)
c) Dividend paid per share		-	-	-	-
IV. Employees (in € thousands)					
a) Number of employees	**323.00**	284.00	257.00	215.00	154.00
b) Payroll costs	**(17,277)**	(14,423)	(11,923)	(10,928)	(7,811)
c) Amount paid for social benefits (social security, services, etc.)	**(7,532)**	(7,198)	(5,123)	(4,485)	(3,368)

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

2.11.4 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	772	256	133	63	877	1,329
Total amount of invoices concerned incl. VAT	-8,037,250.72	-1,513,397.87	-1,113,876.90	-652,029.42	-2,499,778.93	-5,779,083
Percentage of total purchases incl. VAT for the year	-6%	-1%	-1%	-1%	-2%	-4%
(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	116	65	42	33	483	623
Total amount of invoices concerned incl. VAT	7,530,479.56	3,955,464.82	2,147,617.60	2,211,507.32	15,360,994.06	23,675,583.80
Percentage of total sales incl. VAT for the year	6%	3%	2%	2%	12%	18%
(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 €14 million receivable from ZFI is an inter-company receivable, which may in the future be settled in whole or in part by capitalisation.

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

Not applicable.

2.11.6 Financial penalties

Not applicable.

2.11.7 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.

2.12 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, 2022, the total amount of the Group's provisions for contingencies and losses amounted to €7,170 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 Forsee Power before the Paris Commercial Court to replace the legal expert appointed in April 2021, on the grounds that the expert is categorically biased and does not have sufficient competence to carry out the court-ordered expert assessment. On January 26, 2022, the Company responded to these arguments by stating that the judge in summary proceedings did not have jurisdiction and that the case should be brought before the supervisory judge. The Company also rejected Unu GmbH's arguments regarding the alleged bias or incompetence of the expert.

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

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

- The trial proceedings:

On November 2, 2021, despite the expert's report, Unu sued the Group 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 April 12, 2023, the Court referred the case to May 17, 2023.The Company expects the court to stay proceedings until the final 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 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 multiple 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.

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

- Provision retained in the financial statements:

The provision recorded in the consolidated financial statements for the period ended December 31, 2022 in the amount of €441 thousand (€651 thousand as at December 31, 2021) 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 €210 thousand for the 2022 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.

2.13 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 risks that may, as of the date of this document, affect the business, financial position, reputation, results or outlook of the Group, based on their criticality, i.e., their severity and likelihood of occurrence, after taking into account the action plans put in place.

As of the date of this document, these risks, should they occur, are those the Company believes to be likely to have a material adverse effect on the Group, it's business, financial position, reputation, results or outlook, to be important when making an investment decision and which are specific to the Group's business activities.

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

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

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

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

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

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

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 identified risks.

Since 2021, the year of admission of its shares to trading on the regulated market of Euronext Paris, the Company has had an Audit and Risk Committee within its Board of Directors. This committee's main task is to ensure the relevance, reliability and implementation of the Company's procedures for the identification, internal control, 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 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 mainly 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 changing technologies and ever-changing industry standards, which remain difficult to anticipate. The frequent introduction of new products and/or new vehicle models has shortened battery life cycles and could make the Group’s batteries obsolete more quickly than anticipated. Changes in battery system standards could also make the Group’s products less competitive or obsolete. First, the Group’s ability to adapt to and anticipate changes in industry standards and market trends will be a key factor in maintaining and improving its competitive position and growth prospects. To achieve this, the Group has invested and plans to continue to invest significant financial resources in its Research and Development (R&D) infrastructure in order to offer its customers battery systems that are customised to their needs and are even more efficient than those of its competitors. The Group’s R&D expenditure over the past three financial years, expressed as a percentage of revenue (excluding capitalised development costs), was equal to 5% in 2021 and 5% in 2022. However, the development of R&D activities is naturally uncertain, and the Group could encounter practical difficulties in marketing the results of its research or could fail to develop systems in partnership with satisfactory vehicles manufacturers. As a result, the developments and needs of the markets associated with the products it markets or will market may not correspond to the Group’s anticipations. The Group cannot guarantee that its products will meet the changing expectations of its current or potential customers, and it cannot guarantee the success of its future technological developments and its ability to make them indispensable in the targeted markets.

Second, the Group’s competitors in the lithium-ion battery systems market could improve their technologies or make technological advances that could make the Group’s products obsolete or less attractive. Failure to keep pace with rapid technological and/or industry standard changes as effectively as its competitors could cause the Group to lose market share and could lead to lower revenues.

The Group considers that its technological added value is largely independent of the electro-chemical technologies present in the cells. Thus, while FP mainly produces batteries based on NMC technologies, the Group can deliver LFP batteries when the application lends itself to them, particularly in light mobility. At all times, the Group maintains an advanced technology monitoring to measure the maturity and price/performance/risk mix of new technologies. Accordingly, 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 make use of them.

Furthermore, various existing or future electro-chemical technologies could meet the same needs more efficiently or effectively than the Group's current technologies, which could require significant R&D efforts to master and integrate them.

For example, a number of companies and research centers have announced recent advances in solid state batteries using solid electrolytes rather than the liquid electrolytes used in lithium-ion systems. Although the Group believes that its products and services offer customers advantages with respect to ease of integration into products and services and underlying performance, these customers and partners may consider solid-state cell technologies to be sufficient or superior for their purposes, and may require the Group to switch to this technology or partner with other suppliers that use these technologies. It is also possible that the performance, safety features, reliability or cost-effectiveness of solid-state batteries, or any other form of battery, could also improve in the future, such that the Group's current lithium-ion cell-based offerings would become, or be perceived as, inferior or obsolete. In the event that these technologies or a new form of battery emerges or is deemed to have better performance, operate at lower cost or have better safety features, the Group may be compelled to attempt to integrate these new types of batteries into its platform, which may not be possible or feasible at a price that would be attractive to potential customers or partners. Any developments in all-solid-state battery technologies or new electrification technologies that are based on unforeseen developments in fuel cell technology, or the perception that they may occur, may prompt the Group to invest heavily in additional research to effectively compete with these advances, and this research and development may not be effective. The Group cannot guarantee that its products will be more effective than products developed based on other technologies. Any failure by the Group to successfully react to changes in existing technologies could adversely affect its competitive position, results and growth prospects.

Furthermore, in the event that the Group’s technologies do not attain the anticipated success and in the absence of alternative solutions developed by the Group, the deployment of new technologies or technologies deemed more efficient may require greater financial investments than anticipated by the Group. The Group devotes a significant amount of resources to developing new products and improving existing ones.

If the Group were no longer able to secure sufficient funding for future research and development, its competitive position could be weakened (bearing in mind that competitors may have greater financial resources). Any failure of the Group to develop new or more efficient technologies or to adjust to changes in existing technologies could significantly delay the development, production and marketing of new products by the Group, which could lead to a loss of competitiveness, revenues and market share to its competitors.

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

Lastly, 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.

In addition, changes in applicable regulations and manufacturers' requirements regarding operating safety and cybersecurity - mainly in heavy and also light electromobility in the medium term - require very significant dedicated developments in formal system engineering and embedded software. The Group may not be able to finance or assemble the large teams required for such developments within the timeframe expected by the market. In this case, the Group’s competitive position, activities and results could be significantly affected.

The Group may not be able to keep up with industry developments and trends, such as the development of predictive software or artificial intelligence. For example, the sustained growth dynamic in cell chemistry (with new generations of cells typically merging every two to three years, and the ongoing possibility of radical innovations and improvements 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.

Risk management approach

The Group specialises in the design and integration of specialised batteries, a sector that frequently sees technological advances. The policy of permanent and significant investments in research and development, which the Group has implemented and maintained for several years, has allowed it to successfully develop, produce and market battery systems enabling it to dominate growth markets by offering highly innovative products. In addition, it remains proactive and continually monitors the development of technologies that could potentially compete with those based on lithium-ion.

The Group has also designed its strategy to react in the event of technological changes that could disrupt its business: to this end, it continually monitors the competition, and over the years has forged close ties with the vast majority of its customers, enabling it to stay up to date on developments and accordingly adapt both its R&D effort and production facilities.

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

Description of the risk

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

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

Risk management approach

The Group regularly monitors developments in the sector and believes that there are currently few major international 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 fall in the price per kWh. At the same time, the Group has reached a certain level of maturity during its 11 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 battery pack orders proposed by the Group depend directly on the performance of the vehicles/products marketed by its customers and, with respect to the vehicles marketed by the Group's customers, on the level of acceptance by them and their customers of the transition to electromobility. Consequently, if the production level of its customers were to decrease, demand for the Group's products could equally decrease. The level of production by the Group's customers and the commercial success of alternative energy vehicles are influenced by many factors, including commodity prices, infrastructure expenditures, consumer spending, fleet replacement schedules, travel restrictions, fuel costs, energy demands, municipal spending and government incentives. If the cost of these vehicles were to become too high (particularly in relation to other energy sources), or if the market for these vehicles were to contract or fail to develop, this could have material adverse effects on the business, results and outlook of the Group. Conversely, if the Group is unable to accurately predict changes in demand for its battery systems, it may fail to meet its customers' needs, which could result in a loss of potential revenues, or lead to excess production, which could result in an increase in its inventories and overcapacity in its plants, leading to an increased unit production cost and a decreased operating margin.

Risk management approach

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

Competition risk

Description of the risk

The electromobility market is highly competitive. The Group's main competitors include companies focused on stationary storage and electric battery technology for the commercial vehicle, rail and maritime markets, such as Akasol (acquired by BorgWarner), Proterra, 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. In the future, existing companies and potential new entrants offering competing solutions, such as fuel cell electric vehicles, could also become competitors of the Group.

In addition, the e-mobility market could become even more competitive in the future, particularly due to new entrants into the market from China and emerging countries, who could benefit from lower production costs and a strategy for developing energy storage technologies for many years on a national scale as exemplified by the government's "Made in China 2025" program from 2015. Moreover, any consolidation among the Group's competitors could improve their product offerings and financial resources, which could strengthen their competitive position against the Group, as exemplified by the acquisition of Akasol by BorgWarner. In particular, international original equipment manufacturers (OEM) with significant financial resources could enter or expand their presence in the Group's markets by forming joint ventures with other battery system manufacturers.

Furthermore, the Group sources cells for its battery systems from leading cell suppliers such as LG, Toshiba and Calb. 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 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, such as Iveco/Heuliez, Wrightbus, CaetanoBus or Alstom, may consider awarding contracts to some of the Group's competitors in order to take advantage of offers structured by those competitors in order to gain market share at the expense of immediate profitability. Such changes in the competitive environment could potentially reduce the Group's market share, which could have material adverse effects on its business, results, financial position and outlook.

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

Finally, the Group's current and potential competitors may have greater financial, manufacturing, research and development, and marketing resources than the Group and may be able to devote more resources to the design, development, manufacture, distribution, promotion, sale and support of their products. Some competitors, particularly those with more resources, may be in a better position to respond quickly to new technologies and may be able to design, develop, market and sell their products more effectively.

The Group cannot guarantee that it will be able to successfully compete in the markets in which it operates. If certain competitors introduce new technologies that compete with or surpass the quality, price or performance of the Group's technologies, the Group may not be able to meet its existing customers' needs or attract new customers. Increased competition could lead to price reductions, loss of revenues, loss of customers and loss of market share, which could have a material adverse effect on the business, results, financial position and outlook of the Group.

Risk management approach

To 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 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 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.

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. For example, a product development project using VDA modules was selected in 2020 by the France Relance program that will enable the Group to receive a subsidy of EUR 1.348 million in 2021–2022 for a project totalling EUR 3.6 million. 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, which has had a negative impact on the Group's development plans for the US mass transit market and accelerated the timetable for setting up our own production facilities in the United States The favourable context created by the Inflation Reduction Act mentioned above will enable the Group to accelerate its development in the United States by receiving financial support for its production and a boost to demand.

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. 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.

Additionally, changes in political, social or economic and tax conditions at the governmental or local level, including a lack of legislative interest in such laws and regulations, could result in them being amended, repealed or delayed.

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

Risk management approach

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

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

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

Risk related to unfavourable changes in the economic environment

Description of the risk

The markets in which the Group currently operates (Europe and Asia) and in which it plans to operate in the future (North America) could suffer from negative economic trends, recessionary economic cycles, terrorism threats, armed conflicts (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 or alternative technologies

Description of the risk

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

This competitiveness will depend primarily on the investments and costs necessary for the production of energy, price fluctuations and the conditions of supply of raw materials and/or fossil fuels (e.g., oil and natural gas), 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. A significant drop in the price of fossil fuels and/or a medium- or long-term drop in the price of gasoline could have an impact on government and private policies and initiatives that promote alternative energies, as well as on the perception of the economic interest in these energies by end consumers.

Furthermore, major developments in alternative technologies, such as modern diesels, ethanol, fuel cells (hydrogen fuel cells, one of the Group's markets), compressed natural gas or improvements to combustion engines could reduce the existing interest in fully electric vehicles. Existing battery technologies, fuels or other energy sources could therefore become preferred alternatives for the Group's customers. Any failure by the Group to develop new or improved technologies or processes, or to adjust to changes in existing technologies, could significantly delay its development and have a material adverse effect on the business and outlook of the Group. The Group currently produces battery packs that use lithium-ion cells, which it believes currently represent the industry standard for battery technology for electric vehicles.

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

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

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

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

Risk management approach

Like various players in the industry, the Group's development strategy targets a steady reduction in the Total Cost of Ownership (TCO) of applications operating with battery systems, in order to make them increasingly competitive compared with those that run on fossil fuels or alternative energies. The steady fall in the price per kWh, which is one of the Group's achievements and a permanent objective for these key applications (particularly for buses), has fostered a growing awareness among customers 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 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 by the end of 2023. Risks related to (internal) operational factors could more or less permanently disrupt production.

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

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

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

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

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

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

Finally, the Group does not own but leases its production plants. For the Poitiers plant, the lease expires on August 31, 2033. For its site in China, the Group has two leases of five and eleven years, both of which will expire on February 29, 2024; in Poland, the lease is renewable every three years on market terms, the next expiration date being January 31, 2025. In India, the production plant is managed under the Company's partnership agreement with Minda, which leases the building to Forsee Power and provides it with teams of operators.

Lastly, in the United States, the production site will be operational at the end of 2023 with a lease expiring on January 31, 2033. If the Company is unable to renew these leases on acceptable terms, this could have a material adverse effect on the Group's business, results, financial position and outlook.

Risk management approach

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

As for the lease in China, the Group is currently considering its extension or an extension at a new site.

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 interruptions in production, for example as a result of power supply interruptions, inflation or shortages of raw materials and electronic and microelectronic components, supply problems, malicious attacks, terrorism or natural or exceptional events such as the COVID-19 pandemic, or force majeure. The current context of tension in the supply chain clearly improved in the second half of 2022 concerning the delivery of cells between Asia and Europe. In addition, since the fourth quarter of 2022, there has been a significant fall in sea freight rates between Asia and Europe, which seems to be continuing at least in the first quarter of 2023. The blockages of Chinese ports due to COVID-19 have come to an end, although a resumption of the epidemic in China could have one-off effects in terms of slowing down activity, but not to the same extent as in 2021.

For example, since the beginning of the COVID-19 lockdown measures, the Group has been forced to limit production at some of its sites, in particular due to local restrictions on movement or lockdowns. In general, due to restrictions on movement related to the COVID-19 pandemic, the Group's employees have not been able to access the production plants in the past, and this may continue in the future. Further production interruptions due to restrictions imposed to limit the spread of COVID-19 (including variants), or other future pandemics, cannot be ruled out.

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

These climate-related events may require the Group to implement additional protective or sanitary measures at sites located in high-risk areas, which would lead to additional costs. A natural disaster could result in the destruction of all or part of the Group's facilities, personal injury or death of employees and indefinitely interrupt production and supplies to customers. The inability for a production plant to resume deliveries quickly following a natural disaster, or the various costs and constraints related to repairs or temporary remedial measures, could have a material adverse effect on the business, financial position, results and outlook of the Group. In particular, the Group only has one production plant in each country where it operates, limiting the opportunity to provide alternative supplies from another Group production plant. Furthermore, such events could involve the Group in legal proceedings brought against it by potential victims seeking compensation for damages suffered and/or result in the imposition of penalties, which could have a material adverse effect on the business, financial position, results and outlook of the Group.

Risk management approach

The Group has a business continuity plan in place which sets out the alternative solutions needed for its operations to continue. To mitigate raw material supply or inflation risks, the Group's policy is to maintain a high level of inventory for key components at its main production plants. The Group 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.

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

Risk description

The Group's sales are made to various industrial customers in a wide range of sectors such as public transport, the rail industry, professional tools, medical facilities, robotics and home automation. However, a significant portion of the Group's sales are made to certain strategic customers. Therefore, a significant portion of the Group's consolidated revenue is generated in the heavy vehicle segment. This sector accounted for 70% of the Group's consolidated revenue for the year ended December 31, 2021, and 79% of the Group's consolidated revenue for the year ended December 31, 2022. The Group's sales to its top 10 customers accounted for 87% of the Group's consolidated revenue for the year ended December 31, 2021, and 92% of the Group's consolidated revenue for the year ended December 31, 2022. The Group's two customers with the largest sales accounted for 46% and 10% of the Group's consolidated revenue for the year ended December 31, 2021, as well as 36% and 31% of the Group's consolidated revenue for the year ended December 31, 2022.

Furthermore, the Group's order backlog for the period up to December 31, 2028, amounts to approximately EUR 1.4 billion as of the date of this document, most of which is with certain of the Group's long-standing customers such as Iveco/Heuliez, Piaggio, Wrightbus, CaetanoBus and Alstom. The order backlog is based on actual purchase forecasts as discussed with clients, however such forecasts are not binding purchase commitments. In addition, the Group's assessment of the probabilities that the order backlog will be converted into orders may not be appropriate. Moreover, lithium-ion battery cells generally have a limited lifespan. If customers do not convert their projections into firm orders, the Group might have a larger number of battery cells in stock, which could lead to reduced warranty periods or impairment of the value of the inventory. Accordingly, the order backlog might not lead to corresponding future revenue and actual sales may, in fact, be significantly lower than the order backlog suggests at the date of this document, which could have a material adverse effect on the business, results, financial position and outlook of the Group.

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

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

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

Risk management approach

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

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

To the extent that global demand for battery cells currently exceeds available supply, the Group may have trouble substituting one supplier for another, increasing the number of suppliers or changing one component for another quickly, or even at all, due to a disruption or delay in supply or an increase in demand throughout the industry. As of the date of this document, the Group sources each of the main components and raw materials required to manufacture lithium-ion batteries, such as cobalt and lithium, from a limited number of suppliers, but has begun to qualify cells and modules from alternative suppliers (where possible) in order to reduce this dependency risk. For example, the Group's top two suppliers accounted for, respectively, 21% and 6% of the raw materials and components used to produce its battery systems for the year ended December 31, 2021, and 26% and 23%, respectively, for the year ended December 31, 2022.

The Group's top ten suppliers accounted for 54% and 67%, respectively, of the raw materials and components used to produce its battery systems in the year ended December 31, 2021, and the year ended December 31, 2022. If a single supplier were to stop producing a component with little or no notice, the Group’s business could suffer.

In addition, the Group’s battery cell suppliers have significant influence in the market and can prioritise which customers they supply battery cells to. If the Group did not meet the requirements of its battery cell suppliers (e.g., with respect to payment deadlines), they could decide to stop supplying all or certain types of battery cells. If this should happen, the Group would have to source cells from another supplier, which could prove difficult or, in some cases, impossible, particularly in the case of specialised battery cell products. For example, in order to increase payment terms with its suppliers, since the end of 2022, the Group has obtained an USD 8 million credit insurance from COFACE for its largest supplier LG Energy Solution, with payment within 60 days of the invoice date.

The group is currently considering the implementation of specific payment methods with CALB (Chinese supplier of modules) in order to obtain a payment term of 60 days. If the Group were to replace a battery cell supplier’s products in one of its battery systems, it could take time to go through all the processes required to qualify the Group’s products with a new supplier before it could restart mass production of that battery system with different battery cells. Furthermore, the allocation and subsequent unavailability of electronic components with substantial delivery times could result in a delay in performance, or in the Group not being able to deliver its products on the scheduled date.

Raw materials (including raw materials needed by the Group’s battery cell suppliers, in particular lithium and/or cobalt, which are key raw materials for the production of lithium-ion cells) are sourced primarily from countries located in emerging markets, some of which are experiencing unstable political and economic conditions. The Group is therefore exposed to the risk that raw materials required for the battery cells used in its products may not be available from suppliers at the required quality, quantity and timeframe and, consequently, that the products the Group needs may not be available. Specifically, geopolitical instability in the countries where the raw materials are sourced could lead to lithium battery shortages. Nevertheless, it should be noted that large deposits of lithium 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 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 other chemistries that do not use lithium or cobalt, and this diversification is expected to accelerate over the next three to five years. Finally, and in general, the availability of raw materials is increasing due to the growing use of recycling practices.

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.

In addition, the prices of raw materials, particularly lithium and/or cobalt, parts, components and manufacturing equipment increased significantly in 2022, and may increase again in the future due to changes in supply and demand, for example, an increase in the production of electric city buses by some competitors or by manufacturers in adjacent markets such as the mass passenger car market. A limited number of the Group’s suppliers are dependent on a single supplier or a limited number of suppliers for certain key raw materials, parts and components used to manufacture and develop the Group’s products. For example, the Group’s battery cell suppliers may not be able to meet the Group’s quantitative and qualitative requirements for battery cell specifications and volumes, and the Group may be unable to find alternative supply sources at an acceptable cost, in adequate quantities or deliverable on a timely basis due to rising prices of raw materials used in battery cells, particularly lithium and/or cobalt.

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.

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

Risk description

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

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

Risk management approach

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

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

Risk related to the failure of products marketed by the Group

Risk description

Due to the technological complexity of the battery systems the Group manufactures, it cannot guarantee that its customers will not experience failures or difficulties related to the quality of its products. The Group's battery packs and modules incorporate lithium-ion cells. 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 neighboring cells, a failure could occur in the field or during battery pack testing.

For example, Unu GmbH, a scooter manufacturer, requested that an expert appraisal be performed on the batteries supplied by the Company to determine whether they had been defective and could have caused various fires. Such a finding could expose the Group to product recalls or redesign efforts. 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.

For example, in April 2021, due to the seriousness of the fires and explosions that occurred, the prefecture of the Pyrénées-Orientales suspended the marketing of “Energy Cases” lithium batteries made by SAS P.C.E. Similarly, in April 2022, RATP withdrew 149 electric buses from service after a very spectacular fire in one of them. An investigation into the exact causes of this incident is currently underway.

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. The controls are based on the wealth of experience accumulated by the Group and are reinforced in the event of further failures. The Group’s matrix organisation, with a Quality Department forming part of the Operations Division (whose Chief Operating Officer sits on the Group’s Executive Committee), allows it to respond swiftly in the event of a fault that the Group could be liable for. The Group also has an after-sales service team to handle product complaints and returns. If need be—for example in the case of buses—they can travel to the locations where its battery systems are used in order to respond as quickly as possible to any failures.

In conjunction with the after-sales service, the Quality Department is set up to allow a thorough review, if necessary, of the reasons for the product failure, tracing the root cause and identifying the liable party: the customer (through incorrect use of the product) or the Group. Finally, the Group also has insurance coverage and regularly reviews its financial risks by setting aside the appropriate provisions.

3.1.4 Risks related to the Group strategy

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

Risk description

The Group has experienced a growth in its business activity over the past few years, from consolidated revenue of EUR 72,423 thousand for the year ended December 31, 2021, to EUR 111,018 for the ended year December 31, 2022, and has recorded an average annual growth rate of 37.4% over the 2015-2022 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 additional external financing. The Group cannot guarantee that cash flow from sales will be sufficient or that additional financing sources will be available, in particular on 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 significantly reduce its growth strategy, which could have an adverse effect on its business, financial position, results and outlook.

Furthermore, there is a risk related to the Group's ability to 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 up by a series of acquisitions made over the past 11 years. It has therefore developed a corporate culture that allows it to take a relaxed approach to growth, whether external or internal, from a financial and operational point of view. Based on this experience, it can anticipate the steps involved and be selective in the choice and timing of future expansion plans.

To ensure that its technological and human resources and its operational processes are adequate for the significant expansion of its business, the Group adopts and regularly acts on various measures that are regulatory monitored such as 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, and the appointment of steering committees to review the achievement of targets assigned to ongoing projects and to prioritise action plans and conduct business reviews. The Group also provides its new employees with training and offers courses to all employees throughout their career to ensure a high level of expertise.

Moreover, the Group seeks to ensure that, as its business grows, its operational and reporting procedures and controls allow the information obtained (including financial information) to be comprehensively processed. The significant production capacity that already exists means that some of the future growth will require a limited effort in terms of resources and time. The Group and its production plants are already equipped to generate substantially higher revenue than that generated at present.

At the same time, the Group's 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.

For example, the new Indian site launched in the midst of the COVID-19 pandemic swiftly became operational owing to the use of smart glasses, which allowed the Asia region (based in China) to set up production lines and train Indian teams remotely, travel being impossible due to the pandemic. Finally, certain production lines are currently being 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.

Furthermore, in the event that its managers, founder or key employees join a competitor or start a competing business, the Group could be adversely affected. The demand for engineers with experience in manufacturing batteries exceeds the number of people available, and the competition to attract and retain these employees is high. This competition is likely to intensify if the battery systems market continues to grow as expected, which may require more compensation for current employees over time. In addition, the development of Group activities requires the acquisition, maintenance and renewal of skills in line with market developments and expectations.

Due to the highly technical nature of the Group's battery systems, the Group may struggle to find qualified candidates, train its personnel in the technological solutions offered by the Group or recruit and train the necessary managers in the geographical areas or business segments in which it operates or wishes to develop.

Moreover, during periods of strong growth, the Group could encounter difficulties in recruiting and retaining qualified personnel on economically beneficial terms for the Group, representing a risk of higher salary costs and a decline in the quality of the products it develops. If the Group fails to meet these human resource challenges, which are a key factor in its development, this could have a material adverse effect on its business, financial position, results and outlook.

Risk management approach

The Group has an 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. In addition, the matrix organisation (region/function) set up in May 2020 protects the functionality of the Group's operations and the smooth flow of information and skills. Furthermore, for years the Group has kept up its communications efforts so as to maintain and increase its profile with third parties and potential candidates who might be interested in joining the team. For example, the work done by the Group on its ESG plan and the very nature of its business, by helping to reduce global warming, naturally allow it to attract talent focused on these issues. This is particularly the case for young graduates.

Finally, the Group is committed to continually refining its toolkit so that it can increase the reliability of information and ensure that know-how and skills are maintained.

As the Group attaches great value to its human capital, it has taken several measures to limit the risk related to retaining experienced employees. The Group has therefore set up an 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 within the framework of the Appointments and Remuneration Committee.

3.1.5 Market risks

Liquidity risk

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:

1) The level of available cash at December 31, 2022, which amounts to €31.0 million, mainly consisting of funds obtained during the capital increase in cash of approximately €100 million carried out on November 3, 2021 at the time of the Company's IPO;
2) The outlook for cash flows related to the Group's activities over the 12 coming months. The Forsee Power Group has an order book that gives it good visibility on its sales for the coming months. It also receives new orders each week from its main customers, which supplement its order book;
3) Two unused financing lines of €10 million each (tranche C and D) contracted with the EIB (European Investment Bank) and made available under the contract signed in December 2020.

   The €10 million Tranche C is subject to revenue covenants that the Group had met already at the end of the 2020 financial year. The €10 million Tranche C is also conditional on the completion of a €10 million capital increase by one or more shareholders. This condition was met in November 2021 with the company's IPO. Tranche C was not drawn down at December 31, 2022.

   Tranche D of €10 million is conditional on a level of revenue and profitability that the Group plans to achieve in 2024, which is not currently available.
4) In addition, the Group has several factoring programmes: HSBC capped at €2.1 million in receivables in euros and $2.0 million for other receivables (see Note 3.3.10 of the consolidated financial statements), and a factoring contract included in a client's reverse factoring programme with the banking institution Banco Santander.

Based on the points set out above, at the date of this document, the Company certifies that, in its opinion, the consolidated net working capital of the Group, before the issuance of the New Shares, is sufficient to meet its obligations for the next twelve months from the date of approval of this document.

The Group thus makes sure that it always has sufficient funds to meet its liabilities as they fall due.

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

(EUR thousand)	**December 31, 2022**	**December 31, 2021**
Overdraft authorisation	0	0
Subtotal credit facilities (a)	**0**	**0**
Cash and cash equivalents	31,014	70,770
Bank overdrafts – Cash liability	0	0
Net liquidity (b)	**31,014**	**70,770**
Total liquidity position (a) + (b)	**31,014**	**70,770**

Exchange rate risk

Risk description

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

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

Risk management approach

As of the date of this document, the Group does not hold any trading derivative instruments. 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 the ten largest customers to Group revenues is 92% at December 31, 2022. The Group is exposed to credit risk in the event of late payment by customers or in the event of default by one of its customers. It endeavors not to become or remain dependent on them by seeking to diversify its customer base and growing its exports. The following table summarises the Group's net receivables position at December 31, 2022 and 2021:

(EUR thousand)	December 31 2022	December 31 2021
Trade receivables	17,483	10,616
Impairment of trade receivables	(1,522)	(45)
Accounts payable – Advances and prepayments	3,870	8,121
Total	19,831	18,692

Trade receivables as of December 31, 2022, were as follows:

(EUR thousand)	December 31, 2022
Trade receivables	**17,483**
Not past due	5,485
Due	11,998

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 7.14.1 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. Also, the Group recently took out export credit insurance, covering losses incurred as a result of the insolvency and presumed insolvency of its customers up to a limit of EUR 6,750,000.

Interest rate risk

Risk description

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

The Group 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.

Given the nature of its financial liabilities, the Group's degree of exposure to interest rate risk is very limited at December 31, 2022.

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 costs or investments. This could include legislation on environmental liability, such as the environmental regulations relating to Facilities Classified for Environmental Protection (ICPEs) and Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), which could have a material adverse effect on the business, results, financial position and outlook of the Group.

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

Regulatory changes could also affect the Group's prices, margins, investments and business activities, especially if those changes lead to significant or structural changes in the battery market liable to affect the battery's e-mobility market share, production volumes or production costs.

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

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

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

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

Finally, at the international level, there could be laws in jurisdictions where the Group is not yet present, or laws in jurisdictions where it is already present but which it is unaware of, which could restrict the sale of its battery systems. Even for the jurisdictions analysed by the Group, laws in this area could be complex, difficult to interpret and subject to change. Regulatory constraints that interfere with the Group's ability or the ability of its customers to sell battery systems could have a material adverse effect on the business, results, financial position and outlook of the Group.

Regulation of batteries and accumulators

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

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

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

Furthermore, on December 10, 2020, the European Commission proposed a set of measures to define a new regulation on batteries in order to modernise EU legislation; this regulation is expected to replace Directive 2006/66/EC of 6 September 2006. The new European battery regulation is expected to be published in the first half of 2023.

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

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 financial year ended December 31, 2022, the Group made several recommendations on the anti-corruption policy and the IT security policy and established procedures for the protection of personal data (these measures are detailed in the NFPS in 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. In 2022, the whistleblowing system for detecting breaches of probity also implemented.

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: 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. NB: North American subsidiaries are covered by a specific local policy
Industrial Multirisk	Generali	Forsee Power SA	Coverage: Total amount of coverage for rental risks of €22 million 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: 400,000€ 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. Like all Group entities, it participates in the management system described in the previous paragraphs: weekly meetings focused on day-to-day operations, monthly meetings devoted to a detailed review of figures, the organisation of the function and the monitoring of major projects.

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

The Board of Directors exercises control over the accounting and financial information. It reviews and approves the interim and annual financial statements. It is supported by the Audit Committee described in 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 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

Statement of financial position

	Statement expressed in euros	December 31, 2022 Gross	December 31, 2022 Amorti. And deprec.	December 31, 2022 Net	December 31, 2021 Net
	Uncalled subscribed capital (I)				
FIXED ASSETS	**INTANGIBLE ASSETS**				
	Start-up costs				
	Development costs	15,103,576	8,792,207	6,311,368	8,569,626
	Concessions, patents and similar rights	2,809,672	1,867,251	942,421	1,248,776
	Purchased goodwill (1)	8,621,237		8,621,237	8,621,237
	Other intangible assets	8,008,407		8,008,407	5,334,420
	Advances and payments on account				
	PROPERTY, PLANT AND EQUIPMENT				
	Land				
	Buildings				
	Technical installations and industrial equipment and tools	11,234,242	7,034,685	4,199,556	2,314,054
	Other property, plant and equipment	4,162,555	1,881,662	2,280,892	1,246,208
	Assets under construction	1,900,987		1,900,987	4,222,872
	Advances and payments on account	748,120		748,120	1,108,503
	FINANCIAL FIXED ASSETS (2)				
	Equity-accounted investments				
	Other investments	6,828,132	90,992	6,737,140	979,892
	Receivables from equity investments	290,780		290,780	290,780
	Other long-term investments				
	Loans				
	Other financial fixed assets	693,847		693,847	772,323
	Total (II)	**60,401,558**	**19,666,800**	**40,734,758**	**34,708,695**
CURRENT ASSETS	**INVENTORIES AND WORK IN PROGRESS**				
	Raw materials and supplies	11,840,977	1,955,721	9,885,255	12,269,686
	Work in progress - goods	3,609,684	279,877	3,329,807	685,954
	Work in progress - services				
	Semi-finished and finished products	13,564,838	3,641,471	9,923,366	7,708,742
	Goods for resale	6,397,130		6,397,130	2,437,285
	Advances and deposits paid on orders	**1,296,431**		**1,296,431**	**5,494,409**
	RECEIVABLES (3)				
	Trade receivables	31,321,454	101,418	31,220,036	19,674,785
	Other receivables	7,835,221	120,678	7,714,542	10,829,524
	Subscribed capital called but not paid				
	MARKETABLE SECURITIES				
	CASH AND CASH EQUIVALENTS	**29,107,149**		**29,107,149**	**69,663,572**
ACCRUALS	Prepaid expenses	547,988		547,988	146,636
	TOTAL (III)	**105,520,875**	**6,099,167**	**99,421,708**	**128,910,594**
	Borrowing costs to be deferred (IV)	73,963		73,963	95,611
	Bond redemption premiums (V)				
	Unrealised foreign exchange losses (VI)				45,641
	TOTAL ASSETS (I to VI)	**165,996,398**	**25,765,967**	**140,230,430**	**163,760,542**
	(1) of which leasehold rights				
	(2) of which financial assets due within one year			81,205	81,205
	(3) of which receivables due in more than one year			2,621,800	1,563,230

	Statement expressed in euros	December 31, 2022	December 31, 2021
SHAREHOLDERS' EQUITY	Share capital or individual capital	5,357,200	5,321,000
	Issue, merger and contribution premiums	132,910,920	132,947,120
	Revaluation adjustments		
	RESERVES		
	Legal reserve	129,057	129,057
	Reserves required by the bylaws or contractual reserves		
	Regulated reserves		
	Other reserves		
	Retained earnings	(50,672,002)	(25,044,967)
	Profit (loss) for the year	(29,985,305)	**(25,627,034)**
	Investment grants	337,056	337,056
	Regulated provisions		
	Total shareholders' equity	58,076,924	**88,062,231**
Other equity	Proceeds from issues of equity securities		
	Conditional advances		
	Total other equity	-	-
Provisions	Provisions for risks	689,719	1,373,759
	Provisions for charges	6,859,892	4,168,823
	Total provisions	**7,549,611**	**5,542,582**
LIABILITIES (1)	**FINANCIAL LIABILITIES**		
	Convertible bonds		
	Other bonds		
	Bank loans and borrowings	44,713,744	46,717,590
	Miscellaneous loans and financial debts	20,059	306,570
	OPERATING LIABILITIES		
	Trade payables	17,028,605	11,019,790
	Tax and social security liabilities	6,315,230	8,222,003
	Advances and deposits received on orders in progress	2,821,607	1,803,307
	OTHER LIABILITIES		
	Payables on fixed assets and related accounts		
	Other liabilities	684,219	172,217
	Deferred income (1)	2,284,880	1,522,686
	Total liabilities	**73,868,348**	**69,764,165**
	Unrealized foreign exchange gains	735,545	391,563
	TOTAL LIABILITIES	**140,230,430**	**163,760,542**
Net income for the year expressed in cents		(29,985,305.00)	(25,627,034.00)

Statement of income

Statement expressed in euros				December 31, 2022	December 31, 2021
		France	Export	12 months	12 months
OPERATING INCOME	Sales of goods	471,500	442,765	914,265	453,973
	Production sold (goods)	49,521,948	55,972,724	105,494,673	65,256,941
	Production sold (services and works)	1,280,952	559,206	1,840,158	1,166,878
	Net revenues	51,274,400	56,974,697	108,249,098	66,877,794
	Production transferred to inventory			6,551,352	(1,707,287)
	Capitalised production			3,977,675	4,106,458
	Operating grants			59,964	217,492
	Reversals of provisions, depreciation and amortisation, and expense transfers			5,841,685	10,683,182
	Other income			2,601,955	218,233
	Total operating income (1)			127,281,730	**80,395,873**
OPERATING EXPENSES	Purchases of goods			2,207,937	1,069,337
	Change in inventories			(3,959,845)	(375,408)
	Purchases of materials and other supplies			94,389,930	49,111,081
	Change in inventories			2,106,354	1,367,828
	Other purchases and external expenses			18,050,474	15,631,251
	Duties, taxes and similar payments			639,994	859,094
	Wages and salaries			17,277,244	14,422,589
	Employee social security contributions			7,531,581	7,197,604
	Operator's personal contributions				
	Operating charges				
	on fixed assets				
	-depreciation and amortization*			6,924,998	3,492,041
	-provisions*				
	On current assets: provisions			5,937,248	6,658,594
	For risks and charges: provisions*			3,882,996	2,554,920
	Other expenses			2,213,887	563,966
	Total operating expenses (2)			**157,202,803**	**102,552,901**
	OPERATING PROFIT (LOSS)			(29,921,072)	**(22,157,027)**

Statement expressed in euros		December 31, 2022	December 31, 2021
	OPERATING PROFIT (LOSS)	(29,921,072)	**(22,157,027)**
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)	66,156	15,241
	Reversals of provisions, depreciation and amortisation, and expense transfers		
	Foreign exchange gains	1,245,497	639,128
	Net income from sales of marketable securities		
	Total financial income	**1,311,653**	**654,369**
FINANCIAL EXPENSES			
	Depreciation, amortisation and provisions		
	Interest and similar expense (4)	2,369,060	4,875,897
	Foreign exchange losses	876,256	242,926
	Net expenses on disposals of marketable securities	89,778	13,714
	Total financial expenses	**3,335,096**	**5,132,537**
NET FINANCIAL INCOME (EXPENSE)		**(2,023,442)**	**(4,478,169)**
CURRENT PROFIT (LOSS) BEFORE TAX		(31,944,515)	**(26,635,195)**
EXCEPTIONAL INCOME			
	On management transactions		711
	On capital transactions		86,406
	Reversals of provisions, depreciation and amortisation, and expense transfers		38,045
	Total Exceptional income	**-**	**125,163**
EXCEPTIONAL EXPENSES			
	On management transactions	118,960	1,353,613
	On capital transactions		
	Depreciation, amortisation, and provisions		
	Total Exceptional expenses	**118,960**	**1,353,613**
NET EXCEPTIONAL ITEMS		**(118,960)**	**(1,228,450)**
	Employee profit sharing		
	Corporate income tax	(2,078,170)	(2,236,611)
TOTAL INCOME		128,593,383	**81,175,407**
TOTAL EXPENSES		**158,578,689**	**106,802,442**
PROFIT (LOSS) FOR THE YEAR		(29,985,305)	**(25,627,034)**

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

4.1.1 Company activity and highlights of the year

4.1.1.1 Identity and activity of the Company

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

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

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

4.1.1.2 Highlights of the year

The main events of the financial year ended **December** 31, 2022 are as follows:

4.1.1.2.1 Launch of the new ZEN PLUS range

Forsee Power has launched a new offering of ultra-high energy density and ultra-modular battery systems for heavy-duty vehicles. This new range, called "ZEN PLUS", is the first pack on the market with the ability to perfectly adjust voltage and energy to the system's needs; it supports both 650 V and 800 V engines with a single battery format.

4.1.1.2.2 Inauguration of the Chasseneuil-du-Poitou mass production plant

In spring 2022, Forsee Power officially inaugurated its production plant in Chasseneuil-du-Poitou for smart battery systems for heavy vehicles.

4.1.1.2.3 Implementation of the strategy of offering a complete range of products and services by increasing its stake in NEoT Capital

On May 31 and June 30 2022, Forsee Power increased its stake in NEoT Capital from 15% to 50%.

This transaction reflects Forsee Power's strategy to offer a complete range of products and services with a positioning across the entire value chain to support manufacturers and regions in their ecological transition with turnkey solutions.

This increase in NEoT Capital resulted in Forsee Power subscribing to the capital increase in the amount of €1,243 thousand, of which €1,058 thousand in cash and €185 thousand by converting a receivable.

4.1.1.2.4 Research tax credit (CIR)

The research tax credit for the 2018 financial year was collected on June 20, 2022 for an amount of €725 thousand.

The research tax credit (CIR) for eligible expenses for the 2021 financial year and the 2022 financial year has been recognised in the financial statements for the financial year ended December 31, 2022, for €812 thousand and €1,341 thousand respectively.

4.1.1.2.5 EcoVadis CSR rating

On September 1, 2022, EcoVadis, an organisation that rates and assesses sustainability and Corporate Social Responsibility (CSR), awarded the gold medal to the company Forsee Power for its sustainable development performance with a score of 70/100.

This award, granted to only 5% of all 90,000 companies assessed by EcoVadis, is a tribute to the Company's progress in terms of the environment, responsible purchasing, ethics and human rights.

4.1.1.2.6 Dispute with Unu GmbH

Expert assessment summary proceedings in Paris:

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. The next meeting of the panel of court-appointed experts is expected in early 2023 (date not set).

Procedure on the merits:

At the procedural hearing on September 28, 2022, the Court remanded the case to January 18, 2023. The Company expects the Court to stay proceedings until the expert report is filed.

Expert assessment summary proceedings in Lyon:

On May 25, 2022, Unu GmbH filed for a summary judgment with the Lyon Court of Justice for a court-ordered expert appraisal requested by the insurer and the family of an individual who died in a fire in his home in August 2021.

The purpose of this court-ordered expert appraisal is to determine the origin of the fire, the circumstances of which have not been established.

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 multiple possible causes of the fire.

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.

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.

4.1.1.2.7 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.

4.1.1.2.8 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.

4.1.2 Accounting rules and methods

4.1.2.1 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 valuation principles and methods as of December 31, 2021.

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.

4.1.2.2 Principal accounting methods

4.1.2.2.1 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

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

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

4.1.2.2.2 Technical loss and purchased goodwill

Residual technical merger and dissolution losses were recognised 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 amortised on a straight-line basis but, like other unamortised intangible assets, are tested for impairment on the basis of their current value each financial year. When the current value of this item is lower than its carrying amount, an impairment loss is recognised for the amount of the loss.

4.1.2.2.3 Development costs

The Company has opted to capitalise these development costs, which totalled €22,313 thousand at end-2022, including €1,614 thousand for assets commissioned in 2022. They gave rise to an amortisation charge of €3,872 thousand for the financial year.

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

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

These development costs are amortised over the life of the product, currently estimated at between 2 and 5 years, from the start date of mass production.

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

4.1.2.2.4 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

4.1.2.2.5 Financial fixed assets

Equity investments and related receivables

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

Equity investments are valued using the DCF (Discounted Cash Flow) method, which determined the value in use of each subsidiary at December 31, 2022 based on discounted cash flows determined from the business plan approved by management.

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

No impairment has been recognised as of December 31, 2022. We plan to refinance Forsee Power PTL ltd. in the course of the 2023 financial year, by means of a capital increase, so that the subsidiary can settle its debt to its parent company.

An impairment loss is recognised at year-end when the value in use of the securities is lower than their net carrying amount. This impairment is first recorded on investments in equity securities before impairment of the related receivables.

Other financial fixed assets

As of December 31, 2022, other financial fixed assets consisted of guaranteed deposits for €297 thousand, treasury shares held under the liquidity contract for €249 thousand and €147 thousand in cash (out of an overall cash and securities ceiling of €500 thousand).

4.1.2.2.6 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 are impaired to take into account the net realisable 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 realisable 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.

4.1.2.2.7 Operating receivables

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

Other operating receivables are also recognised at their nominal value.

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

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

- A non-recourse factoring programme: 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 no longer presented in the statement of financial position amounted to €2,563 thousand as of December 31, 2022.

  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 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, 2022 was €5,354 thousand.

4.1.2.2.8 Cash and cash equivalents

Cash and cash equivalents consist of closing bank balances as well as a term account.

4.1.2.2.9 Foreign currency transactions

The 2022 financial statements are prepared in euros. Income and expenses denominated in foreign currencies are recognised at their equivalent value in euros at the date of the transaction. At the reporting date, receivables and payables denominated in foreign currencies are translated and recognised in the statement of financial position at the latest exchange rate, and the differences compared to the transaction amounts are recognised 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.

4.1.2.2.10 Hedging transactions

Forsee Power occasionally takes out currency hedges (forward contracts) on the US dollar ($) and the Japanese yen (¥) to limit the exchange rate risk in the payment of invoices to certain foreign suppliers. Forward contracts are individually taken out in notional amounts for the amount of the trade payable, in the same currency and with the same maturity as the trade payable.

4.1.2.2.11 Provisions for risks and charges

A provision for risks and charges is recognised as soon as there is a probable or certain obligation, clearly specified as to its purpose, resulting from events that have occurred or are in progress, and making it probable that an outflow of resources will be made to third parties without at least equivalent consideration being expected from them, but whose due date or amount is not precisely fixed.

The amount provisioned is the best estimate of the expenditure required to settle the obligation at the reporting date, excluding any expected income. Each risk or expense is assessed on a case-by-case basis at the reporting date and provisions are adjusted to reflect the best estimate at that date.

As a producer, the Company is subject to the following legal and regulatory obligations:

- The obligation to repair or replace any defective element of the battery systems sold.

  This obligation is covered in the accounts by a provision for after-sales service (SAV) assessed on the basis of a percentage of revenues (2.5% of sales excluding extended warranty sales). This percentage was determined on the basis of both a benchmark and an estimate of probable repair costs weighted by a probability of return. Management will refine this estimate based on actual repair costs.

- The obligation to collect and process end-of-life batteries (European regulations on waste electrical and electronic equipment – WEEE).

  This obligation is covered in the financial statements by a recycling provision valued on the basis of items sold (by weight) and to be recycled in the future.

4.1.2.2.12 Operating liabilities

Trade payables are measured at the initial recognition date at the fair value of the consideration to be given. This value corresponds to the nominal value.

4.1.2.2.13 Revenues

Revenues are derived from the sale of goods and services and are valued based on the transfer of control (duty paid or ex-works).

The Company has no commitment to return or take back goods, except for legal and regulatory commitments to provide after-sales service and recycling.

4.1.2.2.14 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".

4.1.2.3 Going concern

The annual financial statements as of December 31, 2022 have been prepared on a going concern basis taking into account the following items:

- The level of available cash at December 31, 2022, which amounts to €29.0 million, mainly consisting of funds obtained during the capital increase in cash of approximately €100 million carried out on November 3, 2021 at the time of the Company's IPO;
- The outlook for cash flows related to the Group's activities over the 12 coming months. The Company has an order book that gives it good visibility on its sales for the coming months. It also receives new orders each week from its main customers, which supplement its order book.

At December 31, 2022, the Group also had several financing instruments for its business:

- Two unused financing lines of €10 million each (tranche C and D) contracted with the EIB (European Investment Bank) and made available under the contract signed in December 2020.

  The €10 million Tranche C is subject to revenue covenants that the Group had met already at the end of the 2020 financial year. The €10 million Tranche C is also conditional on the completion of a €10 million capital increase by one or more shareholders. This condition was met in November 2021 with the company's IPO. Tranche C was not drawn down at December 31, 2022.

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

  It should be noted that the financing lines drawn on the EIB were accompanied by 6,857 "EIB A" share purchase warrants and 3,500 "EIB C" share purchase warrants giving access to a maximum of 1,248,024 new shares[37].

[37] *It should be noted that the number of shares to which the "EIB A" and "EIB C" warrants entitle their holders may be adjusted if certain adjustment events occur, in particular in the case of the issue of new shares by the Company.*

- In addition, the Company has several factoring programmes: HSBC capped at €2.1 million for receivables in euros and $2.0 million for other receivables, and a factoring contract included in a customer's reverse factoring programme with the banking institution Banco Santander.

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

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

4.1.3 Property, plant and equipment and intangible assets

4.1.3.1 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, 2022
			Increases		Decreases		
			Revaluations	Acquisitions	Reclassification	Disposals	
INTANGIBLE ASSETS	Start-up and development costs	13,489,451			1,614,125		15,103,576
	Concessions, patents and similar rights	2,747,620			62,052		2,809,672
	Goodwill	8,621,237					8,621,237
	Other intangible assets	5,334,421		4,350,164	(1,676,177)		8,008,408
	TOTAL INTANGIBLE ASSETS	**30,192,728**		**4,350,164**	**-**	**-**	**34,542,893**
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	7,148,208			4,086,033		11,234,242
	Other installations, fixtures and fittings	1,039,134			1,263,724		2,302,859
	Transport equipment	14,700					14,700
	Office equipment, furniture	1,612,008			232,988		1,844,997
	Recoverable and other packaging						
	Property, plant and equipment in progress	4,222,872		2,306,594	(4,628,478)		1,900,987
	Advances and payments on account	1,108,503		593,884	(954,268)		748,120
	TOTAL PROPERTY, PLANTS AND EQUIPMENT	15,145,426		**2,900,479**	**-**	**-**	**18,045,908**

The gross value of capitalised development costs amounted to €22,313 thousand as of December 31, 2022 and corresponds to 32 projects, of which 23 are still in the development phase. As of December 31, 2021, the gross value of capitalised development costs amounted to €18,824 thousand and corresponded to 29 projects.

In 2022, the capitalisation of development costs in the amount of €3,991 thousand related to 25 projects, while the commissioning of assets totalling €1,614 thousand related to 3 projects.
Purchased goodwill is comprised of the following items:

Goodwill	December 31, 2022
	In K€
Industrial branch of UNIROSS BATTERIES	19
ERSE purchased goodwill	70
FORSEE POWER SOLUTIONS dissolution loss	6,988
FORSEE POWER SOLUTIONS merger loss	1,544
TOTAL	**8,621**

The 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.

4.1.3.2 Statement of depreciation and amortisation - property, plant and equipment and intangible assets

Statement expressed in euros		Deprec./Amort at the beginning of the year	Changes during the year: Additions	Changes during the year: Decreases	Deprec./Amort. as of December 31, 2022
INTANGIBLE ASSETS	Start-up and development costs	4,919,825	3,872,382		8,792,207
	Concessions, patents and similar rights	1,498,844	368,407		1,867,251
	Purchased goodwill				
	Other intangible assets				
	TOTAL INTANGIBLE ASSETS	6,418,669	4,240,790	-	10,659,459
PROPERTY, PLANT AND EQUIPMENT	Land				
	Buildings on own land				
	on third-party land				
	General installations, fixtures and fittings				
	Technical installations and industrial equipment and tools	4,834,154	2,200,531		7,034,685
	Other installations, fixtures and fittings	300,991	263,858		564,849
	Transport equipment	14,700			14,700
	Office equipment and furniture	1,103,942	198,170		1,302,113
	Recoverable and other packaging				
	TOTAL PROPERTY, PLANTS AND EQUIPMENT	**6,253,787**	**2,662,561**	**-**	**8,916,348**
	TOTAL	**12,672,456**	**6,903,351**	**-**	**19,575,808**

For the 2022 financial year, the amortisation of capitalised development costs amounted to €3,872 thousand. This includes accelerated amortisation of a project for which management revised the amortisation period from 5 to 2 years.

4.1.4 Financial fixed assets

Statement expressed in euros		Gross amounts at start of year	Changes during the year: Increases: Revaluations	Increases: Acquisitions	Decreases: Reclassification	Decreases: Disposals	Gross amounts as of December 31, 2022
FINANCIAL ASSETS	Equity-accounted investments						
	Other investments	1,361,663		5,757,247			7,118,912
	Other long-term investments						
	Loans and other financial fixed assets	772,323		11,301		89,778	693,847
	TOTAL FINANCIAL FIXED ASSETS	2,133,986		**5,768,549**	**-**	**89,778**	**7,812,759**

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	(480,231)	100.00	90,000	-
FORSEE POWER SOLUTIONS LIMITED HONK-KONG	China	0	(109,384)	100.00	992	-
FORSEE POWER PTE.LTD	Singapore	6,891	(4,953)	100.00	6,417	6,417
FORSEE POWER INDIA PRIVATE LTD	India	24,188	(374,172)	100.00	2,233,816	2,233,816
ZHONGSHAN FORSEE POWER DEVELOPMENT CO., LTD	China	133,309	412,012	100.00	120,000	120,000
FORSEE POWER NORTH AMERICA	USA	-	(631)	100.00	-	-
2. Equity interests (10% to 50%)						
NEOT CAPITAL SAS	France	7,025,259	847,669	50.00	4,376,906	4,376,906

4.1.5 Inventories

Statement expressed in euros		December 31, 2022		
		Gross	Amortisation and impairment	Net
INVENTORIES	Raw materials and supplies	11,840,977	1,955,722	9,885,255
	Work in progress - goods	3,609,684	279,877	3,329,807
	Work in progress - services			
	Semi-finished and finished products	13,564,838	3,641,472	9,923,367
	Goods	6,397,130		6,397,130
TOTAL		**35,412,630**	**5,877,071**	**29,535,559**

New financing lines amounting to €9 million at 3-month Euribor + 2% were obtained for the period from June 30, 2021 to June 30, 2022. The Euribor rate is floored at 0%, leading to a minimum interest rate of 2%.

Inventories consist of raw materials, purchased 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 are subject to value adjustments for impairment to take into account the net realisable 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 units per kWh). The impairment relates to semi-finished products, finished products and components that it would not be possible to use in the production of another range of batteries. This impairment reduces the value of the inventory to the net realisable 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.

4.1.6 Trade receivables

Statement expressed in euros	December 31, 2022	December 31, 2021
Trade receivables and related accounts (gross value)	31,321,454	19,719,413
Impairment of trade receivables	(101,418)	(44,628)
Trade receivables and related accounts (net value)	31,220,036	19,674,785

Changes in provisions for impairment:

Statement expressed in euros	December 31, 2021	Increases	Decreases	December 31, 2022
Impairment of trade receivables	(44,628)	(60,177)	3,388	(101,418)

4.1.7 Schedule of receivables

	Statement expressed in euros	December 31, 2022	Due within 1 year	Due in more than 1 year
RECEIVABLES	Receivables from equity investments	290,780		290,780
	Loans (1) (2)			
	Other financial fixed assets	693,847	81,205	612,641
	Doubtful or disputed trade receivables	115,391		115,391
	Other trade receivables	31,206,063	31,206,063	
	Receivables representing loaned securities			
	Personnel and related accounts	13,362	13,362	
	Social security and other social bodies	7,915	7,915	
	Corporate income tax (3)	3,698,108		3,698,108
	Value added tax	937,557	937,557	
	Other taxes, duties and similar payments			
	Other	73,166	73,166	
	Group and associates (2)	2,621,800		2,621,800
	Other receivables	483,311	483,311	
	Prepaid expenses	547,988	530,339	17,649
	TOTAL RECEIVABLES	40,689,291	33,332,922	7,356,369

(1) Loans granted during the year
(2) Repayments received during the year
(3) Including Research tax credit from 2019 to 2022 amounting to €3,691 thousand

The item "Other receivables" is composed of the following items as of December 31, 2022:

Statement expressed in euros	December 31, 2022
Escrow cash flow loan (1)	-
Factoring (2)	200,032
Factoring guarantee account	227,544
Discounts, rebates and refunds to be obtained; credit note to be received	13,341
Accrued income	
Other miscellaneous receivables	42,394
Total other receivables	**483,311**

1) The Company obtained a $7,000 thousand standby letter of credit (SBLC) maturing December 31, 2021 and secured by a $4,500 thousand cash pledge. This letter of credit was extended beyond December 31, 2022 and then cancelled in November 2022 following the granting of sufficient cover by a credit insurer of the foreign supplier. The cancellation of the SBLC led to the return on December 1, 2022 of the cash pledge of $4,500 thousand (i.e. €4,305 thousand).

2) The amount of receivables assigned without recourse to HSBC and not yet received as of December 31, 2022 is €197 thousand.

4.1.8 Accrued income

Statement expressed in euros	December 31, 2022	December 31, 2021
Other trade receivables	**-**	**298,019**
Customers - Invoice to be issued		298,019
Other receivables	**86,508**	**268,188**
Discounts, rebates and refunds to be obtained, credit note not received	13,341	98,232
State, grants to be received		18,666
State, income to be received	73,167	73,167
Grants to be received		78,123
Total accrued income	**86,508**	**566,207**

4.1.9 Accruals - assets

Accruals on the asset side include: debt issuance costs spread over five years (€74 thousand) and prepaid expenses (€548 thousand).

4.1.10 Equity

4.1.10.1 Statement of change in Equity

Statement expressed in euros	Equity as of December 31, 2021	Appropriation of net income Y-1	Contributions with retroactive effect	Changes during the financial year	Equity as of December 31, 2022
Share capital	5,321,000			36,200	5,357,200
Issue, merger and contribution premiums	132,947,120			(36,200)	132,910,920
Revaluation adjustments	-				-
Legal reserve	129,057				129,057
Reserves required by the bylaws or contractual reserves	-				-
Regulated reserves	-				-
Other reserves	-				-
Retained earnings	(25,044,967)	(25,627,035)			(50,672,002)
Profit (loss) for the year	(25,627,035)	25,627,035		(29,985,306)	(29,985,306)
Investment grants	337,056				337,056
Regulated provisions					-
TOTAL	**88,062,230**	**-**	**-**	**(29,985,306)**	**58,076,924**

A capital increase through the issue of 362,000 new ordinary shares was carried out on September 15, 2020, following a decision by the Board of Directors on September 14, 2022, noting the definitive vesting and exercise of 362,000 free shares by the beneficiaries. This capital increase was carried out by deduction from the issue premium of Forsee Power SA.

4.1.10.2 Share capital

The share capital is 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	53,210,003.00	0.10	5,321,000.30
	Issued during the year	362,000.00	0.10	36,200.00
	Repaid during the year			-
	Share capital at the end of the year	53,572,003.00	0.10	5,357,200.30

4.1.10.3 Treasury shares

Treasury shares consist of Forsee Power shares held by the Company through an independent investment services company (Kepler Cheuvreux) in charge of the liquidity contract.

As of December 31, 2022, the Company directly or indirectly held 74,081 treasury shares for €249 thousand and €147 thousand in cash under the liquidity contract set up following its IPO on November 3, 2021.

4.1.10.4 Free share grants

During the 2022 financial year, the Company introduced a free share grant plan for certain employees and members of management bodies, the main characteristics of which are detailed below:

Total number of shares that may be issued: 64,000

- Value of shares used as base for the specific employer contribution: €4.4
- Share vesting conditions:
  - One-year vesting period;
  - Not transferable or assignable for a period of three years from the grant date
  - Rights retention period with a drag-along commitment in the event of the sale of 85% of the shareholding
- Number of shares granted during the financial year and during the previous financial year: 708,616
- Number of shares cancelled during the financial year and during the previous financial year: 20,000
- Liability to social security contributions recognised for €56 thousand.

4.1.10.5 Stock options

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 15,000 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 15,000 options, which is between 2023 and 2025.

No other grants during the 2022 financial year.

4.1.10.6 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 $_{\text{EIB Warrant A}}$ issued on June 4, 2021, in addition to the €21.5 million financing.

The conversion parities of these warrants into ordinary shares of the Company were updated following the conversion of the OC5 at the extraordinary shareholders' meeting of September 29, 2021.

4.1.11 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, 2022
REGULATED PROVISIONS	Reconstruction of mining and oilfields					
REGULATED PROVISIONS	Provisions for investment					
REGULATED PROVISIONS	Provisions for price increases					
REGULATED PROVISIONS	Provisions for accelerated depreciation					
REGULATED PROVISIONS	Tax provision for start-up loans					
REGULATED PROVISIONS	Other provisions					
	REGULATED PROVISIONS	-	-	-		**-**
PROVISION FOR RISKS AND CHARGES	For disputes 11.3	1,328,117	88,500	(726,898)	(621,000)	689,719
PROVISION FOR RISKS AND CHARGES	For guarantees given to customers					
PROVISION FOR RISKS AND CHARGES	For losses on futures markets					
PROVISION FOR RISKS AND CHARGES	For fines and penalties					
PROVISION FOR RISKS AND CHARGES	For exchange losses	45,641		(45,641)		-
PROVISION FOR RISKS AND CHARGES	For pensions and similar obligations 11.4	180,953	198,276			379,229
PROVISION FOR RISKS AND CHARGES	For taxes					
PROVISION FOR RISKS AND CHARGES	Provision for after sales service 11.1	3,278,633	2,508,606	(903,427)	(903,427)	4,883,812
PROVISION FOR RISKS AND CHARGES	Provision for recycling 11.2	709,236	887,615			1,596,851
PROVISION FOR RISKS AND CHARGES	For social security and tax charges for paid holiday	-				-
	PROVISION FOR RISKS AND CHARGES	**5,542,582**	**3,682,997**	**(1,675,967)**	**(1,524,426)**	7,549,611
PROVISIONS FOR IMPAIRMENT	On fixed assets:					
PROVISIONS FOR IMPAIRMENT	intangible					
PROVISIONS FOR IMPAIRMENT	property, plant and equipment					
PROVISIONS FOR IMPAIRMENT	equity-accounted securities					
PROVISIONS FOR IMPAIRMENT	equity securities	90,992				90,992
PROVISIONS FOR IMPAIRMENT	other financial fixed assets					
PROVISIONS FOR IMPAIRMENT	On inventories and work-in-progress	3,906,119	5,877,070	(3,906,119)		5,877,070
PROVISIONS FOR IMPAIRMENT	On trade receivables	44,628	60,177	(3,388)		101,417
PROVISIONS FOR IMPAIRMENT	Other	120,678				120,678
						-
	PROVISION FOR IMPAIRMENT	4,162,418	5,937,248	(3,909,507)		6,190,159
	TOTAL	9,705,001	9,620,246	(5,585,475)		13,739,771

Of which allocations and reversals:				
operating		9,620,246	(5,585,475)	
financial				
exceptional				

4.1.11.1 Provision for After-Sales Service

The provision for after-sales service guarantees recognized at the close of business on December 31, 2022 amounted to €4,883 thousand (€3,279 thousand as of December 31, 2021).

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 Company during the year.

4.1.11.2 Provision for Recycling

A recycling provision of €1,596 thousand at December 31, 2022 (€709 thousand at December 31, 2021) was established to cover the estimated future costs of recycling battery systems sold, for which the Company 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 Company 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, 2022 is 2.555314% (risk-free rate) + 2.4% (ICPE discount), i.e. 4.95%.

4.1.11.3 Dispute with Unu GmbH

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. The next meeting of the panel of court-appointed experts is expected in early 2023 (date not decided).

The trial proceedings:

On November 2, 2021, in spite of the expert assessment in progress, Unu GmbH sued Forsee Power on the same grounds before the Paris Commercial Court ruling as a trial judge, and claimed €15,845 thousand for material losses suffered as well as €50 thousand for non-material losses.

At the procedural hearing on September 28, 2022, the Court remanded the case to January 18, 2023. The Company expects 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 multiple 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.

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 individual financial statements for the period to December 31, 2022 in the amount of €441 thousand (€651 thousand as of December 31, 2021) 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 €210 thousand for the 2022 financial year, corresponding to the expenses recognised 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.

4.1.11.4 Provision for retirement commitments

In terms of retirement bonuses, an expense was recognised as of December 31, 2022 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, 2022	December 31, 2021
Financial assumptions		
Discount rate	3.86%	0.82%
Rate of salary increase	1.60%	1.00%
Rate of social security charges for management	49.00%	48.00%
Rate of social security charges for non-management	37.30%	36.70%
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 2021	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 2022.

Sensitivity analyses of the commitment have been performed as of December 31, 2022 on the following key assumptions:

	Gross impact on commitments as of December 31, 2022	% of total commitments as of December 31, 2022
Discount rate		
Change in the discount rate of -0.25%	749	197.50%
Change in the discount rate of +0.25%	768	202.60%
Turnover rate		
Change of - 1.00% in employee turnover	(40)	(10.57)
Change of +1.00% in employee turnover	47	12.45%
Rate of salary increases		
Change of -1.00%	43	11.28%
Change of +1.50%	67	17.63%
Retirement age		
Retirement at 63 years old	(27)	(7.22)
Retirement at 65 years old	12	3.09%

4.1.12 Cash and debt

Statement expressed in euros		December 31, 2022	December 31, 2021
Cash and cash equivalents	Cash at bank	29,107,149	69,663,573
	TOTAL CASH AND CASH EQUIVALENTS	**29,107,149**	**69,663,573**
Financial debt	Bond issues	-	-
	EIB loans (1)	(22,467,500)	(21,500,000)
	Atout loan from BPI (2)	(3,437,500)	(4,375,000)
	State-guaranteed loan from BPI (3)	(4,687,500)	(5,000,000)
	State-guaranteed loan from BNPP (3)	(6,562,500)	(7,500,000)
	State-guaranteed loan from HSBC (3)	(6,567,576)	(7,500,000)
	Debts to related parties	(671,068)	(330,679)
	Accrued interest on financial liabilities	(991,169)	(842,590)
	TOTAL FINANCIAL DEBT	**(45,384,813)**	**(47,048,269)**
	NET CASH (DEBT)	**(16,277,664)**	**22,615,304**

1) The available cash balance of 29 M€ includes a term deposit of 1 M€.

2) 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). In addition, the EIB required the payment of a restructuring fee of €1,255 thousand, which was paid in December 2021.

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

3) 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.

4) 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 (1)	21,500,000	2021	2026	4.50%	5 years	Yes
Atout loan from BPI	5,000,000	2020	2025	5.00%	5 years	No
State-guaranteed loan from BPI	5,000,000	2020	2026	2.35%	6 years	No
State-guaranteed loan from BNPP	7,500,000	2020	2026	0.75%	6 years	No
State-guaranteed loan from HSBC	7,500,000	2020	2026	0.31%	6 years	No

1) Under the terms of the EIB 2020 Loan Agreement, the EIB has received security interests from the Company to secure its obligations. This involved the Company granting 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, manufacturing and marketing services for batteries and all related accessories, at its principal place of business and its secondary establishments located in Chasseneuil-du-Poitou and Ivry-sur-Seine), and agreeing 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.

4.1.13 Debt repayment schedule

Statement expressed in euros		December 31, 2022	Due within 1 year	Due in 1 to 5 years	Due in more than 5 years
LIABILITIES	Convertible bonds (1)				
	Other bonds (1)				
	Bank borrowings due within 1 year max. at origin (1)		-		
	Bank borrowings due in more than 1 year at origin (1)	44,713,744	6,695,326	38,018,418	
	Other borrowings and financial debt (1) (2)	20,059		20,059	
	Trade payables and related accounts	17,028,605	17,028,605		
	Personnel and related accounts	2,313,188	2,313,188		
	Social security and other social bodies	3,075,650	3,075,650		
	Corporate income tax				
	Value added tax	505,038	505,038		
	Guaranteed bonds				
	Other duties, taxes and similar	421,352	421,352		
	Fixed asset liabilities				
	Group and associates (2)	671,068		671,068	
	Other liabilities	13,151	13,151		
	Debt representing securities borrowed				
	Deferred income	2,284,880	91,572	2,193,307	
	TOTAL LIABILITIES	71,046,741	30,143,886	40,902,854	-
(1) Borrowings taken out during the year		967,500			
(1) Borrowing repaid during the year		3,119,924			
(2) Shareholder borrowings and debts (natural persons)					

4.1.14 Accrued expenses

Statement expressed in euros	December 31, 2022	December 31, 2021
Miscellaneous loans and financial debts	**-**	**6,425**
Accrued interest on current accounts		6,425
Bank borrowings	**991,169**	**842,590**
Accrued interest on EIB loan	991,169	842,590
Trade payables and related accounts	**3,212,272**	**4,055,303**
Trade payables - Invoices not yet received - cut off	1,046,729	704,855
Payables - Invoices not yet received	2,110,589	2,960,466
Intercompany trade payables - Invoices not yet received	54,953	389,982
Tax and social security liabilities	**3,844,224**	**3,018,507**
Liabilities - Provision for paid leave	1,352,696	1,327,891
Other accrued expenses	933,181	461,071
Social security contributions - Leave to be paid	642,889	623,463
Social security bodies - Accrued expenses	589,269	296,940
State - Accrued expenses	326,190	309,143
Total accrued expenses	**8,047,665**	**7,922,825**

4.1.15 Accruals - liabilities

Accruals on the liabilities side include: deferred income (€2,285 thousand relating in particular to warranty extensions that will be made over a period of between one and eight years) as well as unrealised foreign exchange gains (€736 thousand).

4.1.16 Revenues

Statement expressed in euros			December 31, 2022	December 31, 2021
	France	Export	12 months	12 months
Sales of goods	471,500	442,765	914,265	453,973
Production sold (goods)	49,521,948	55,972,724	105,494,673	65,256,941
Production sold (services and works)	1,280,952	559,206	1,840,158	1,166,878
Net revenues	51,274,400	56,974,697	108,249,098	66,877,794

4.1.17 Personnel costs and compensation of management and administrative bodies

4.1.17.1 Workforce

		December 31, 2022 Internal	December 31, 2021 Internal
Average workforce by category			
	Managers and senior professionals	172	140
	Intermediary professions	17	14
	Employees	75	64
	Workers	59	67
	TOTAL	**323**	**284**

4.1.17.2 Compensation of the management bodies

The management bodies include the members of the Board of Directors and the members of the Company's Executive Committee.

Directors' fees for the members of the Board of Directors in the amount of €285 thousand were recognised as expenses for the financial year ended December 31, 2022.

The compensation of the members of the Executive Committee amounted to €2,890,745 and breaks down as follows:

Statement expressed in euros	**December 31, 2022**
Actual gross remuneration	1,636,986
Benefits in kind	24,512
Variable remuneration	291,200
Employer's contributions	938,047
Total	2,890,745

In addition, a free share plan was set up in 2022 for the benefit of two members of the Executive Committee (see note 10.4).

4.1.18 Net financial income (expense)

Statement expressed in euros		December 31, 2022	December 31, 2021
FINANCIAL INCOME	Other interest and similar income	66,156	15,241
	Foreign exchange gains	1,245,497	639,128
	Total financial income	**1,311,653**	**654,370**
FINANCIAL EXPENSES	Depreciation, amortisation and provisions		
	Interest and similar expenses	2,369,061	4,875,897
	Foreign exchange losses	876,256	242,926
	Net expenses on disposals of marketable securities	89,778	13,714
	Total financial expenses	3,335,096	**5,132,538**
NET FINANCIAL INCOME (EXPENSE)		**(2,023,442)**	**(4,478,167)**

Net financial income (expense) includes the following items:

- Financial income received from financial instruments such as income from securities, loans and receivables;
- Financial expenses disbursed such as financial expenses on bank overdrafts, borrowings, finance leases and factoring, but also fees relating to banking services;
- Impairment of financial assets.

4.1.19 Net exceptional items

Statement expressed in euros		December 31, 2022	December 31, 2021
EXCEPTIONAL INCOME	On management transactions		711
	On capital transactions		86,406
	Reversals of provisions, depreciation and amortisation, and expense transfers		38,045
	Total exceptional income	**-**	**125,163**
EXCEPTIONAL EXPENSES	On management transactions	118,960	1,353,613
	On capital transactions		
	Depreciation, amortisation and provisions		
	Total exceptional expenses	**118,960**	**1,353,613**
NET EXCEPTIONAL ITEMS		**(118,960)**	**(1,228,450)**

Statement expressed in euros	Expenses	Income	Net
Penalties and fines	(9,336)	-	(9,336)
Other exceptional income/expenses on management transactions	(25,004)	-	(25,004)
Exceptional income/expenses from previous years	(84,618)	-	(84,618)
NET EXCEPTIONAL ITEMS	(118,960)	**-**	**(118,958)**

4.1.20 Taxes

4.1.20.1 Corporate income tax

The corporate income tax rate for the 2022 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 amortisation						
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	21,416		35,963	20,496	36,883	
32. To be deducted later						
- provisions for retirement	51,353		49,569	13,286	87,636	
- 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 recognised						
TOTAL	**72,769**	**-**	**85,532**	**33,782**	**124,519**	**-**
II. TAX LOSS CARRYFORWARDS		**(144,546,678)**		**(31,362,872)**		**(175,909,550)**

4.1.20.2 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 recognised in the financial statements for the year ended December 31, 2021.

The research tax credit for the fiscal year 2018 was received on June 20, 2022, for an amount of €725 thousand.

The research tax credit for the fiscal years 2019 and 2020, for amounts of €867 thousand and €670 thousand respectively, are recorded as assets awaiting reimbursement.

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 recognised in the company financial statements for the year ended December 31, 2022 for an amount of €812 thousand and €1,341 thousand respectively.

4.1.21 Table of subsidiaries and equity interests

Statement expressed in euros	Country	Share capital	Equity	Percentage of share capital held (%)	Carrying amount of securities held	
					Gross	Net
A. Detailed information						
1. Subsidiaries (more than 50%)						
FORSEE POWER SPZ	Poland	11,337	(480,231)	100.00	90,000	-
FORSEE POWER SOLUTIONS LIMITED HONK-KONG	China	0	(109,384)	100.00	992	-
FORSEE POWER PTE.LTD	Singapore	6,891	(4,953)	100.00	6,417	6,417
FORSEE POWER INDIA PRIVATE LTD	India	24,188	(374,172)	100.00	2,233,816	2,233,816
ZHONGSHAN FORSEE POWER DEVELOPMENT CO., LTD	China	133,309	412,012	100.00	120,000	120,000
FORSEE POWER NORTH AMERICA	USA	-	(631)	100.00	-	-
2. Equity interests (10% to 50%)						
NEOT CAPITAL SAS	France	7,025,259	847,669	50.00	4,376,906	4,376,906

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 UL PROSTA 55114 LOGOTA PIEKNA	130,629		1,226,915	(174,153)	
FORSEE POWER SOLUTIONS LIMITED HONK-KONG	417		6,429	-	
FORSEE POWER PTE.LTD	2,498		285,224	2,347	
FORSEE POWER INDIA PRIVATE LTD	2,003,972		210,766	(1,055,588)	
ZHONGSHAN FORSEE POWER DEVELOPMENT CO., LTD	-		2,375,155	299,582	
FORSEE POWER NORTH AMERICA	4,748		-	(631)	
2. Equity interests (10% to 50%)					
NEOT CAPITAL SAS			1,857,856	(918,644)	

4.1.22 Other information

4.1.22.1 Information about related parties and regulated agreements

Material non-arm's length transactions with related parties during the 2022 financial year are:

- **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, optimised 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 €57,000 during the financial year ended 31 December 2022.

- **Service Agreement entered into with Mitsui & Co. Ltd.**

Forsee Power SA entered into a Service Agreement dated 7 April 2022 with Mitsui & Co., Ltd., relating to the market potential with MACA PTY Ltd.

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. for the electrification of its transport trucks.

In consideration of the performance of the tasks as defined in the agreement, Forsee Power will invoice Mitsui & Co., Ltd. on the basis of a fixed price of €15,000.

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 agreement took effect on 7 April 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 & Co. Ltd.**

Forsee Power SA entered into a Service Agreement dated 1 July 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 THIESS for the electrification of its transport trucks.

In consideration of the performance of the tasks as defined in the agreement, Forsee Power SA will invoice Mitsui & Co., Ltd. on the basis of a fixed price of €15,000.

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 agreement took effect on 1 July 2022 and will expire upon completion by Foresee Power 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 1 March 2022 to 28 February 2023, will be tacitly renewed for periods of twelve months at a time from 1 March 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 24 July 2020. This agreement was renewed by tacit agreement, for a period of 12 months, and continued from 24 October 2021 to 23 October 2022, before being renewed from 24 October 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, 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 Forsee Power SA €130,000 during the financial year ended 31 December 2022.

- **Collaboration Agreement entered into with Mitsui & Co., Ltd.**

  Forsee Power SA entered into a Collaboration Agreement with Mitsui & Co., Ltd. dated 27 September 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, taking into account the financial impact for the Forsee Power Group.

  This agreement continued in the 2022 financial year.

4.1.22.2 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.

4.1.23 Off-balance sheet commitments

4.1.23.1 Commitments given

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 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.

In June 2021, Forsee Power SA was granted a credit line of €9 million for its subsidiary Zongshan Forsee Power Industry (ZFI) with a banking pool. This credit line is secured by a pledge on inventories of €11.7 million for the period from June 30, 2021 to June 30, 2022 (see Note 3.3.10(e)). This €9 million bank credit facility was not extended beyond June 30, 2022. As of the closing date of the financial statements, the management is reviewing the renewal of this financing.

The documentary SBLC of $7,000 thousand was cancelled in November 2022 following the granting of sufficient cover by a credit insurer of the foreign supplier. The cancellation of the SBLC led to the return on December 1, 2022 of the cash pledge of $4,500 thousand (i.e. €4,305 thousand).

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

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 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.

4.1.23.2 Commitments received

The Company has not received any commitment.

4.1.24 Post 2022 closing events

There are no significant events after the closing date of 31 December 2022.

4.2 Statutory Auditors' report on the financial statements of Forsee Power S.A. as of December 31, 2022

For the year ended December 31, 2022

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information required by French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders' Meeting of Forsee Power Sa

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Forsee Power Sa for the year ended December 31, 2022.

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, 2022 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, 2022 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.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Recognition of fixed assets relating to development costs

Note 2.2.3, 3.1 and 3.2 to the 2022 financial statements

Risks identified and main judgments

For the year ended December 31, 2022, project development costs, included ongoing development costs corresponded to:

- A net carrying amount of €13.3 million,
- Total capitalised expenses of € 3.8 million for the year,
- Amortisation of -€3.8million,
- Total development costs of -€5.5 million capitalised over the period.

Forsee Power Sa capitalises its development costs once the capitalisation criteria defined by accounting regulations are satisfied and it is probable that the developed project will generate future economic benefits. The capitalisation of development costs 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 capitalise the corresponding costs;
- The identification of costs likely to be capitalised during project development phases.
- The life and amortisation periods adopted for these projects.
- Indications of impairment and risks of impairment for ongoing projects.

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 ongoing projects to validate new projects that could satisfy capitalisation 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 capitalisation 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, on a sampling basis, that the time allocated to the projects is correctly assessed for the main expenditure recognised during the period;

- Verifying the absence of impairment losses at December 31, 2022 on ongoing projects through discussions with Management and a review of sales forecasts for the project's estimated duration;
- Examining the amortisation period adopted according to the forecast life of the capitalised projects;
- Verifying the appropriateness of the disclosures in the notes to the financial statements.

UNU litigation

Note 1.2.8 and 11.3 to the 2022 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 totalled € 0.7 million as of December 31, 2022, and correspond to the valuation of risks such as customer penalties or disputes, and in particular the litigation with UNU GmbH which amounts to €0.4 million as of December 31, 2022:

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: UNU GmbH summoned Forsee Power to appear before the Lyon Court. Aa judicial expert appraisal is ongoing to determine the cause of the fire.
- Finally, three summonses for compulsory intervention by UNU GmbH were launched in Germany in 2022 for other facts having caused material damage and/or bodily injury.

- Forsee Power Sa 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 €0.4 million provision recognised 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 at the year-end.

How our audit addressed this risk

We analysed 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,
- Analysed 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 2022 financial statements

Risks identified and main judgments

Goodwill mainly involving merger technical losses totalled €8.6 million as of December 31, 2022, compared with total assets of €140.2 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:

- Analysed 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 Plan provided by Management as well as the impairment tests for the 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 only an unreasonable change in the assumptions would likely necessitate the recognition of an impairment loss for goodwill.

We assessed the appropriateness of the disclosures in the financial statements.

Impairment tests on equity investments

Notes 2.2.5 and 4 to the 2022 financial statements

Risks identified and main judgments

- Equity investments totalled €6.8 million as of December 31, 2022, compared with total assets of €140.2 million.

- They are recognised 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.

- 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 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' management report sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favour, 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 17 December 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 30, 2017 for Deloitte & Associés and December 20, 2018 for Jean Lebit.

As of December 31, 2022, Deloitte & Associés was in its sixth year of uninterrupted engagement, and Jean Lebit was in its fifth year of uninterrupted engagement which was the second 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 5, 2023.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore.

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;

- Assesses the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) no. 537-2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Sarcelles, April 19, 2023

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, 2022

Consolidated statement of financial position

in € thousands	Notes	December 31, 2022	December 31, 2021
Non-current assets		**49,509**	**41,738**
Goodwill	7.1	1,523	1,523
Intangible assets	7.2	14,955	14,892
Property, plant and equipment	7.3	25,978	18,643
Non-current financial assets	7.4	1,751	5,588
Investments in equity-accounted companies	7.5	4,043	
Other non-current assets	7.8	935	720
Deferred tax assets	7.19	323	373
Current assets		**97,017**	**124,859**
Inventories	7.6	37,476	28,417
Trade receivables	7.7	15,960	10,571
Other current assets	7.8	12,566	15,101
Current financial assets	7.5		
Cash and cash equivalents	7.9	31,014	70,770
Total assets		**146,526**	**166,598**
Equity		**39,650**	**69,224**
Equity attributable to the owners of the parent company		**39,650**	**69,224**
Issued share capital	7.10	5,357	5,321
Issue premiums	7.10	132,913	132,949
Translation reserves	7.10.5	(295)	(196)
Reserves	7.10	(65,757)	(30,754)
Net income	7.10	(32,568)	(38,097)
Non-controlling interests		**(0)**	**0**
Liabilities		**106,876**	**97,374**
Non-current liabilities		**67,407**	**68,070**
Non-current financial liabilities	7.13	51,455	51,913
Employee benefits	7.12	379	181
Provisions for risks and charges	7.11	7,170	5,316
Other non-current liabilities	7.18	4,116	3,683
Derivatives on financial instruments	7.14	4,108	6,972
Deferred tax liabilities	7.19	178	5
Current liabilities		**39,469**	**29,304**
Current financial liabilities	7.13	8,711	1,759
Provisions for risks and charges	7.11	0	0
Trade payables	7.17	20,152	13,599
Other current liabilities	7.18	10,606	13,946
Total shareholders’ equity and liabilities		**146,526**	**166,598**

Consolidated statement of income

in € thousands	Notes	December 31, 2022	December 31, 2021
Revenues	8.1	**111,018**	**72,423**
Other operating income and expenses	8.2	(430)	(1,042)
External services and purchases consumed	8.3	(95,302)	(66,008)
Personnel costs	8.4	(30,086)	(26,613)
Taxes and duties	8.5	(771)	(906)
Depreciation and amortisation	8.6	(9,090)	(4,762)
Net impairment	8.6	(3,599)	(172)
Net provisions	8.6	(1,854)	1,097
Current operating income		**(30,113)**	**(25,984)**
Non-current operating income	8.7		**(788)**
Operating income (loss)		**(30,113)**	**(26,772)**
Financial income	8.8	2	
Cost of gross financial debt	8.8	(2,982)	(5,468)
Other net financial income and expenses	8.8	1,254	(5,723)
Net financial income (expense)	8.8	**(1,726)**	**(11,192)**
Share of income in equity-accounted companies	7.5	(331)	
Income before tax		**(32,170)**	**(37,963)**
Income tax	8.9	(398)	(134)
Consolidated net income		**(32,568)**	**(38,097)**
Of which share attributable to owners of the parent company		*(32,568)*	*(38,097)*
Of which non-controlling interests		*(0)*	
Net earnings per share	7.10.6	**(0.61) €**	**(1.10) €**
Net diluted earnings per share	7.10.6		

Statement of other comprehensive income

in € thousands	Notes	December 31, 2022	December 31, 2021
Consolidated net income (A)		**(32,568)**	**(38,097)**
Other comprehensive income			
Translation differences over the period	7.9.5	(100)	(362)
Translation difference on non-monetary assets at the date of the change in functional currency	5.3		(26)
Change in value of cash flow hedges denominated in foreign currencies	7.12		
Tax effect			
Total gains and losses recognised in equity and transferable to the income statement		**(100)**	**(388)**
Change in actuarial gains and losses for defined benefit plans	7.10.2	(151)	(4)
Change in the fair value of financial instruments not held for trading	3.3.7		
Tax effect		40	
Total gains and losses recognised in equity that cannot be transferred to the income statement		**(111)**	**(4)**
Total gains and losses recognised in equity, net of tax (B)		**(211)**	**(392)**
Comprehensive income (A) + (B)		**(32,779)**	**(38,489)**
Of which share attributable to owners of the parent company		*(32,779)*	*(38,489)*
Of which non-controlling interests			

Consolidated statement of cash flows

in € thousands	Notes	December 31, 2022	December 31, 2021
Operating income (loss)		(30,113)	(26,772)
Elimination of calculated and other cash flow items			
Net income from equity-accounted companies		(331)	0
Depreciation, amortisation and provisions	9.1	10,998	3,737
(Gains)/Loss on disposal	9.4	0	396
Share-based payments	7.10.3.2	3,389	5,556
Negative goodwill on acquisition of Holiwatt	8.2	0	(28)
Non-capitalised expenses on capital increase and IPO	8.7	(0)	788
Prepaid expenses on leased assets		0	(131)
Income tax expense (income)	8.9	398	
Research tax credit income charged to operating expenses	2	(2,078)	(2,237)
Reversals of shares of grants presented in the income statement, and other calculated items			(50)
Cash flow from operations before cost of net financial debt and tax		**(17,737)**	**(18,740)**
Change in grants		**0**	**0**
Change in income tax receivables and payables (excl. research tax credits)	7.8 and 9.2	1,000	59
Tax (expense) / income due	7.8 and 9.2	(189)	0
Tax expense paid		**812**	**59**
Inventories	9.2	(9,288)	408
Trade receivables	9.2	(5,496)	(1,995)
Other receivables	9.2	6,526	(4,837)
Trade payables	9.2	2,374	3,003
Other liabilities	9.2	(1,683)	3,778
Change in working capital requirement		**(7,567)**	**357**
Cash flow from operating activities (A)		**(24,491)**	**(18,324)**
Acquisition of fixed assets (net of liabilities and advances paid)	9.3	(9,156)	(9,361)
Investment grant for an R&D project	7.2	0	337
Set-up of cash pledge	7.4	(1,000)	0
Repayment of cash pledge	7.4	4,305	0
Assets managed under liquidity contract	7.4	186	(500)
Realised gains (losses) on liquidity contract	7.4	(101)	(2)
Disposal of fixed assets (net of receivables)	9.5	0	0
Proceeds from financial assets	7.4	0	45
Change in scope	9.6	0	(700)
Acquisition of NEoT Capital shares from Mitsubishi Corporation	5.1	(2,292)	0
Cash subscription to the NEoT capital increase	5.1	(1,058)	0
Cash flow from investing activities (B)		**(9,116)**	**(10,182)**
Capital issue through IPO	7.10	0	100,000

Payment of IPO issue expenses	7.10	(1,230)	(6,423)
Subscription to warrant C BSA issue	7.10	0	4
Payment of capital issue expenses (excluding IPO)	7.10	0	(148)
Change in other financial liabilities	7.13	(18)	15
Debt issues	7.13	0	30,000
Short-term credit line for WCR financing	7.13	0	0
Loan repayments	7.13	(3,120)	(29,161)
Debt repayments on leased assets	7.13	(1,126)	(880)
Factoring financing	7.13	1	(1,381)
Payment of EIB loan issuance costs	7.13	0	(108)
Change in financial liabilities with related parties	7.13	340	0
Bank charges paid	8.8	(232)	(1,562)
Financial expenses paid	8.8	(637)	(2,433)
Cash flow from financing activities (C)		**(6,021)**	**87,921**
Impact of currency translation rates		(126)	85
Change in cash (A) + (B) + (C)		**(39,756)**	**59,498**
Net cash at beginning of period	7.9	70,770	11,273
Net cash at end of period	7.9	31,014	70,770
Change in net cash		**(39,756)**	**59,498**

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, 2020[1]		**2,999**	**991**	**(1)**	**733**		**(37,655)**	**(32,934)**		**(32,934)**
Conversion of OC5 convertible bonds	7.12	769	29,231					**30,000**		**30,000**
Capital increase costs on conversion of OC5 convertible bonds			(148)					**(148)**		**(148)**
Capital increase by conversion of related-party liabilities	7.12	174	11,117				974	**12,264**		**12,264**
Capital increase in cash by IPO	7.10.1	1,379	98,621				0	**100,000**		**100,000**
Issuance costs on IPO charged to the issue premium	7.10.1		(6,865)					**(6,865)**		**(6,865)**
Subscription to the BSA EIB warrant C issue	7.14		4					**4**		**4**
Share-based payments	7.10.3.3				5,556			**5,556**		**5,556**
Expired stock options	7.10.3.3				(56)		56			
Comprehensive income				(388)			(38,101)	**(38,489)**		**(38,489)**
Change of functional currency	5.3			193			(193)			
Treasury shares held under liquidity contract	7.10.4					(153)		**(153)**		**(153)**
Gains or losses on disposals of treasury shares and change in fair value of treasury shares held	7.4					(14)		**(14)**		**(14)**
Other										
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	7.10.3.3				3 389			**3,389**		**3,389**
Lapsed share-based payments	7.10.3.3				(103)		103			
Share-based payments exercised	7.10.3.3				(2,353)		2,353			
Comprehensive income				(100)			(32,679)	**(32,779)**		**(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)**
Other									(0)	**(0)**
Equity at December 31, 2022		**5,358**	**132,913**	**(295)**	**7,165**	**(352)**	**(105,139)**	**39,650**	**0**	**39,650**

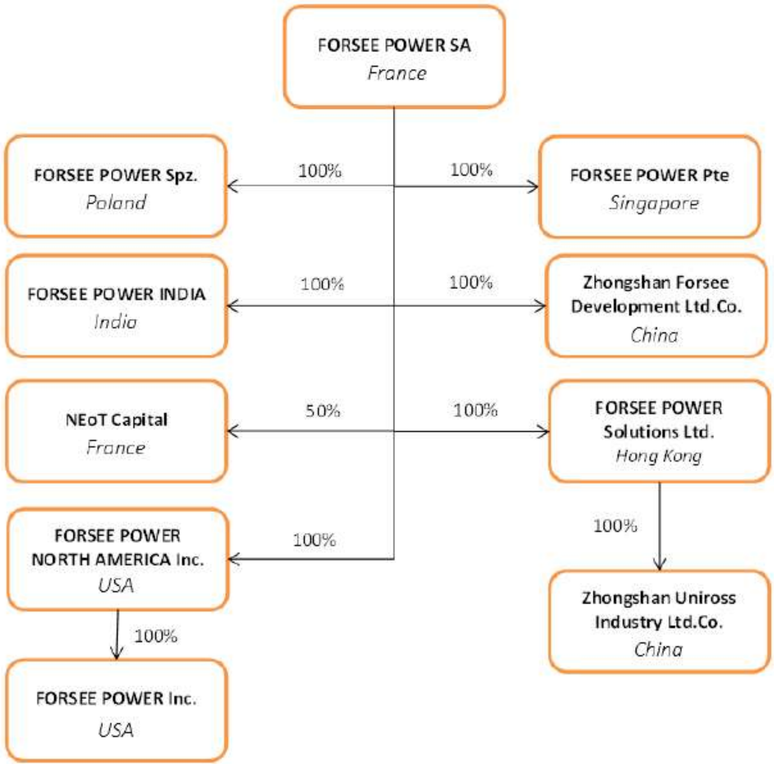
4.3.1 Presentation of the Forsee Power Group

Forsee Power SA, referred to as "Forsee Power Group" or "Group", is a French société anonyme (public limited company) created in February 2007 and registered in the Créteil Trade and Companies Register under number 494 605 488.
Forsee Power S.A.'s registered office is located at 1 Boulevard Hippolyte Marquès in IVRY-SUR-SEINE, 94200.
Forsee Power S.A. is a company specialising in the design and integration of specialised batteries:

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

The Group was formed through several acquisitions: Uniross Batteries (formerly Alcatel Saft) in 2011, Ersé in 2012 and Dow Kokam France (formerly Société de Véhicules Electriques - SVE) in 2013.
The 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 5, 2023.
Forsee Power S.A. has been listed since November 3, 2021 on the regulated market Euronext Paris Compartment B under the number FR0014005SB3.

Group organization chart as of December 31, 2022:



4.3.2 Highlights for 2022

The main events of the financial year ended December 31, 2022, are as follows:

- **Launch of the new ZEN PLUS range**

  Forsee Power has launched a new offering of ultra-high energy density and ultra-modular battery systems for heavy-duty vehicles. This new range, called “ZEN PLUS”, is the first pack on the market with the ability to perfectly adjust voltage and energy to the system's needs; it supports both 650 V and 800 V engines with a single battery format.

- **Inauguration of the Chasseneuil-du-Poitou mass production plant**

  In spring 2022, Forsee Power officially inaugurated its production plant in Chasseneuil-du-Poitou for smart battery systems for heavy vehicles.

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

  The mass production of batteries for light electric vehicles at the Pune industrial site in India intensified in 2022. Start of deliveries to Omega Seiki Mobility with 5,000 GO 10 batteries sold to equip 3-wheel electric vehicles.

- **Deployment of the Group in the United States**

  Forsee Power continues its international expansion by establishing its North American headquarters and a gigafactory in Columbus, Ohio.

  The Group's objective is to reach a production capacity of 3 GWh in the United States by 2027, involving investments of nearly €13 million in the first phase. This investment will allow us to adapt the product offering to the North American market, build production lines and recruit a local team of 150 employees.

  On July 25, 2022, Forsee Power signed a lease agreement 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 November 1, 2022 to January 31, 2033 and may be renewed twice for a period of 5 years.

- **Implementation of the strategy of offering a complete range of products and services by increasing its stake in NEoT Capital**

  On May 31 and June 30, 2022, Forsee Power increased its stake in NEoT Capital from 15% to 50%.

  This transaction reflects Forsee Power's strategy to offer a complete range of products and services with a positioning across the entire value chain to support manufacturers and regions in their ecological transition with turnkey solutions.

  This increase in NEoT Capital resulted in Forsee Power subscribing to the capital increase in the amount of €1,243 thousand, of which €1,058 thousand in cash and €185 thousand by converting a receivable.

- **Research tax credit (CIR)**

  The research tax credit for the 2018 financial year was collected on June 20, 2022 for an amount of €725 thousand.

  The research tax credit (CIR) for eligible expenses for the 2021 financial year and the 2022 financial year has been recognised in the financial statements for the financial year ended December 31, 2022, for €812 thousand and €1,341 thousand respectively.

- **EcoVadis CSR rating**

  On September 1, 2022, EcoVadis, an organisation that rates and assesses sustainability and Corporate Social Responsibility (CSR), awarded the gold medal to the company Forsee Power for its sustainable development performance with a score of 70/100.

  This award, granted to only 5% of all 90,000 companies assessed by EcoVadis, is a tribute to the Company's progress in terms of the environment, responsible purchasing, ethics and human rights.

- **Dispute with Unu GmbH**

  Note 7.11 presents in detail the various disputes with Unu GmbH.

  The emergency expertise and substantive legal proceedings opened in 2021 before the Paris Commercial Court have not changed significantly in 2022.

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

- **Impact of COVID-19 on business in China**

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

  Nevertheless, this situation did not have any significant disruption in 2022, as the production site located in China continued to operate normally without any particular problems.

- **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.

4.3.3 Accounting standards, consolidation methods, valuation methods and rules

4.3.3.1 Basis of preparation of the consolidated financial statements

4.3.3.1.1 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, 2022. 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, 2022, such as the amendments to IFRS 3, IAS 16 and IAS 37 and the annual improvements in the 2018-2020 cycle. The application of these texts had no impact on the financial statements as of December 31, 2022.

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, 2022. The texts that may concern the Group are the amendment to IAS 1 relating to disclosures on significant accounting principles and methods, and the amendment to IAS 8 relating to accounting estimates. 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, 2022. The texts likely to concern the Group are the amendments to IAS 1 relating to the presentation of current or non-current liabilities, and the amendment to IAS 12 relating to assets and liabilities resulting from the same transaction. The impact of applying these texts is currently being analysed.

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

4.3.3.1.2 Significant accounting estimates and judgments used by Management for the December 31, 2022 financial statements

The preparation of the Group's financial statements, in compliance with international accounting standards, requires Management to make estimates and assumptions that affect the application of the accounting methods, the amounts of assets and liabilities, income and expenses, and the disclosure of assets and contingent liabilities.

The estimates and underlying assumptions are established according to the information available when the financial statements were prepared. These estimates may be reviewed if circumstances on which they were based change or as a result of new information. Actual future results may differ from these estimates. Management is required to revise these estimates based on past experience and its view of the market. When an estimate is revised, it does not constitute a correction of an error.

Accounting estimates that require the use of assumptions are used mainly for the following items:

(a) Assessment of the recoverable amount of goodwill (see Notes 3.3.2 and 7.1)

The main assumptions used by Management to assess the recoverable amount of goodwill on an annual basis are future cash flows and the discount rate.

The future cash flows used to determine the value in use are those resulting from discounted forecasts covering a six-year horizon according to the latest strategic plan. The strategic plan covers the period 2023-2028 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 analysed by Management based on information obtained during the period. Management assesses the amortisation periods for development projects on the basis of internal feedback on the lifespan of the technologies developed in the current divisions (around 5 years). These amortisation periods are reviewed by Management according to changes in products and/or technologies. During the financial year ended December 31, 2022, Management revised the amortisation period for a project by carrying out accelerated amortisation over a residual period of 24 months ending December 31, 2023.

(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 the second half of 2021, Management has appointed an expert firm to assist it in assessing the CIR.

The work carried out by this expert firm led to an additional filing of CIR claims for the 2018 financial year, and assessments for the 2019 and 2020 financial years which were filed during the 2022 financial year. The income relating to the CIR supplement for the 2018 financial year and to the CIR for the 2020 and 2019 financial years was recognised in the financial statements for the financial year ended December 31, 2021.

Management and the expert firm have also finalised the CIR assessments of expenses incurred for the 2021 and 2022 financial years for the 2022 closing. This tax income was recognised in the consolidated financial statements for the year ended December 31, 2022.

(d) Valuation of batteries inventories (see Notes 3.3.8 and 7.5)

Management assesses the net realisable value based on the price at which the batteries could be sold, either as finished products or as components and cells. This assessment of net realisable value takes into account technical and technological developments in batteries, in particular for the oldest battery ranges, which may face competition from other products launched more recently by the company.

(e) Customer credit risk

Management carried out a detailed review of trade receivables due as of December 31, 2022 and recorded impairment on a case-by-case basis.

No significant expected credit loss risk has been identified for the outstanding amount at December 31, 2022.

(f) *Fair value measurement of share-based payments (stock options and free shares) (see Notes 3.3.14.2 and 7.10.3.3)*

The cost of equity-settled employee stock option and free share transactions is measured by Management at the fair value of the equity instruments on the date on which they were granted.

Estimating the fair value of these share-based payments requires the use of the Black & Scholes option pricing model, which takes into account complex assumptions and variables: the value of the company's share, the life of the option, the exercise price, the expected volatility of the share, the risk-free interest rate, the share risk premium and the share liquidity premium. These assumptions are determined based on an expected exercise schedule of the options.

Management assesses changes in the company's share price in the event of share-based payments with performance conditions in order to adjust the probable number of instruments expected to vest at the end of the vesting period.

(g) *Provisions (see Notes 4.3.3.3.16 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.

Management conducted new assessments for the periods presented of retirement benefit commitments in order to take into account the provisions of the IFRIC interpretation of IAS 19 published in April 2021 on allocating benefits to periods of service.

(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, 2022, no judgments were made, except for the estimates presented above, that required specific treatment in the process of applying the accounting policies.

4.3.3.1.3 Going concern

The consolidated financial statements as of December 31, 2022 have been prepared on a going concern basis taking into account the following items:

- The level of available cash at December 31, 2022, which amounts to €31.0 million, mainly consisting of funds obtained during the capital increase in cash of approximately €100 million carried out on November 3, 2021 at the time of the Company's IPO;
- The outlook for cash flows related to the Group's activities over the 12 coming months. The Group has an order book that gives it good visibility on its sales for the coming months. It also receives new orders each week from its main customers, which supplement its order book.

At December 31, 2022, the Group also had several financing instruments for its business:

- Two unused financing lines of €10 million each (tranche C and D) contracted with the EIB (European Investment Bank) and made available under the contract signed in December 2020.

  The €10 million Tranche C is subject to revenue covenants that the Group had met already at the end of the 2020 financial year. The €10 million Tranche C is also conditional on the completion of a €10 million capital increase by one or more shareholders. This condition was met in November 2021 with the company's IPO. Tranche C was not drawn down at December 31, 2022.

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

  It should be noted that the financing lines drawn on the EIB were accompanied by 6,857 “EIB A” share purchase warrants and 3,500 “EIB C” share purchase warrants giving access to a maximum of 1,248,024 new shares[38].

- In addition, the Group has several factoring programmes: HSBC capped at €2.1 million for receivables in euros and $2.0 million for other receivables (see Note 3.3.10), and a factoring contract included in a customer’s reverse factoring programme with the banking institution Banco Santander.

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

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

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

4.3.3.1.4 Consideration of climate change risks

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

The impacts of climate change in the consolidated financial statements were immaterial as of December 31, 2022.

4.3.3.2 Consolidation methods

4.3.3.2.1 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, 2022, except for Forsee Power India Private Ltd, which draws up its accounts to March 31, 2023 and for which an interim financial statement as of December 31, 2022 has been established.

The financial statements used for comparative information are those for the year ended December 31, 2021 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.

4.3.3.2.2 Consolidation methods

4.3.3.2.2.1 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

4.3.3.2.2.2 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 finalised 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 two partners Forsee Power and EDF taken on June 30, 2022, leading to the recapitalisation of NEoT Capital for an amount of €3,210 thousand, of which €710 thousand through a capital increase by converting a receivable and €2,500 thousand through a capital increase by subscription in cash.

In parallel with these transactions, a new 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.

4.3.3.2.2.3 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.

4.3.3.2.2.4 Translation of financial statements prepared in foreign currencies

Operations conducted in subsidiaries abroad (Zhongshan Forsee Power Industry Ltd (hereinafter "ZFI") and Zhongshan Forsee Development Ltd in China (hereinafter "ZFD"), Forsee Power Solution Ltd in Hong Kong, Forsee Power Pte Ltd in Singapore and Forsee Power Spz in Poland) were until recently conducted by management from France in accordance with the Group's production objectives. These foreign entities did not control their own operations and were not managed independently, in particular on a financial level (non-autonomous entities).

The local foreign currencies, in particular the yuan in China and the zloty in Poland, used to prepare the individual financial statements of these equity interests, were not generally used as the functional currency for these entities. This was due to the volume of internal transactions between these entities, created as internal production centers, and the rest of the Group using the euro as its functional currency.

Until December 31, 2020, the financial statements of these equity interests established in foreign currencies were translated using the “historical rate” method:

- Non-monetary assets and liabilities items (fixed assets and goodwill) and equity components were translated into euros using the historical exchange rate;
- Monetary assets and liabilities items were translated into euros using the exchange rate on the reporting date;
- Statement of income and cash flow items were translated into euros using the exchange rate on the transaction dates or, in practice, at a rate that is similar and that corresponds to the average rate of the reporting period, unless significant fluctuations occur;
- The resulting translation difference was recognized in net financial income (expense).

In recent years, these foreign entities have acquired autonomy through the establishment and strengthening of a local management team, business development in the geographical areas (Asia, Europe) and growth in the business activity, in particular by locating battery production as close as possible to the assembly plants of the Group's customers; including for the business created in late 2020 in India (Forsee Power India).

On the one hand the maturity of this autonomy process, and on the other hand the growth assumptions made by Management, mean that these subsidiaries now mainly use the local foreign currency (yuan, zloty, Indian rupee), which is used to prepare their individual financial statements, as the functional currency in their economic environment.

Given this change, the translation of the financial statements prepared in local currencies has been made using the “closing rate” method since January 1, 2021:

- 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 at December 31, 2022**	**Average rate 12 months December 2022**	**Rate at December 31, 2021**	**Average rate 12 months December 2021**
		€1 = currency	**€1 = currency**	**€1 = currency**	**€1 = currency**
Hong Kong dollar	HZD	8.31630	8.24510	8.83330	9.19318
Yuan renminbi	RMB	7.35820	7.07880	7.19470	7.62823
Zloty	PLZ	4.68080	4.68611	4.59690	4.56518
Indian rupee	INR	88.17100	82.68639	84.22920	87.43916
Singapore dollar	SGD	1.43000	1.45116	1.52790	1.58910
United States Dollar	USD	1.06660	1.05305		

4.3.3.2.2.5 **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 favourable 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’ in 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 recognised 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.

4.3.3.2.2.6 Non-controlling interests

The Group does not have any non-controlling interests (minority interests) in the periods presented.

4.3.3.3 Accounting methods and valuation rules

4.3.3.3.1 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 realise the asset or settle the liability during its normal operating cycle or within 12 months after the reporting date;
- The asset or liability is held for trading or transaction purposes;
- The asset consists of cash or cash equivalents;

All assets or liabilities that do not meet any of the above detailed criteria are qualified as “non-current”.

Non-current financial assets and other non-current assets measured at amortised cost are discounted at the original effective interest rate, which generally corresponds to the 1-year Euribor rate at the reporting date of the consolidated financial statements.

4.3.3.3.2 Goodwill

Full goodwill from business combinations is allocated to the relevant cash-generating unit (CGU). CGUs are defined as the smallest group of related assets generating cash inflows that are largely independent of cash flows from other assets or groups of assets.

Goodwill is not amortised but is tested for impairment through the CGU to which it belongs, at least at each annual closing. An impairment related to an impairment loss is recognised 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, that reflects the market's current assessment of the time value of money and the risks specific to the CGU. The Group uses a discount rate by CGU for its future cash flows, taking into account country risk and tax rates by geographical area, and a premium in the event that the assumptions used in the business plan are not met. This discount rate is calculated based on the average cost of capital employed. Future cash flows are determined on the basis of reasonable and documented assumptions. The Group uses the most recent projections, the plan between 2023 and 2028, and beyond this period, the terminal value is determined by capitalising the final year's projected cash flow to infinity, based on a long-term growth rate determined by geographic area.

4.3.3.3.3 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 capitalised 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 capitalised expenses is presented as a deduction from development costs.

The amortisation periods for development projects are derived from internal feedback relating to the lifespan of the technologies developed by Forsee Power. The amortisation period chosen for all projects is generally 5 years from the estimated project end date. These amortisation periods are reviewed by Management according to changes in products and/or technologies. During 2022, Management revised the amortisation period for a project by carrying out accelerated amortisation over a residual period of 24 months ending December 31, 2023.

Expenses incurred that do not meet the criteria for capitalising development costs, and research costs, are recognized in expenses over the period and are presented in note 7.2.

4.3.3.3.4 Intangible assets and property, plant and equipment

Property, plant and equipment and intangible assets are recorded in the consolidated financial statements at their acquisition price or production cost, or their fair value when acquired as part of a business combination, less accumulated amortisation, depreciation and impairment losses recognized.

The Group has chosen to record property, plant and equipment and intangible assets using the amortized historical cost method.

Depreciation and amortisation is calculated on the basis of the estimated useful life of each asset class. Where applicable, the total cost of property, plant and equipment is allocated to its component parts, each of which is recognized separately. This is the case when the different components of an asset have different useful lives or provide benefits to the company at a different pace, thereby requiring different depreciation rates and methods.

Depreciation and amortisation is 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 amortisation periods are reviewed annually and modified if expectations differ from previous estimates; such changes in estimates are recognized prospectively.

Depreciation and amortisation is calculated using the straight-line method, based on the estimated useful life of each asset as follows:

Software and licenses	Straight-line method	5 years
Industrial equipment	Straight-line method	5 years
General installations and fittings	Straight-line method	8 to 10 years
Transport equipment	Straight-line method	5 years
Office and IT equipment	Straight-line method	3 years

4.3.3.3.5 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.
  Thus, the terms used to measure leases for industrial and commercial buildings are as follows:
    - 14 years, the expiry of the off-plan lease of the industrial site located in Chasseneuil-du-Poitou being August 2, 2033;
    - 12 years, with the expiry being February 29, 2024 for the site located in Zhongshan;
    - 11 years, considering the expiry of January 31, 2033 for the site located in Hilliard (Ohio);
    - 9 years with a lease ending on April 30, 2026 for the commercial premises and the head office located in Ivry-sur-Seine.

Management reviews the terms of the leases at each reporting date, either by renewing the initial lease or by using a tacit extension period, depending on the occurrence of events.

- **Discount rate used for lease liabilities**
  The discount rate used is the lessee's marginal borrowing rate (risk premium added to the company's spread relative to the risk-free rate).
  The discount rates used at December 31, 2021 and 2022 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	27	Between 3.21% and 4.02%	NA	Between 3.21% and 4.02%	NA
Between 4-7 years	Industrial equipment and tools	7	3.84%	NA	NA	NA
More than 7 years	Industrial buildings and commercial premises	8	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.

4.3.3.3.6 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.

4.3.3.3.7 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 unrealised 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, 2022.

  Non-consolidated NEoT Capital securities were presented at December 31, 2021 as equity instruments not held for trading. These non-consolidated securities of NEoT Capital, a company under development, were measured at fair value. However, in the absence of an active market, the Group measured the fair value of the NEoT Capital investment based on its share of equity and the profitability prospects for this investment limited to the capital invested as of December 31, 2021.

4.3.3.3.8 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 labour costs. Financial expenses are not presented in the valuation of inventories.

Inventories are impaired to take into account the net realisable value of the 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 realisable value at which it is probable that this product will be sold or these components will be used. Low-turnover cells and components, and certain finished products, are thus fully impaired.

Internal margins applied between the various Group companies on goods carried in inventory at the reporting date are eliminated from the consolidated financial statements.

4.3.3.3.9 Trade receivables

Trade receivables are initially measured at fair value and consist mainly of the difference between recognized invoiced revenues and payments received from customers, including advance payments.

The Group has opted for the simplified model for impairment of receivables insofar as trade receivables do not include a significant financing component. Impairment is measured at the initial recognition date and throughout the life of the receivable, and corresponds to expected credit losses over the life of the receivable.

The expected credit loss is 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 recognised in profit or loss for the period in “Net impairment”.

4.3.3.3.10 Working capital financing instruments

The Group has several financing instruments for its Working Capital Requirements (WCR):

(a) *Recourse factoring programme*

Trade receivables assigned to and discounted with credit institutions without transfer of credit risk are maintained in the financial statements under "Trade receivables".

The cash resulting from the receivables assigned and mobilised to the factoring financial institution is presented as financial debt, net of reserves and security deposits applied by the factoring institution.

The Group had a single recourse factoring contract (BNP Paribas Factor contract) covering outstandings with an indefinite term limited to €3,550 thousand. This contract was closed during the financial year ended December 31, 2021.

(b) *Non-recourse factoring programme*

At the end of 2020, the Group renegotiated its factoring contracts and now has a non-recourse factoring programme, 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".

The non-recourse factoring contract (HSBC Factoring France contract) 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).

Outstanding receivables financed by non-recourse factoring are presented in Note 7.7.

(c) *Factoring contract included in a customer's reverse factoring programme*

A factoring contract included in a customer's reverse factoring programme (Heuliez Bus-IVECO-Case NewHolland) with a banking institution (Banco Santander) was set up with variable discount payment terms depending on the maturity of the receivable on the date of assignment to the factoring company.

This factoring contract is non-recourse at the time of discounting, i.e. with a transfer of the risks of late payment, non-payment and foreign exchange, and a limitation of the factoring company's recourse in the event of non-payment of guaranteed receivables. Under IFRS 9, this leads to the derecognition of trade receivables as soon as they are presented to the factoring company for discounting.

This factoring is for an unlimited period and with no ceiling on the receivables of the customer Heuliez-Iveco (Case New Holland group).

Outstanding receivables financed by factoring under a reverse factoring programme are presented in note 7.7.

(d) *Cash pledge on Stand-by Letter of Credit*

The Group had a stand-by letter of credit (hereinafter “Documentary SBLC”) in the amount of $7,000 thousand with a bank in favour of a foreign supplier.

This Documentary SBLC is secured by a cash pledge in the amount of $4,500 thousand (i.e. €3,973 thousand at December 31, 2021). As this cash is not immediately available, this cash pledge is not presented in the "Cash" item but in the "Financial assets" item in accordance with IAS 7.

This Documentary SBLC was cancelled in November 2022 following the granting of sufficient cover by a credit insurer from the foreign supplier. The cancellation of the SBLC led to the return on December 1, 2022 of the cash pledge of $4,500 thousand (i.e. €4,305 thousand).

Furthermore, on July 25, 2022, Forsee Power obtained a SBLC 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.

Cash collateral amounts are presented in Note 7.4.

(e) *Pledge on inventory*

Financing lines of €9 million at 3-month Euribor + 2% had been obtained for the period from June 30, 2021 to June 30, 2022. The Euribor rate was floored at 0%, leading to a minimum interest rate of 2%.

These credit lines were secured by pledges on the inventories of cells and electronic parts in the amount of €11,700 thousand. These inventory pledges were without reported seizure and the beneficiaries of this guarantee do not impose any special condition apart from the usual clauses (monitoring of a statement of inventory pledged, statement of values).

This €9 million bank credit facility has not been extended beyond June 30, 2022 (see Note 10.3).

Interest charges and fees relating to these financing programmes are presented in Net financial income (expense) in the income statement.

4.3.3.3.11 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).

4.3.3.3.12 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).

4.3.3.3.13 Share liquidity contract

In November 2021, the company signed a stabilisation contract with an independent investment services provider (ISP) to trade in compartment B of the Euronext Paris market with a view to ensure the liquidity of transactions and regular trading of Forsee Power shares.

This contract was entered into for a period of 12 months, tacitly renewable except in the event of termination, and with an overall ceiling (cash and securities) of €500 thousand.

Cash made available to the investment services provider for stabilisation is recorded and presented in "Non-current financial assets" in the statement of financial position. Realised gains and losses on disposals of securities are recognized directly in equity.

Purchases and sales of treasury shares carried out by the investment services provider on behalf of Forsee Power are recognized directly in the Group's equity in the same way as any direct transaction in treasury shares. Changes in fair value (unrealised gains or losses) on securities held are recognized directly in equity.

4.3.3.3.14 Share-based payments

4.3.3.3.14.1 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 recognised in accordance with IAS 32. They are recognised in equity at their transaction price (subscription amount) and are not revalued at subsequent reporting dates.

The Compensation Share Subscription Warrants (BSA_G) correspond to instruments issued by the company for the benefit of shareholder investors, and are presented in Note 7.10.3.1.

4.3.3.3.14.2 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 option is not exercised by the beneficiary.

The expense relating to the URSSAF employer contribution of 30% is recognised 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 recognised for accounting purposes over the vesting period of the rights and paid *in fine*.

4.3.3.3.15 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 for:

- 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;
- For employees located in Poland, contributions to the Public Social Insurance Institute (ZUS) for both mandatory pension schemes (pay-as-you-go and funded), and no voluntary insurance contract.

Under these defined contribution post-employment benefit plans, the Group has no obligation other than to pay the premiums recognized in the income statement under "Employee benefits", with a corresponding social security liability that runs until the premiums are paid.

The Group has not set up any defined benefit pension plan for employees. Its commitment is limited to the statutory retirement benefit plan for French employees, which is valued using the projected unit credit method. Under this method, each period of service results in an additional unit of benefit entitlement, and each of these units is valued separately to arrive at the final obligation. This obligation takes into account the 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).

4.3.3.3.16 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 (2.5% of sales 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.

4.3.3.3.17 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.

4.3.3.3.18 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.

4.3.3.3.19 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.

4.3.3.3.20 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 recognised in the income statement under "Purchases consumed". Consequently, the changes in fair value recognized in the income statement for hedging instruments consisting of forward contracts and for the hedged item consisting of trade payables offset each other to the extent that the hedge is effective.

Swap points for forward contracts are excluded from hedge accounting.

4.3.3.3.21 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.

4.3.3.3.22 Revenue recognition

The Group's revenues are measured and presented in accordance with IFRS 15. Revenue is assessed by considering the transfer of control over the batteries.

Contract liabilities 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 4.3.3.3.16).

Income, that is not likely to be recovered, is not recognized in financial statements for the period in which the transaction was completed.

4.3.3.3.23 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;
- Or as a deduction from development costs presented under intangible assets when the related expenses have been capitalised 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.

4.3.3.3.24 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".

4.3.3.3.25 Taxation

4.3.3.3.25.1 Corporate income tax

There is no tax consolidation scope in France within the Forsee Power Group as of the end of 2022.

4.3.3.3.25.2 Deferred taxes

Deferred taxes are recognized for all timing differences between the value of an asset or liability in the consolidated financial statements and its tax base in accordance with IAS 12. Permanent differences such as goodwill impairment and share-based payments are not subject to deferred taxation.

Deferred taxes are measured at the tax rates relating to the tax entity and for which application is expected when the asset is realized or the liability is settled.

Deferred taxes have been recorded in accordance with the schedule of reversal of timing differences and the new tax rates resulting from the 2022 Finance Act for French companies (progressive rate up to 25% in 2022).

The effects of changes in tax rates (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, taking into account the tax rules for offset and deferral.

Unrecognised deferred tax assets are mentioned in Note 7.19.

Deferred taxes are presented in the non-current part of the financial position and are not discounted.

4.3.3.3.26 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.

4.3.3.3.27 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.

4.3.3.3.28 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.

4.3.3.3.29 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.

4.3.3.3.30 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.

4.3.3.3.31 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 has a single segment under IFRS 8.

The Group nevertheless has two business segments called:

- “Light Vehicles and Industrial Tech” (hereinafter “LeV & Ind Tech”): covers the light electric mobility market as well as other electric applications (e-scooters, 2- to 4-wheeled light vehicles, e-bikes, medical equipment, Internet of Things, home automation, robotics and professional tooling);
- “Heavy Vehicles” (hereinafter “HeV”): covers the market for solutions adapted to the development of vehicles with electric or hybrid engines for various means of transport (buses, commercial and "last-mile" vehicles, trams, trains, trucks and marine) and the market for stationary storage (residential, commercial and industrial).

The Group's primary segment reporting level is the business segment, and the secondary level is the geographical segment.

Segment data in internal reporting and in Note 6 below follow the same accounting policies as those used for the consolidated financial statements.

The performance of each business segment is measured on the basis of revenues; the allocation of certain costs by segment is not currently monitored in Management's internal reporting. 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.

4.3.3.3.32 Related parties

Related parties presented in the consolidated financial statements are defined as:

- The parties controlled by the Group: no controlled shareholding or associated company has been identified with the exception of the shareholding in the associated company NEoT Capital held at 50%;

- 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.

4.3.4 Information on the scope of consolidation

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

			December 31, 2022			December 31, 2021		
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	50%	50%	EM	15%	15%	NC
9 - Forsee Power North America Inc	USA	United States Dollar	100%	100%	FC	NA	NA	NA
10 - Forsee Power Inc	USA	United States Dollar	100%	100%	FC	NA	NA	NA

The consolidation scope used by the Group's parent company (1) comprises eight companies that are fully consolidated (FC) and one company that is accounted for using the equity method (EM) at December 31, 2022.

The identification of the entities is as follows:

(2) Forsee Power Solutions Ltd, a company under Hong Kong law whose registered office is located at Flat/RM 2806, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, and registered under number 58025949-000-03-18-0 with the Hong Kong Trade and Companies Register;

(3) Zhongshan Forsee Power Industry Co. Ltd, company under Chinese law whose registered office is located at 1st and 2nd floors, No.39 Gongye Da Dao Zhong, Industry District, Xiao LanTown, Zhong Shan in the People's Republic of China, and registered under number 9144200075451119XY with the Zhongshan Administration for Market Regulation;

(4) Zhongshan Forsee Power Development Co. Ltd, a company under Chinese law whose registered office is located at 1st floor, No.39 Gongye Da Dao Zhong, Industry District, Xiao LanTown, Zhong Shan in the People's Republic of China, and registered under number 91442000MA52PUYC0T with the Zhongshan Administration for Market Regulation;

(5) Forsee Power Spz, a company under Polish law whose registered office is located at ul. Prosta 27a, 55-114 Ligota Piekna, Poland, registered under number 0000256591 in the National Court Register;

(6) Forsee Power India Private Ltd, a company under Indian law whose registered office is located at 4th Floor, Wolrd Mark 3, Asset 7, Aerocity, NH-8, Delhi, South West Delhi, Delhi, India, 110037, registered under number U51909DL2020FTC365683 in the New Delhi Trade and Companies Register;

(7) Forsee Power PTE Ltd, a company under Singapore law whose registered office is located at 1 Georges Street, n°10-01, One Georges Street, Singapore (049145), and registered under number 201838879C in the Singapore Trade and Companies Register;

(8) NEoT Capital, a *société par actions simplifiée* (simplified joint stock company) under French law whose registered office is located at 49 rue de Ponthieu, 75008 Paris, France and registered under number 821 239 670 in the Paris Trade and Companies Register;

(9) Forsee Power North America Inc. a company incorporated under US law created in 2022, whose registered office is located at 4555 Lyman Drive, Hilliard (43026), Ohio, and registered under number EIN 88-2706910 with the Columbus 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.

All these subsidiaries are included in the books of Forsee Power SA, a company incorporated under French law, whose registered office is located at 1 Boulevard Hippolyte Marquès in Ivry-sur-Seine, and which is registered under number 494 605 488 in the Créteil Trade and Companies Register.

All investments held are fully consolidated at December 31, 2022, with the exception of the NEoT Capital investment, which is consolidated using the equity method.

4.3.5 Information about comparability of the financial statements

4.3.5.1 Change in the scope of consolidation for the period

The changes in the scope of consolidation for the year ended December 31, 2022 are as follows:

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

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

  In order to strengthen the implementation of the Group's strategy of offering a complete range of products and services for battery systems, Forsee Power signed a firm commitment on March 25, 2022 to acquire all of the NEoT Capital shares held by its partner Mitsubishi Corporation, i.e. 42.5% of the shares issued, for an amount of €2,292 thousand. This acquisition was finalised on May 31, 2022 following the EIB's approval, leading the Group to own 57.5% of the shares in NEoT Capital.

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

  In parallel with these transactions, a new 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 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.

4.3.5.2 Change in scope of consolidation in the previous period

No change in scope was recognised for the year ended December 31, 2021.

The Group nonetheless acquired the activity and assets of Holiwatt (formerly Centum Adetel Transportation), a specialist in rail energy storage and rapid charging systems, for an amount of €700 thousand by a judgement of the Lyon Commercial Court dated July 21, 2021, and confirmed the takeover of its workforce. This acquisition concerns a business acquisition and was treated in accordance with IFRS 3 (see Note 4.3.3.2.2.5) leading to the measurement at fair value of the identifiable assets and liabilities acquired. The most significant identifiable assets and liabilities acquired are patents for €1,008 thousand, inventories for €128 thousand and social security liabilities for €297 thousand. This acquisition resulted in the recognition of negative goodwill of €28 thousand presented in other operating income.

4.3.5.3 Changes in presentation and accounting methods

There were no changes in presentation or accounting policies for the year ended December 31, 2022 compared with the published financial statements for the year ended December 31, 2021.

The impact of the change in the functional currency of subsidiaries that prepare accounts in foreign currencies is presented in Note 5.3 to the consolidated financial statements for the year ended December 31, 2021.

4.3.6 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).

4.3.6.1 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 complies with IFRS 8, given the absence of any other more detailed internal management reporting available.

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	December 31, 2022
Total revenues	**23,175**	**87,844**	**111,018**
Breakdown in %	*20.9%*	*79.1%*	100%

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	December 31, 2021
Total revenues	**21,942**	**50,481**	**72,423**
Breakdown in %	*30.3%*	*69.7%*	100%

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**
Capitalisation of R&D costs		2,232		2,232
Acquisition of fixed assets	1,955		4,969	6,924
Other non-current capital expenditure				-
Total	**1,955**	**2,232**	**4,969**	**9,156**

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	Inter-sector and other	December 31, 2021
Non-current segment assets	8,941	31,186	1,611	41,738
Current segment assets	23,038	26,122	75,699	124,859
Non-current segment liabilities	(6,858)	(9,384)	(51,828)	(68,070)
Current segment liabilities	(12,054)	(6,538)	(10,712)	(29,304)
Total	**13,067**	**41,386**	**14,770**	**69,223**
Capitalisation of R&D costs		4,106		4,106
Acquisition of fixed assets	1,320		3,935	5,255
Other non-current capital expenditure				
Total	**1,320**	**4,106**	**3,935**	**9,361**

The amount of revenues generated with customers representing individually more than 10% of revenues was €74.9 million in the *HeV (Heavy Vehicles)* segment at December 31, 2022.

Revenues from customers in the *LeV & Ind Tech (Light Vehicles and industrial tech)* segment individually represent less than 10% of revenues as of December 31, 2022.

Revenues from customers who individually represent more than 10% of revenues are €0 million for the LeV & Ind Tech (Light Vehicles and industrial tech) segment and €47.6 million for the HeV (Heavy Vehicles) segment as of December 31, 2021.

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

in € thousands	Business segment concerned	December 31, 2022	*% of revenue*	December 31, 2021	*% of revenue*
Customer 1	HeV	40,322	*36.3%*	33,317	*46.0%*
Customer 2	HeV	34,571	*31.1%*	7,236	*10.0%*
Customer 3	HeV	4,676	*4.2%*	7,038	*9.7%*
Total		**79,569**	***71.7%***	**47,590**	***65.7%***

The orientations planned since 2021 by the Management allow to mitigate the degree of dependence on these customers.

4.3.6.2 Information by geographical area

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 Revenues	**23,175**	**87,844**	**111,018**	***100%***

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	December 31, 2021	*Distribution %*
France	5,989	40,352	**46,342**	*64.0%*
Europe	2,793	10,040	**12,833**	*17.7%*
Asia	10,511	6	**10,517**	*14.5%*
United States	2,649		**2,649**	*3.7%*
Rest of the world		82	**82**	*0.1%*
Total Revenues	**21,942**	**50,481**	**72,423**	***100%***

in € thousands	December 31, 2022	December 31, 2021
France	39,853	40,890
Europe	265	34
Asia	2,425	814
United States	6,966	0
Rest of the world		0
Total non-current Assets	**49,509**	**41,738**

in € thousands	December 31, 2022	December 31, 2021
France	7,019	8,041
Europe	54	13
Asia	1,901	1,307
United States	182	0
Rest of the world		0
Total Investments	**9,156**	**9,361**

4.3.7 Information relating to items in the consolidated statement of financial position

4.3.7.1 Goodwill

Goodwill is allocated to the following CGUs:

in € thousands	December 31, 2022	December 31, 2021
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.

No indication of impairment was identified as of December 31, 2022, for these two CGUs.

Impairment tests are performed using a valuation model described in Note 3.3.2. The key assumptions used in the model are the business growth rate, the long-term growth rate and the discount rate (see note 3.1.2(a)). The discount rate is determined by taking into account the specific characteristics of each CGU's business in terms of country risk and tax rate, and a premium in the event that the assumptions used in the business plan are not met. The average growth rate over the period 2023 to 2028 includes an initial period of strong growth in activity over the period 2023 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.

	Light Vehicles and Industrial Tech (LeV & Ind Tech)		**Heavy Vehicles (HeV)**	
As a %	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Discount rate (WACC)	16.04%	14.14%	15.54%	14.04%
Average growth rate of revenue over the period 2023-2028	41.54%	43.46%	42.04%	46.92%
Long-term growth rate	3.70%	3.01%	2.01%	1.46%

The impairment test did not lead to the recognition of any impairment at December 31, 2022. 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 recognised from a rate of:	
Discount rate (WACC)	22.47%	27.01%
Average revenue growth rate over the period 2023-2028 with maintenance of the business plan margin rates	20.96%	7.77%

Changes for the years 2022 and 2021 are as follows:

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**

in € thousands	December 31, 2020	Increase related to changes in scope	Impairment	Currency translation effects	December 31, 2021
Goodwill	1,523				1,523
Total	**1,523**				**1,523**

4.3.7.2 Intangible assets

in € thousands	December 31, 2021	First-time consolidations	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				0	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**
Amortisation and impairment								
Development costs	(4,920)		(3,848)				0	(8,768)
Software	(1,499)		(368)					(1,867)
Other intangible assets	(133)		(63)			5		(191)
Total	**(6,552)**		**(4,279)**			**5**	**0**	**(10,826)**
Net intangible assets	**14,892**		**72**			**(8)**	**0**	**14,955**

No indication of impairment of intangible assets has been identified as of December 31, 2022.

Uncapitalised research and development costs amounted to €5,471 thousand for the 2022 financial year, compared with €3,932 thousand for the 2021 financial year.

Changes in the previous period in 2021 are as follows:

in € thousands	December 31, 2020	Holiwatt acquisition	Increase in allocations	Decrease reversals	Reclassification	Currency translation effects	Grant for R&D funding	December 31, 2021
Gross intangible assets								
Development costs	4,702		0		8,787			13,489
Ongoing development costs	9,514		4,106		(8,788)			4,833
Software and patents	1,461	1,008	279					2,748
Other intangible assets	145		46			18		209
Intangible assets in progress	500		2	(0)			(337)	164
Total	**16,322**	**1,008**	**4,433**	**(0)**	**(0)**	**18**	**(337)**	**21,444**
Amortisation and impairment								
Development costs	(2,908)		(2,012)					(4,920)
Software	(1,279)		(220)					(1,499)
Other intangible assets	(74)		(48)			(10)		(133)
Total	**(4,262)**		**(2,280)**			**(10)**		**(6,552)**
Net intangible assets	**12,060**	**1,008**	**2,153**	**(0)**	**(0)**	**7**	**(337)**	**14,892**

4.3.7.3 Property, plant and equipment

Property, plant and equipment in € thousands	December 31, 2021	First-time consolidations	Increase in allocations	Decrease reversals	Reclassification	Currency translation effects	New leases	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)		13,777
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**

No indication of impairment of property, plant and equipment has been identified as of December 31, 2022.

The increase in the right-of-use asset for property corresponds mainly to the signature on July 25, 2022 of the lease agreement 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 are currently being planned and should start in the second quarter of 2023. This work will be essentially borne by Forsee Power in return for a lease with favourable 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 the work by the US Federal Government under the *Inflation Reduction Act*, the terms of which are expected to be published at the end of the first half of 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.

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. This lease agreement 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.

The changes in the previous period in 2021 are as follows:

in € thousands	December 31, 2020	Holiwatt acquisition	Increase in allocations	Decrease reversals	Reclassification	Currency translation effects	New leases	December 31, 2021
Gross property, plant and equipment								
Buildings	17		148			5		171
Right-of-use asset, property	12,352			(979)	(393)	95	(16)	11,059
Technical installations, equipment and tools	7,003		1,736	(103)	(2)	72		8,707
Other property, plant and equipment	2,297	50	1,113	(91)	277	69		3,714
Right-of-use asset, other property, plant and equipment	280			(207)		(0)	87	160
Property, plant and equipment in progress	4,196		524	(277)	(275)	24		4,192
Advances and prepayments on property, plant and equipment			1,109					1,109
Total	**26,146**	**50**	**4,630**	**(1,657)**	**(393)**	**266**	**70**	**29,112**
Depreciation and impairment								
Buildings	(11)		(9)			(0)		(20)
Right-of-use asset, property	(3,257)		(1,064)	979	306	(73)		(3,109)
Technical installations, equipment and tools	(4,612)		(953)	61		(22)		(5,526)
Other property, plant and equipment	(1,313)		(429)	27		(25)		(1,741)
Right-of-use asset, other property, plant and equipment	(221)		(59)	207		0		(73)
Total	**(9,414)**		**(2,515)**	**1,274**	**306**	**(120)**		**(10,469)**
Net property, plant and equipment	**16,731**	**50**	**2,115**	**(383)**	**(87)**	**146**	**70**	**18,643**

4.3.7.4 Financial assets

in € thousands	December 31, 2021	NEoT Capital first-time consolidation	Increase in allocations	Decrease reversals	Reclassification	Translation and discounting 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								
Non-current	5,588	(842)	2,097	(5,229)	0	263	(126)	1,751

1) Financial instruments not held for trading correspond to the non-consolidated securities in NEoT Capital, in which the company held a 15% interest until May 31, 2022. (see Notes 3.2.2.2 and 3.3.7);

2) November 26, 2021, the company signed a liquidity and stabilisation contract with an independent investment services (ISP) company to trade on the Euronext Paris market with a view to ensure the liquidity of transactions and regular trading of Forsee Power shares (see Note 3.3.13).

The breakdown and change in the liquidity contract in 2021 is as follows:

in € thousands	*Number of shares*	December 31, 2022	December 31, 2021
Assets made available at the time of subscription of the liquidity contract			500
Total liquidity portion presented in financial assets at beginning of year		**333**	**0**
Purchase of Forsee Power shares	*246,564*	(918)	(243)
Sale of Forsee Power shares	*(199,550)*	733	77
Total liquidity portion presented as financial assets at the end of the reporting period		**147**	**333**
Forsee Power shares held under liquidity contract	*74,081*	249	164
Change in fair value		(3)	(11)
Total shares held, deducted from shareholders' equity		**246**	**153**
Total Liquidity Agreement		**394**	**486**

3) Cash pledge of US$4,500 thousand (€3,973 thousand as of December 31, 2021) in respect of the November 2020 Documentary SBLC maturing on December 31, 2021 with a foreign supplier of cells (see Note 3.3.10 (d)). The maturity of the cash pledge was extended to December 31, 2022. It terminated on December 1, 2022.

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 favour of the owner of the industrial building leased in Hilliard in the USA. This cash pledge was discounted for the unpaid portion at December 31, 2022 for an amount of €(23) thousand.

Non-current non-interest-bearing financial assets were discounted by €49 thousand at December 31, 2022 based on the maturity of the asset (1 year or 5 years). Non-current financial assets were not discounted at December 31, 2021 given the immaterial amounts.

Changes in the previous period in 2021 are as follows:

in € thousands	December 31, 2020	Change in scope	Increase in allocations	Decrease reversals	Reclassification	Currency translation effects	Other	December 31, 2021
Financial assets								
Financial instruments not held for trading (1)	558	0	(0)		284	(0)		842
Other fixed assets			5			0		5
Assets and securities held under liquidity agreements (2)			500	(14)	(153)			333
Deposits and guarantees paid	177		298	(45)	(1)	6		435
Pledge on cash (3)	3,663	0	0	0	0	310	(0)	3,973
Total	**4,398**	**0**	**803**	**(58)**	**130**	**316**	**(0)**	**5,588**
Of which								
Current								
Non-current	4,398	0	803	(58)	130	316	(0)	5,588

(1) Financial instruments not held for trading purposes correspond to the non-consolidated shares of NEoT Capital, in which the company holds a 15% equity interest (see Notes 3.2.2.2 & 3.3.7).

4.3.7.5 Investments in equity-accounted companies

The item “Equity-accounted investments” only includes NEoT Capital, in which Forsee Power holds 50% of the share capital as of June 30, 2022, in partnership with the EDF Group (see Note 3.2.2.2).

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.

Changes in the NEoT Capital stake over 2022 were as follows:

in € thousands	NEoT CAPITAL
Stake as at January 1, 2022	842
Acquisition on May 31, 2022 of the stake held by Mitsubishi Corporation	2,292
Capital increase in cash by collective decision of the shareholders of June 30, 2022	1,058
Capital increase by converting a receivable by collective decision of the shareholders of June 30, 2022	185
Stake as at December 31, 2022	**4,377**
Share of net income for 2022	(331)
Share of comprehensive income (OCI)	(3)
Total equity-accounted investment at December 31, 2022	**4,043**

NEoT Capital’s summarised financial statements for the year ended December 31, 2022 are as follows:

in € thousands	December 31, 2022
Fixed assets	77
Trade receivables	575
Other receivables	99
Cash	1,826
Total assets (A)	**2,577**
Financial liabilities	761
Provisions for risks and charges	27
Trade payables	348
Other liabilities	614
Total Liabilities (B)	**1,750**
Equity (A) - (B) = (C)	**827**
Share of equity (C) x 50% = (D)	**414**
Goodwill (E)	**3,629**
Total equity-accounted investment (D) + (E)	**4,043**

The share of profit or loss of the equity-accounted investment in NEoT Capital was an expense of €(331) thousand as of December 31, 2022.

There is no impairment to be recognised as of December 31, 2022 on the NEoT Capital investment with respect to the value used in the transaction to purchase the shares of the partner Mitsubishi in March 2022 and the value used to recapitalise NEoT Capital as of June 30, 2022.

4.3.7.6 Inventories

in € thousands	December 31, 2022	December 31, 2021
Inventories of raw materials (1)	19,216	19,247
Inventories of products in production (2)	4,756	1,611
Inventories of finished products (3)	19,845	11,896
Impairment of inventories (4)	(6,341)	(4,337)
Net inventories	**37,476**	**28,417**

1) Of which €11,841,000 in France and €7,139,000 in China at 31 December 2022, compared with €13,947,000 in France and €5,300,000 in China at 31 December 2021;
2) Of which €3,610,000 in France and €1,146,000 in China at 31 December 2022, compared with €1,053,000 in France and €557,000 in China and India at 31 December 2021;
3) Of which €19,653,000 in France and €192,000 in China at 31 December 2022, compared with €11,819,000 in France and €69,000 in China at 31 December 2021;
4) Of which €5,877,000 in impairment charges and €3,906,000 in reversals of impairment charges recognised in 2022 in France, and €33,000 in impairment charges in 2022 in China.

There are no pledged inventories as of December 31, 2022, (see Note 3.3.10.(e)).

The change in inventories by geographical area is as follows:

in € thousands	December 31, 2022	December 31, 2021
France	29,226	22,914
Poland	0	7
China	8,040	5,408
India	209	88
Total inventories	**37,476**	**28,417**

4.3.7.7 Trade receivables

in € thousands	December 31, 2022	December 31, 2021
Trade receivables	17,483	10,616
Impairment of trade receivables	(1,522)	(45)
Trade receivables	**15,960**	**10,571**

The Group has set up programs to assign operating receivables to banks (see Note 3.3.10):

- Receivables assigned without recourse (HSBC contract) and which are no longer presented in the statement of financial position amount to €2,563 thousand as of December 31, 2022 (compared with €4,067 thousand as of December 31, 2021);
- Under the factoring contract included in a customer's reverse factoring programme, the Group has as of December 31, 2022 discounted with Banco Santander receivables totalling €5,354 thousand with a maturity date later than December 31, 2022, compared with €629 thousand of receivables sold as at December 31, 2021 and whose maturity date was later than December 31, 2021.

The amount of expected credit losses is not material and is not recognised as of 31 December 2022.

The maturity of trade receivables is as follows:

in € thousands	December 31, 2022	December 31, 2021
Trade receivables	**17,483**	**10,616**
Not yet due	5,485	5,238
Past due	11,998	5,378

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

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4.3.7.8 Other assets

in € thousands	December 31, 2022	December 31, 2021
Trade payables - Advances and deposits paid	3,870	8,121
Social security receivables	21	15
Tax receivables	4,221	2,000
Shareholder loans	5	183
Other receivables (1)	1,046	2,093
Prepaid expenses (2)	1,521	949
Impairment of other current assets	(121)	(30)
Other receivables presented in WCR	**10,563**	**13,330**
Trade payables - Advances paid on fixed assets	0	0
Corporate income tax receivables (3)	2,939	2,491
Other assets	**13,501**	**15,821**
Of which		
Current	*12,566*	*15,101*
Non-current	*935*	*720*

1) Of which €425 thousand as of December 31, 2022 in current accounts and holdbacks on receivables assigned to the HSBC factoring company for non-recourse factoring (€1,916 thousand as of December 31, 2021);

   As of December 31, 2022, there were no more guarantees and holdbacks on assigned receivables still to be received from the BNP factor following the closing of the contract in June 2021 (€2 thousand as of December 31, 2021).

2) Of which €906 thousand in lease liabilities as of December 31, 2022 compared to €690 thousand as of December 31, 2021.

3) Of which €3,698 thousand in CIR receivables relating to the 2019 financial year (€868 thousand), the 2020 financial year (€670 thousand), the 2021 financial year (€812 thousand) and the 2022 financial year (€1,341 thousand) (see Note 3.1.2.c).

   CIR receivables were discounted in the total amount of €(759) thousand at the Euribor rate depending on the repayment maturity of the receivable.

   The CIR receivable relating to the 2018 financial year was collected in June 2022 for an amount of €725 thousand.

4.3.7.9 Cash

in € thousands	December 31, 2022	December 31, 2021
Cash equivalents	0	0
Cash	31,014	70,770
Cash and cash equivalents	**31,014**	**70,770**

in € thousands	December 31, 2022	December 31, 2021
Cash and cash equivalents	31,014	70,770
Bank overdrafts (cash liability)	0	0
Net cash presented in the consolidated statement of cash flows	**31,014**	**70,770**

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 breaks down as follows:

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)	2,841	1,107
	31,014	**70,770**

The balances for the previous period are as follows:

in € thousands	December 31, 2021	December 31, 2020
Cash equivalents	0	0
Cash and cash equivalents	70,770	11,273
Cash and cash equivalents	**70,770**	**11,273**

in € thousands	December 31, 2021	December 31, 2020
Cash in euros (€)	68,406	9,993
Cash denominated in US dollars ($)	1,257	680
Cash denominated in other currencies (Chinese yuan, Indian rupee, Polish zloty)	1,107	600
	70,770	**11,273**

4.3.7.10 Equity

4.3.7.10.1 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
At 31 December 2020	***299,876***	***10.00 €***	**2,999**	**991**
Capital increase at the Extraordinary General Meeting of September 28, 2021 (OC5 conversion)	*76,923*	*10.00 €*	769	29,082
Capital increase at the Extraordinary General Meeting of September 28, 2021 (by offsetting debt held on a related party)	*3,296*	*10.00 €*	33	2,109
Capital increase at the Extraordinary General Meeting of September 29, 2021 (by offsetting debt held on a related party)	*14,074*	*10.00 €*	141	9,007
Total before splitting of share capital	***394,169***	***10.00 €***	**3,942**	**41,190**
Capital split at the Extraordinary General Meeting of October 15, 2021 (reduction in par value)	*39,416,900*	*0.10 €*	0	0
Capital increase of November 3, 2021 (IPO, initial public offering)	*13,793,103*	*0.10 €*	1,379	91,756
At 31 December 2021	***53,210,003***	***0.10 €***	**5,321**	**132,949**
Capital increase of September 15, 2022	*362,000*	*0.10 €*	36	(36)
At 31 December 2022	***53,572,003***	***0.10 €***	**5,357**	**132,913**

The number of outstanding shares in Forsee Power SA as of December 31, 2022 is 53,572,003 with a par value of €0.10, i.e. the total amount of the share capital is €5,357,000.

A capital increase by issuing 362,000 new ordinary shares was carried out on September 15, 2020 following a decision by the Board of Directors on September 14, 2022 recording the definitive vesting and exercise of 362,000 free shares by the beneficiaries (see Note 7.10.3.3). This capital increase was carried out by deduction from the issue premium of Forsee Power SA.

The transactions affecting the share capital and issue premiums in the previous financial year ended December 31, 2021 were as follows:

- A €30 million capital increase was carried out on September 28, 2021 through the conversion of 76,923 convertible bonds (OC5).
- This capital increase was completed on September 28 and 29, 2021 by a capital increase of €2,142 thousand and €9,148 thousand respectively by offsetting receivables held by related parties.
- The extraordinary shareholders' meeting of October 15, 2021 adopted the following provisions:
  - A 100-fold split of the par value of Forsee Power SA shares and a 100-fold increase in the number of shares of the company;
  - The change in the legal form of the company by transformation from a simplified joint stock company (SAS) to a public limited company (SA) with a board of directors.

- On November 3, 2021, Forsee Power completed a capital increase by way of an Initial Public Offering (IPO) of €100 million through the issuance of 13,793,103 new ordinary shares at a price of €7.25 per share, followed by the start of trading in the shares in compartment B of the Euronext Paris regulated market.
- This initial public offering was followed by an over-allotment option (Greenshoe) between November 3 and December 2, 2021 on 1,116,731 existing ordinary shares acquired from the selling shareholders at the offering price of €7.25, representing a total amount of €8,096 thousand.
- Total costs related to the IPO amounted to €7,453 thousand, of which €6,865 thousand was charged to the issue premium and €788 thousand was presented as non-current operating expenses. The net proceeds of the cash capital increase amounted to €92.5 million.

4.3.7.10.2 Dividends

Forsee Power SA did not pay any dividend for the financial year ended December 31, 2021, nor on the last two previous years.

The company does not intend to pay a dividend for the financial year ended December 31, 2022.

4.3.7.10.3 Share-based payments

4.3.7.10.3.1 Share subscription warrants as guarantee warrants

As part of the latest fundraising, the company issued several guarantees to new investors to cover certain losses related to specific risks. These financial guarantees took the form of the issue of several share subscription warrants (BSA) or guarantee warrants:

- 100 BSA_{G1} at the extraordinary shareholders' meeting of December 18, 2017 at a total issue price of one euro (€1), convertible into a maximum of 52,748 C3 preference shares;
- 100 $BSA_{\text{EIB Warrant B}}$ on March 15, 2018 at a total issue price of one euro (€1), convertible into a maximum of 1,650 C3 preference shares;
- 100 BSA_{G2} at the extraordinary shareholders' meeting of December 21, 2018 at a total issue price of one euro (€1), convertible into a maximum of 26,375 C3 preference shares.

These warrants are not a component of a hybrid financial instrument with a debt/equity component. In addition, as the beneficiaries of these share subscription warrants are investor shareholders, the warrants attached to these shares are not considered share-based payments under IFRS 2.

These warrants have features similar to Ratchet warrants, enabling investors to maintain their average investment price. These guarantee warrants can be exercised at any time until their maturity dates, subject to the occurrence of a covered risk.

However, given that the conditions for exercising these warrants have never been met for the main risks covered by the guarantee, Management believes that the likelihood of meeting the conditions for exercising these warrants is very low. Management therefore considers that these financial instruments have a non-material value, and are therefore not presented as derivative liabilities.

Given these factors, these share subscription warrants are considered to be equity instruments under IAS 32, and will be recognized in equity for their transaction amount on the issue and exercise dates.

The 100 BSA_{G1} and 100 BSA_{G2} were cancelled at the extraordinary shareholders' meeting of September 28, 2021, and the 100 $BSA_{\text{EIB Warrant B}}$ were cancelled at the time of the September 28, 2021 waiver agreement with the EIB.

4.3.7.10.3.2 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 definitive grant of 282,616 free shares (AGA R 2021) approved by the Ordinary General Meeting of June 24, 2022 and the grant of 64,000 free shares (AGA 2022) by the Board of Directors' meeting of September 14, 2022:

- 6,857 BSA $_{\text{EIB Warrant A}}$ giving access to 859,263 ordinary shares (AO) issued on March 18, 2018 in addition to the €20 million financing;
- 3,500 BSA $_{\text{EIB Warrant C}}$ giving access to 388,761 ordinary shares (AO), issued on June 4, 2021 in addition to the €21.5 million financing.

No new BSA were awarded in 2022.

4.3.7.10.3.3 Stock options and Free Shares

The table below shows the Stock Options (SO) granted in previous financial years as of December 31, 2022:

	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	Maturity
Stock options (SO 2018) (1) (3)	April 02, 2019	600,000	0	600,000	600,000	4 years	02 April 2023
Stock options (SO 2018) (1) (3)	January 28, 2020	180,000	(75,000)	105,000	105,000	4 years	28 January 2024
Stock options (SO 2018) (1) (3)	November 13, 2020	75,000	0	75,000	75,000	4 years	13 November 2024
Stock options (SO 2021) (2) (3)	August 12, 2021	1,500,000	0	1,500,000	1,500,000	2 months	05 August 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 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, as of 31 December 2022, the free shares (AGA) allocated in 2022 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	Maturity
Free shares (AGA 2021) (1) (3)	September 14, 2021	382,000	(20,000)	362,000	362,000	1 year	September 14, 2022
Free shares (AGA R 2021) (2)	October 15, 2021	282,616	0	282,616	282,616	2 years	October 15, 2023
Free shares (AGA 2022) (1)(4)	September 14, 2022	64,000	0	64,000	64,000	1 year	September 14, 2023
Total free shares (AGA)		**728,616**	**(20,000)**	**708,616**	**708,616**		

(1) The Board of Directors awarded 382,000 free shares (2021 free share grants) on September 14, 2021 to members of the Executive Committee and to employees considered as key to Forsee Power SA. These 2021 free share grants have a vesting period of one year with an 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 authorised a capital increase on September 15, 2022 by issuing 362,000 new ordinary shares deducted from issue premiums.

(2) On October 15, 2021, the Board of Directors, acting on a delegation of authority from the shareholders' meeting of the same day, decided to grant the Chairman of the Board of Directors, in addition to his compensation for the 2021 financial year, a maximum of 1,000,000 free shares and/or stock options, to be definitively allocated by June 30, 2022. On April 6, 2022, the Board of Directors finally definitively allocated a number of 282,616 free shares (2021 free shares grant R) following the recommendation of the Appointments and Remuneration Committee on April 1, 2022. This allocation of 282,616 free share grants as part of the Chairman's 2021 variable compensation is subject to a two-year 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.

(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.

The expense recognized in the periods presented for share-based transactions is as follows:

in € thousands	December 31, 2022	December 31, 2021
Costs recognised as a specific reserve at the start of the period	**6,232**	**733**
Expenses recognised in profit or loss for the period (services rendered)	3,389	5,556
Cancellation of past costs of options that lapsed over the period: forfeit linked to the presence condition	(103)	(56)
Costs of options exercised during the period: vested related to the exercise of options	(2,353)	0
Specific reserve costs at the end of the period	**7,165**	**6,232**
Expense to be recognised in future years	1,151	4,298
Total probable cost of grants estimated at the reporting date	**8,316**	**10,529**

The IFRS 2 expense recognised in profit or loss for the 2021 and 2022 financial years breaks down as follows:

in € thousands	December 31, 2022	December 31, 2021
Stock options (SO 2018)	469	483
Stock options (SO 2021)	0	4,122
Free shares (AGA 2021)	1,721	735
Free shares (AGA R 2021)	1,024	216
Free shares (AGA 2022)	175	
Total	**3,389**	**5,556**

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

in € thousands	December 31, 2022	December 31, 2021
2022	0	3,242
2023	1,104	1,009
2024	47	47
Total	**1,151**	**4,298**

The expense to be recognised in future financial years by SO and AGA plan breaks down as follows:

in € thousands	December 31, 2022	December 31, 2021
Stock options (SO 2018)	248	716
Stock options (SO 2021)	0	0
Free shares (AGA 2021)	0	1,748
Free shares (AGA R 2021)	808	1,833
Free shares (AGA 2022)	95	
Total	**1,151**	**4,298**

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 at December 31, 2022 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**	
Free shares (AGA R 2021) (3)	October 15, 2021	- €	-0.67%	0.0%	71.5%	€ 7.25	**2,049**	**2,049**
		- €	-0.58%	0.0%	69.0%	€ 7.25		
		- €	-0.38%	0.0%	65.6%	€ 7.25		
Free shares (AGA 2022)	September 14, 2022	- €	1.31%	0.0%	52.9%	€ 4.21	**270**	**270**
Total							**10,669**	**8,316**

(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.

(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.

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

in € thousands	December 31, 2022	December 31, 2021
Employer contribution recognised in previous years	1,791	648
Employer contribution recognised during the year	134	1,143
Total employer contribution recognised	**1,925**	**1,791**

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

The estimated amount of the employer contribution in respect of the 2021 and 2022 free share awards outstanding at the end of 2022 is €134 thousand, of which €56 thousand recognised in social security liabilities at December 31, 2022 and €74 thousand remaining to be recognised in future financial years and can be broken down as follows:

in € thousands	December 31, 2022	December 31, 2021
Employer contribution to AGA to be recognised in 2022	0	160
Employer contribution to AGA to be recognised in 2023	74	126
Total estimated employer contribution to AGA to be recognised over the next financial years	**74**	**286**

4.3.7.10.4 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 74,081 Forsee Power SA shares at December 31, 2022, representing a value of €250 thousand.

Treasury shares held under the liquidity contract are recognised as a deduction from consolidated equity.

4.3.7.10.5 Translation reserves

The translation reserve by currency is as follows:

in € thousands		December 31, 2022	December 31, 2021
Hong Kong dollar	HZD	13	19
Yuan renminbi	RMB	(202)	(204)
Zloty	PLZ	5	0
Indian rupee	INR	(113)	(13)
Singapore dollar	SGD	(1)	0
United States Dollar	USD	1	0
Currency translation reserve - Group share		**(296)**	**(196)**

4.3.7.10.6 Earnings per share

	December 31, 2022	December 31, 2021
Consolidated net income	(32,568)	(38,097)
Weighted average number of shares outstanding	53,359,614	34,565,302
Earnings per share	**€(0.61)**	**€(1.10)**

The weighted average number of ordinary shares outstanding presented for the 2022 financial year compared to December 31, 2021 was adjusted for the reduction in the par value of the Forsee Power SA shares decided by the Extraordinary General Meeting of October 15, 2021.

Under IAS 33, diluted earnings per share are equal to earnings per share if there is a loss.

4.3.7.11 Provisions for risks and charges

The changes over the 2022 and 2021 financial years are as follows:

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

in € thousands	December 31, 2020	Change in scope	Additions	Reversals	*Of which used*	Reclassification	Fair value	Currency translation effects	December 31, 2021
Provisions for after-sales service cover	2,476		1,779	(976)	*(976)*			0	3,279
Provisions for recycling	999		567	(857)					709
Provisions for disputes	2,135		114	(1,572)	*(952)*				677
Provision for dispute with Unu GmbH	803			(152)	*(152)*				651
Provisions	**6,413**		**2,459**	**(3,557)**	***(2,080)***			**0**	**5,316**
Of which									
Current									
Non-current	6,413		2,459	(3,557)	*(2,080)*			0	5,316

The main provisions for risks and charges are detailed below:

- **The provision for after-sales service guarantees** recognised as of December 31, 2022 amounts to €4,884 thousand compared with €3,279 thousand as of December 31, 2021).

  This provision was made to cover the risk of future after-sales service costs due to Forsee Power's liability for the products sold (undertaking to repair or replace any defective components of the battery systems sold). This guarantee is a legal obligation, is not optional to the agreement, and usually lasts from four to five years. Given the random nature of the probability of the occurrence of a defect, this provision is measured in accordance with IAS 37 on a statistical basis according to the products sold and is adjusted according to the after-sales costs actually incurred by the Group during the financial year.

- **The provision for recycling** of €1,597 thousand at December 31, 2022 (€709 thousand at December 31, 2021) 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 €249 thousand at December 31, 2022 (€677 thousand at December 31, 2021), 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 €441 thousand.

Disputes with Unu GmbH:

The referral procedure in Paris

On March 12, 2021, Unu GmbH filed an application for a court-ordered expert assessment with the Paris Commercial Court against Forsee Power and its former insurer, Generali (see Note 7.10). Unu GmbH is suing the Company on the basis of product liability and common law contractual liability, alleging that the batteries are defective and do not meet the technical specifications agreed between the parties under the terms of the supply agreement of July 23, 2016 and its amendment of June 29, 2018. The Company did not object to this request for a court-ordered expert assessment, but stated that it should also cover the scooters produced by Unu GmbH, the characteristics of which do not comply with the initial contractual specifications and are the cause of the battery malfunctions.

Pursuant to an order dated March 31, 2021, the judge in summary proceedings ordered the appointment of a legal expert whose mission was to study both the batteries and the scooters in order to determine the origin of the malfunctions, the associated disorders and therefore the responsibilities. As the initially appointed expert withdrew, the judge in summary proceedings ordered the appointment of a new expert by an order dated April 16, 2021.

The expert heard the various arguments put forward by the parties from May 5, 2021, but has not yet appointed a laboratory to carry out the necessary tests on the batteries and scooters. However, the expert has repeatedly pointed out the difficulties of cooperation with Unu GmbH, which refuses to provide certain key documents for the expert assessment, in particular the test reports for its scooters.

On December 31, 2021, Unu GmbH filed a summary action against Forsee Power before the Paris Commercial Court to replace the legal expert appointed in April 2021, on the grounds that the expert is categorically biased and does not have sufficient competence to carry out the court-ordered expert assessment. On January 26, 2022, the Company responded to these arguments by stating that the judge in summary proceedings did not have jurisdiction and that the case should be brought before the supervisory judge. The Company also rejected Unu GmbH's arguments regarding the alleged bias or incompetence of the expert.

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

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

The trial proceedings

On November 2, 2021, in spite of the expert assessment in progress, Unu GmbH sued Forsee Power on the same grounds before the Paris Commercial Court ruling as a trial judge, and claimed €15,845 thousand for material losses suffered as well as €50 thousand for non-material losses.

At the procedural hearing of September 28, 2022, the Court referred the case to April 12, 2023. The Company expects 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 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 multiple 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.

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

Provision retained in the financial statements:

The provision recorded in the consolidated financial statements for the period ended December 31, 2022 in the amount of €441 thousand (€651 thousand as at December 31, 2021) 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 €210 thousand for the 2022 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.

4.3.7.12 Post-employment benefits and Long-service awards

4.3.7.12.1 Defined contribution plan

An expense of €1,450 thousand has been recognized as of December 31, 2022 (€1,194 thousand as of December 31, 2021) for defined contribution plans in France.

4.3.7.12.2 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, 2022	December 31, 2021
Retirement bonuses	379	181
Long-service awards	0	0
Total	**379**	**181**

in € thousands	December 31, 2022	December 31, 2021
Commitments at the beginning of the period	**181**	**131**
Costs of services rendered	54	45
Interest on debt	2	1
Actuarial gains and losses on changes in financial and demographic assumptions (experience gains)	142	4
Actuarial gains and losses on departures of plan beneficiaries	0	0
Retirement benefits	0	0
Commitments at end of period	**379**	**181**

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, 2022	December 31, 2021
Financial assumptions		
Discount rate	3.86%	0.82%
Salary growth rate	1.60%	1.00%
Rate of social security charges, management	49.00%	48.00%
Rate of social security charges, non-management	37.30%	36.70%
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 2021	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. 2022.

The Sensitivity analyses of the commitment have been performed as of December 31, 2022 on the following key assumptions:

	Gross impact on commitments as of December 31, 2022	% of total commitments as of December 31, 2022
Discount rate		
Change in discount rate of -0.25%	749	197.50%
Change in discount rate of +0.25%	768	202.60%
Turnover rate		
-1.00% change in employee turnover	(40)	(10.57)%
+1.00% change in employee turnover	47	12.45%
Salary increase rate		
Change of +1.00%	43	11.28%
Change of +1.50%	67	17.63%
Retirement age		
Departure at age 63	(27)	(7.22)%
Departure at age 65	12	3.09%

4.3.7.12.3 Borrowings and financial liabilities

in € thousands	December 31, 2021	Issuance	Repay-ments	Debt issuance costs	Interest recognised in respect of interest free loans	Reclassification	Currency translation effects	Effective interest method impact	Net change	Capitalised interest	Fair value	IFRS 16 loan issuance	December 31, 2022
Loans from the EIB (1)	20,351		(0)					1,262		968	0		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
Long-term financial debt	**51,915**	**340**	**(0)**			**(11,018)**	**(79)**	**1,848**	**1**	**968**	**0**	**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**	**(10)**	**(1)**	**0**	**7,483**	**60,167**
Of which													
Current	*1,760*	*2,311*	*(5,386)*			*11,014*	*(6)*		*(10)*	*(968)*			*8,711*
Non-current	*51,912*	*340*	*(0)*			*(11,018)*	*(79)*	*1,848*		*968*	*0*	*7,483*	*51,455*

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 388,761 ordinary shares.

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) Currency forwards hedging trade payables in Japanese yen (¥). At December 31, 2022, the Group no longer had currency forwards hedging trade payables in dollars ($).

The changes in the previous period in 2021 are as follows:

in € thousands	31-Dec-20	Issuance	Repayments	Debt issuance costs	Interest recognised in respect of interest free loans	Reclassification	Currency translation effects	Effective interest method impact	Net change	Conversion to capital	Fair value	IFRS 16 loan issuance	December 31, 2021
Bond issues (1)	28,727					0		0		(30,000)	1,272		
Loans from the EIB (2)	18,764	30,000	(28,500)	(108)				2,467			(2,273)		20,351
Atout loan from Bpi	5,000		(625)										4,375
State-guaranteed loan from Bpi	5,000												5,000
State-guaranteed loan from BNP (3)	6,263				278	197		7					6,746
State-guaranteed loan from HSBC (3)	6,263				305	79		7					6,654
Right-of-use liability - non-current (4)	9,289					(939)	17					70	8,437
Deposits and guarantees received	56		(36)										20
Related-party liabilities	6,821									(6,491)			331
Debt for financing trade receivables	1,381								(1,381)				
Long-term financial debt	**87,565**	**30,000**	**(29,161)**	**(108)**	**583**	**(663)**	**17**	**2,482**	**(1,381)**	**(36,491)**	**(1,001)**	**70**	**51,915**
Accrued interest on financial liabilities	3,856	4,219	(2,412)				0			(4,800)			863
Right-of-use liability - current	896		(880)			853	10						878
Short-term credit line (5)													
Fair value hedges related to foreign exchange risk													
Accrued interest not yet due	3								15				18
Bank overdrafts (cash liability)									0				0
Short-term financial debt	**4,754**	**4,219**	**(3,293)**			**853**	**11**		**15**	**(4,800)**			**1,759**
Gross financial debt	**92,320**	**34,219**	**(32,454)**	**(108)**	**583**	**190**	**28**	**2,482**	**(1,366)**	**(41,291)**	**(1,001)**	**70**	**53,673**
Of which													
Current	*4,864*	*4,219*	*(3,293)*			*853*	*11*		*(1,366)*	*(4,800)*	*1,272*		*1,760*
Non-current	*87, 455*	*30,000*	*(29,161)*	*(108)*	*583*	*(663)*	*17*	*2,482*		*(36,491)*	*(2,273)*	*70*	*51,912*

1) Forsee Power SA had issued €30 million in OC5 convertible bonds to the SPI Fund (€15 million) and to Idinvest (€15 million) in February and May 2020. These bonds were converted on September 28, 2021 into 76,923 shares.

2) EIB financing

   EIB loan of €20 million in 2017 with provision of the first tranche 1 of €7.5 million in March 2018, tranche 2 of €7.5 million in October 2018 and the third and final tranche of €5 million in December 2019. This €20 million loan was repaid in full in June 2021.

   This €20 million EIB loan was accompanied by 6,857 BSA EIB Warrant A issued on March 15, 2018, leading in case of exercise to the issuance of 854,000 ordinary shares.

   A new EIB loan was signed in December 2020 for which tranche A of €21.5 million was disbursed on June 16, 2021 for a period of 5 years. This tranche was accompanied by 3,500 BSA EIB Warrant C issued on June 4, 2021, resulting in the issuance of 386,400 shares if exercised. On September 28, 2021, the Company obtained a prior approval requested from the EIB to be able to carry out the various capital restructuring operations prior to the IPO as well as the IPO itself. In consideration for this approval, the capitalised interest rate applicable to Tranche A of the EIB loan was increased by 0.5% from 4% to 4.5% per year (applicable retroactively). In addition, the EIB required the payment of a restructuring fee of €1,255 thousand, which was paid in December 2021 (see Note 2).

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

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.

3) The state guaranteed loans (PGE) with BNP for €7.5 million and HSBC for €7.5 million were granted in June 2020 at 0%, and renegotiated in March 2021 at 0.75% and 0.31% respectively. The PGE with BNP is repaid quarterly from 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.

4) 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.

5) In June 2021, Forsee Power SA terminated the factoring contract with recourse with BNP. The debts relating to the financing of trade receivables are therefore settled as of December 31, 2021, with only a balance of €2 thousand of guarantees and holdbacks presented in "Other receivables". The amount of receivables assigned and maintained in the statement of financial position amounted to €1,520 thousand as of December 31, 2020, for a net financial debt of €1,382 thousand.

6) As of December 31, 2021, the Group no longer has currency forwards hedging trade payables in dollars. The change in fair value over the year was €29 thousand.

The financial debt maturity schedule is as follows:

in € thousands	**December 31, 2022**	**Due in up to 1 year**	**Due in 1 to 5 years**	**Due in more than 5 years**	**Covenant**
EIB loans	22,581			22,581	Yes
Atout loan from BPI	2,188		2,188		No
State-guaranteed loan from BPI	3,438		3,438		No
State-guaranteed loan from BNP	4,209		4,209		No
State-guaranteed loan from HSBC	4,156		4,156		No
Debts on leased real estate	14,194		3,514	10,680	No
Related-party liabilities	691		691		No
Long-term financial debt	**51,455**		**18,196**	**33,260**	
Atout loan from BPI	1,250	1,250			No
State-guaranteed loan from BPI	1,250	1,250			No
State-guaranteed loan from BNP	1,875	1,875			No
State-guaranteed loan from HSBC	1,875	1,875			No
Fair value hedges related to foreign exchange risk	6	6			No
Accrued interest on financial liabilities	1,065	1,065			No
Debts on leased real estate	1,390	1,390			No
Short-term financial debt	**8,711**	**8,711**			
Gross financial debt	**60,167**	**8,711**	**18,196**	**33,260**	

4.3.7.13 Derivatives on financial instruments

in € thousands	Date of issue	Expiry date	Number of BSA instruments	Number of shares subscribed if the BSA are exercised	December 31, 2022	December 31, 2021
BSA Warrant A for EIB (1)	March 18, 2018	March 15, 2028	6,857	859,263	2,817	4,789
BSA Warrant C for EIB (1)	June 4, 2021	June 4, 2041	3,500	388,761	1,291	2,184
Total			**10,357**	**1,248,024**	**4,108**	**6,972**

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

- 6,857 BSA $_{\text{EIB Warrant A}}$ giving access to 859,263 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 388,761 ordinary shares (AO) issued on June 4, 2021 in addition of the €21.5 million financing.

These share subscription warrants are presented and measured as a derivative liability for the following reasons:

- These share subscription warrants do not fulfil the condition of an equity instrument insofar as their settlement cannot result in a fixed number of company shares;
- These share subscription warrants come with a put option allowing the EIB to have a cash reimbursement for the fair value of the shares not received.

The conversion parities of these warrants into ordinary shares of the Company were updated following the definitive grant of 282,616 free shares (AGA R 2021) at the ordinary general meeting of June 24, 2022, and the grant of 64,000 free shares (AGA 2022) during the Board of Directors' meeting of September 14, 2022.

Changes in 2021 and 2022 are presented in the table below:

in € thousands	December 31, 2022	December 31, 2021
Derivative instruments at beginning of year	**6,972**	**4,457**
Change in fair value recognised in profit or loss	2,865	1,713
Derivative instruments issued (net of costs) (1)	0	2,273
Derivative instruments cancelled following conversion (2)	0	(1,471)
Derivative instruments at end of period	**4,108**	**6,972**

(1) Issue of 3,500 BSA $_{\text{EIB Warrant C}}$ on June 4, 2021 in addition to the €21.5 EIB million financing.

(2) Cancellation of the derivative instrument following the conversion on September 29, 2021 of OC5 into shares of Forsee Power SA.

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			2,817	2,817
BSA Warrant C for EIB			1,291	1,291
Total	**0**	**0**	**4,108**	**4,108**

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	Gross impact on fair value as of December 31, 2022
Forsee Power share price down (25)%	2,101	967	**3,068**
Forsee Power share price up 10%	3,103	1,420	**4,523**

4.3.7.14 Risk management for financial assets and liabilities

4.3.7.14.1 Credit risk management

The Group is exposed to credit risk in the event of late payment by customers or in the event that one of its customers defaults on its obligations, resulting in a financial loss for the Group. The Group ensures that it does not create or maintain any dependency on its customers by diversifying the nature of customers and developing its export market share.

The Group is exposed to limited credit risk as of December 31, 2022 given the financial quality of its main customers.

Management has nevertheless identified an individual credit risk on a customer as of December 31, 2022 relating to the newly developed activity in India.

4.3.7.14.2 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, 2022, 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 (Tranches C and D), both with bullet repayment of the principal five years after the drawdown date.
   Tranche A and B of the financing agreement were used and repaid for Tranche B only.

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 not drawn down at December 31, 2022.

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

2) The Group has factoring programmes with banks Santander and HSBC (cf. Note 3.3.10).
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.

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

in € thousands	**December 31, 2022**	**December 31, 2021**
Overdraft authorisation	0	0
Sub-total credit facilities (a)	**0**	**0**
Cash and cash equivalents	31,014	70,770
Bank overdrafts - Cash liability	0	0
Net liquidity (b)	**31,014**	**70,770**
Total liquidity position (a) + (b)	**31,014**	**70,770**

4.3.7.14.3 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 4.3.2 "Significant events" to limit this risk.

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

4.3.7.14.4 Capital management

On November 26, 2021, Forsee Power SA signed a liquidity contract with an independent investment services firm, Kepler Cheuvreux, to ensure the liquidity of transactions and regular trading of its shares, in accordance with AMF decision no. 2021-01 of June 22, 2021.

This contract covers a period of 12 months with tacit renewal unless terminated.

The contract provides for an overall ceiling of €500 thousand (cash and securities). Nevertheless, additional contributions to the liquidity account may be made when the cash or securities balance appears insufficient to ensure the continuity of the liquidity contract provider's activities.

The cash made available to the investment services company was initially €500 thousand, and no securities were initially made available. The cash available on the liquidity account amounted to €147 thousand as of December 31, 2022, and the total value of the Forsee Power SA shares held amounted to €249 thousand as of December 31, 2022.

Every six months, Forsee Power SA publishes a report on purchases and sales of shares carried out under the liquidity contract.

4.3.7.15 Information about fair value of financial assets and liabilities

4.3.7.15.1 Cash, loans and receivables

The Group considers that the carrying amount of cash, trade receivables, other receivables, accounts payable, other liabilities and various deposits and sureties is a good approximation of the market value as of December 31, 2022, due to the high degree of liquidity of these items and their maturity of less than 12 months.

4.3.7.15.2 Assets at fair value

The Group does not hold any marketable securities as of December 31, 2022.

4.3.7.15.3 Derivative and hedging financial instruments

The Group does not hold any trading derivatives as of December 31, 2022.

At December 31, 2022, the Group had a currency hedge in Japanese yen (¥) using three currency forward contracts in the amount of €2.4 million (¥339 million) to hedge payments from a foreign supplier in the first quarter of 2023.

There was no other currency hedges as of December 31, 2022.

4.3.7.15.4 Financial liabilities at amortized cost

The Group considers that the carrying amount of trade payables is a good approximation of the market value due to the high degree of liquidity of these items.

The market value of long-term and short-term financial debt is determined using the value of estimated future cash flows disbursed, discounted using the interest rates observed by the Group at the end of the period for instruments with similar conditions and maturities.

4.3.7.15.5 Financial instrument report

The market values of financial assets and liabilities measured at fair value correspond to the price that would be received for the sale of an asset or paid for the transfer of a liability in an arm's-length transaction recognized in the principal or most advantageous market on the measurement date. The valuation methods used for financial assets and liabilities by level are as follows:

- Level 1: fair value measured exclusively by reference to prices in active markets;
- Level 2: fair value measured by a model using directly or indirectly observable market parameters;
- Level 3: fair value measured by a model incorporating certain unobservable market parameters;

in € thousands	December 31, 2022	Fair value	Level 1 Unadjusted prices and prices	Level 2 Observable data	Level 3 Unobservable data
Cash and cash equivalents	31,014	31,014	31,014		
Financial instruments not held for trading	0				0
Financial assets at fair value	**31,014**	**31,014**	**31,014**		**0**
Deposits and guarantees paid	632	632			632
Other financial assets	977	977			977
Trade receivables	15,960	15,960			15,960
Other assets	13,501	13,501			13,501
Assets at amortised cost	**31,070**	**31,070**			**31,070**
Derivatives on financial instruments	4,108	4,108		4,108	
Currency hedging derivative	6	6		6	
Financial liabilities at fair value	**4,115**	**4,115**		**4,115**	
Long-term financial debt	51,455	51,455			51,455
Short-term financial debt	8,705	8,705			8,705
Trade payables presented in WCR	20,152	20,152			20,152
Other liabilities	14,721	14,721			14,721
Liabilities at amortised cost	**95,033**	**95,033**			**95,033**

The following methods and assumptions used to estimate the fair value of financial assets and liabilities are presented in Note 3.3.7.

4.3.7.16 Trade payables and advances

in € thousands	December 31, 2022	December 31, 2021
Suppliers	20,152	12,369
Trade payables presented in WCR	**20,152**	**12,369**
Trade payables on IPO	0	1,230
Trade payables	**20,152**	**13,599**

4.3.7.17 Other liabilities

in € thousands	December 31, 2022	December 31, 2021
Customers - Advances and deposits received	3,391	5,282
Social security liabilities (1)	5,487	7,645
Tax liabilities	973	697
Liabilities related to customer contracts (2)	2,668	1,530
Other miscellaneous current liabilities (3)	972	869
Benefit granted on PGE loans with off-market rates	1,025	1,601
Other liabilities presented in WCR	**14,517**	**17,624**
Income tax liability	205	5
Liabilities on acquisitions of fixed assets	0	0
Other liabilities	**14,721**	**17,629**
Of which		
Current	*10,606*	*13,946*
Non-current	*4,116*	*3,683*

1) Of which €56 thousand at December 31, 2022 in employer contributions on free shares (see Note 7.10.3.3);

2) Including €2,285 thousand at December 31, 2022 in deferred income on specific battery guarantee extensions (€1,523 thousand at December 31, 2021).

The change in contract-related liabilities is as follows:

in € thousands	December 31, 2022	December 31, 2021
Contract liabilities at the beginning of the period	**1,530**	**329**
- Liabilities on contracts assumed following the fulfilment of performance obligations over the period		
- Liabilities on contracts cancelled following cancellation of the contract		
+ Performance obligations not achieved on new contracts during the period	1,202	1,283
+/- Discount and translation effects	(63)	(81)
Liabilities on contracts at end of period	**2,668**	**1,530**

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

3) Of which €699 thousand at Zhongshan Forsee Industry Ltd (compared with €383 thousand at December 31, 2021) and €260 thousand at Zhongshan Forsee Development (compared with €314 thousand at December 31, 2021).

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.

4.3.7.18 Deferred taxes

Deferred taxes are broken down by timing differences as follows:

in € thousands	December 31, 2022	December 31, 2021
Temporary tax differences	(90)	27
Provisions for retirement benefits	102	45
Restatement of IFRS 16 - Leases	134	120
Capital increase costs	0	0
Borrowing costs at effective interest rate	8	9
Internal margins on inventory	91	56
Other temporary differences	(100)	111
Recognition of tax loss carryforwards	0	0
Total net deferred taxes	**146**	**368**

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, 2022 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 recognised in the financial statements for Forsee Power amounted to €175,910 thousand (i.e. €43,977 thousand in unrecognised DTA) at December 31, 2022 compared with €144,547 thousand (i.e. €36,137 thousand in unrecognised DTA) at December 31, 2021.

As of December 31, 2021, Zongshan Forsee Power Industry had a total of RMB 10,837 thousand tax loss carryforwards (i.e. €1,506 thousand). These tax loss carryforwards were not recognised as DTA of €286 thousand in the financial statements at December 31, 2021. These tax loss carryforwards were fully offset against the 2022 tax result, leading to a tax saving of €291 thousand in China.

Other foreign tax entities located in China (Zongshan Forsee Power Development), India (Forsee Power India) and the United States (Forsee Power North America Inc and Forsee Power Inc) have a specific tax regime limiting the carry forward of tax losses.

Changes in deferred taxes recognized in profit or loss and in equity are as follows:

in € thousands	December 31, 2022	December 31, 2021
Deferred tax assets at beginning of year	**373**	**468**
Expense recognised in comprehensive income	(209)	(252)
DTAs on capitalised leases	0	146
DTA/DTL offset by tax entity	173	0
Other	(14)	11
Deferred tax assets at end of year	**323**	**373**
Deferred tax liabilities at beginning of year	**5**	**5**
Expense recognised in comprehensive income	0	0
DTA/DTL offset by tax entity	173	0
Other	0	0
Deferred tax liabilities at end of year	**178**	**5**

in € thousands	December 31, 2022	December 31, 2021
Deferred taxes at beginning of year	**0**	**0**
Deferred tax on capital increase costs	0	(1,753)
Deferred tax not recognised in OCI	0	1,753
Deferred tax at end of year	**0**	**0**

4.3.8 Information relating to items in the consolidated statement of comprehensive income

4.3.8.1 Revenues

in € thousands	December 31, 2022	December 31, 2021
Sales of goods	108,784	71,032
Service delivery	1,370	1,178
Other activities	864	213
Total	**111,018**	**72,423**

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, 2022	December 31, 2021
Order book at the beginning of the period	**54,601**	**49,823**
- Opening commitments whose services were performed over the period and recognised as revenue	(54,601)	(49,035)
- 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	173,448	76,892
- Firm offers signed during the period recognised as revenue	(56,418)	(23,080)
Order book at end of period	**117,031**	**54,601**
Provisional timetable for revenue recognition		
Expected completion in 2022		54,149
Expected completion in 2023	116,111	452
Completion expected in 2024 and beyond	920	0
Total order book at end of period	**117,031**	**54,602**

4.3.8.2 Other operating income and expenses

in € thousands	December 31, 2022	December 31, 2021
Operating grants	0	0
Gains or losses on disposals of fixed assets	0	(396)
Directors' fees	(285)	(57)
Miscellaneous charges in China on material and equipment	0	(426)
Holiwatt negative goodwill	0	28
Miscellaneous management expenses	(140)	(190)
Other operating income and expenses	**(430)**	**(1,042)**

4.3.8.3 External services and purchases consumed

in € thousands	December 31, 2022	December 31, 2021
Purchases consumed, including foreign exchange gains and losses on purchases	(82,970)	(56,843)
Fees, external services	(4,446)	(3,058)
Leases, maintenance and insurance	(1,984)	(2,349)
Transport, travel and conference expenses	(3,558)	(2,426)
Study and research costs	(1,209)	(905)
Post and telecommunications expenses	(250)	(280)
Subcontracting (1)	(666)	(26)
Other	(219)	(122)
External services and purchases consumed	**(95,302)**	**(66,008)**

1) Part of the Research Tax Credit (CIR) income is presented as a deduction from the subcontracting expense for €53 thousand at 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), and for €942 thousand at December 31, 2021 (of which €282 thousand for the 2020 financial year, €354 thousand for the 2019 financial year and €306 thousand for the additional request for the 2018 financial year).

4.3.8.4 Personnel costs and headcount

in € thousands	December 31, 2022	December 31, 2021
Personnel costs		
Remuneration (1)	(19,641)	(15,893)
Social security contributions (2)	(6,454)	(4,594)
Other short-term benefits	(414)	(262)
Defined benefit plan service costs	(54)	(49)
Costs of share-based payments	(3,389)	(5,556)
Employer contributions on share-based payments	(134)	(1,143)
Employee profit-sharing	0	0
Additional requests for the 2018 and 2019 research tax credit (3)	0	884
Total	**(30,086)**	**(26,613)**
Average full-time equivalent workforce		
Managers	243	202
Non-managers	395	395
Total	**638**	**597**

1) Part of the Research Tax Credit (CIR) income is presented as a deduction from the remuneration expense for €727 thousand at December 31, 2022 (of which €476 thousand for expenses incurred in 2022 and €275 thousand for expenses incurred in 2021), and for €219 thousand at December 31, 2021 (expenses incurred in 2020).
2) Part of the Research Tax Credit (CIR) income is presented as a deduction from social security charges 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), and for €159 thousand at December 31, 2021 (expenses incurred in the 2020 financial year).
3) Research Tax Credit income relating to additional claims for the 2018 financial year for €410 thousand and for the 2019 financial year for €474 thousand.

4.3.8.5 Taxes and duties

in € thousands	December 31, 2022	December 31, 2021
Taxes based on salaries	(476)	(453)
Other taxes	(295)	(454)
Taxes and duties	**(771)**	**(906)**

4.3.8.6 Depreciation, amortization and provisions allocations and reversals

in € thousands	December 31, 2022	December 31, 2021
Amortisation and impairment of intangible assets	(4,271)	(2,307)
Depreciation of right-of-use assets for property, plant and equipment	(1,312)	(1,123)
Depreciation and impairment of property, plant and equipment	(3,507)	(1,332)
Provisions for risks and charges	(1,854)	1,097
Net impairment of inventories and receivables	(3,599)	(172)
Net charges	**(14,543)**	**(3,837)**

4.3.8.7 Non-current operating income

in € thousands	December 31, 2022	December 31, 2021
Non-capitalised expenses on capital increase and IPO	0	(788)
Other non-current income and expenses	(0)	0
Non-current operating income	**0**	**(788)**

4.3.8.8 Net financial income (expense)

in € thousands	December 31, 2022	December 31, 2021
Financial income received on financial assets	2	0
Financial income	**2**	**0**
Interest expense on borrowings	(2,982)	(5,468)
Cost of gross financial debt	**(2,982)**	**(5,468)**
Foreign exchange gains and losses	398	647
Net impairment of financial assets measured at amortised cost	0	(1)
Change in fair value of derivatives (1)	2,865	(1,714)
Discounting expense on non-current assets and liabilities or over 12 months	(746)	0
Charge for effective interest rate on financial liabilities (EIR) (2)	(1,293)	(3,375)
Interest expense on lease liabilities	(365)	(334)
Bank charges and fees (3)	(232)	(1,562)
Other financial income	42	17
Benefit granted on PGE loans with off-market rates	585	598
Other net financial income and expenses	**1,254**	**(5,723)**
Net financial income (expense)	**(1,726)**	**(11,192)**

1) Of which, at December 31, 2022, a €1,972 thousand change in fair value on the BSA $_{\text{EIB Warrant A}}$ derivative and a €893 thousand change in fair value on the BSA $_{\text{EIB Warrant C}}$ derivative (see Note 7.14). The change in fair value was €(1,805) thousand on the BSA $_{\text{EIB Warrant A}}$ derivative and €90 thousand on the BSA $_{\text{EIB Warrant C}}$ derivative.

2) Of which, at December 31, 2022, for €(1,262) thousand in financial expenses on the EIB loan of €21.5 million (Tranche A) issued in June 2021

   Including at December 31, 2021 €(1,235) thousand) in financial expenses following the early repayment in June 2021 of the €20 million EIB loan taken out in 2017, €(738) thousand in financial expenses on the OC5 loan until September 28, 2021, and €(1,387) thousand in financial expenses on the €21.5 million EIB loan (Tranche A) issued in June 2021.

3) Including a penalty of €(1,250) thousand paid to the EIB in 2021 to obtain the agreement of September 28, 2021 to waive the early repayment waiver following the subscription to new financial debt.

4.3.8.9 Corporate income tax

in € thousands	December 31, 2022	December 31, 2021
Current taxes	(189)	0
Deferred taxes	(209)	(134)
Tax expense	**(398)**	**(134)**

The tax proof for the 2021 and 2022 financial years is as follows:

in € thousands	December 31, 2022	December 31, 2021
Theoretical tax expense (at the rate in force)	8,043	9,491
Actual tax expense	(398)	(134)
Difference	**8,440**	**9,625**
Permanent differences on share-based payments	847	1,389
Other permanent differences	(42)	(252)
Tax credits (CIR)	(520)	(559)
Derivatives on financial instruments	(393)	1,230
Tax rate adjustment in France (balance sheet method)	0	
Non-deductible and unrecognised financial expenses	0	97
Tax loss for the period not recognised on the balance sheet	8,890	9,653
Use of prior tax losses not recognised on the balance sheet	(291)	
Difference in rates between countries	(52)	
IPO and other capital increase costs	0	(1,820)
Other differences	1	(114)
Total	**8,440**	**9,625**

4.3.9 Information relating to items in the consolidated statement of cash flows

4.3.9.1 Depreciation, amortisation, provisions and impairment

in € thousands	December 31, 2022	December 31, 2021
Net allocations to fixed assets	7,778	3,639
Net allocations to right-of-use assets for property, plant and equipment	1,312	1,123
Net allocations to provisions for risks and charges	1,854	(1,074)
Charges to defined benefit plan service costs	54	49
Net impairment of financial assets	0	(1)
Net charges	**10,998**	**3,736**

4.3.9.2 Working capital requirement

in € thousands	Notes	December 31, 2021	WCR	Discounting effects and other non-cash effects in WCR	Currency translation effects	December 31, 2022
Net inventories	7.5	28,417	9,288		(229)	37,476
Net trade receivables	7.6	10,571	5,496		(108)	15,960
Other assets	7.7	13,330	(6,526)	3,648	111	10,563
Trade payables	7.16	(12,369)	(2,374)	(5,529)	119	(20,152)
Other liabilities	7.17	(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)	7.7 and 7.17	2,485	1,000	(759)	8	2,734
of which CIR		*2,237*	*2,078*	*(617)*		*3,698*
Tax expenses recognised	8.9	(134)	398			(398)
Total changes in tax			**(823)**	**(759)**	**8**	

(1) Including €3,698 thousand in research tax credits (2019, 2020, 2021 and 2022) as of December 31, 2022. 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, 2020	WCR	Discounting effects and other non-cash effects in WCR	Currency translation effects	December 31, 2021
Net inventories	7.5	28,284	(408)	100	441	28,417
Net trade receivables	7.6	8,605	1,995	(161)	132	10,571
Other assets	7.7	8,843	4,837	92	(442)	13,330
Trade payables	7.16	(8,684)	(3,003)	(295)	(386)	(12,369)
Other liabilities	7.17	(13,438)	(3,778)	(123)	(285)	(17,624)
Total		**23,610**	**(357)**	**(387)**	**(540)**	**22,327**

in € thousands	Notes	December 31, 2020	Change and impact on income	Reclassification	Currency translation effects	December 31, 2021
Change in deferred tax	7.19	463	(106)	37	(27)	368
Change in corporate tax receivables and payables	7.7 and 7.17	330	2,178	(21)	(1)	2,485
of which CIR			*2,237*			*2,237*
Tax expenses recognised	8.9	(3,711)	134			(134)
Total changes in tax			**(31)**	**16**	**(28)**	

4.3.9.3 Cash flow used in acquisitions of fixed assets

in € thousands	December 31, 2022	December 31, 2021
Acquisition of intangible assets	(4,351)	(4,433)
Acquisition of property, plant and equipment net of advances and prepayments	(4,441)	(4,630)
Acquisition of financial assets	(364)	(298)
Total investments	**(9,156)**	**(9,361)**
Debt on acquisition of fixed assets	0	0
Net cash flows used in acquisition of fixed assets	**(9,156)**	**(9,361)**

4.3.9.4 Capital gains/losses on disposals of fixed assets

in € thousands	December 31, 2022	December 31, 2021
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	383
Capital gains/losses on disposals of fixed assets	**0**	**384**

4.3.9.5 Cash flows from disposals of fixed assets

in € thousands	December 31, 2022	December 31, 2021
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	
Net cash flows from fixed asset disposals	**0**	**0**

4.3.9.6 Cash flows from changes in the scope of consolidation

in € thousands	December 31, 2022	December 31, 2021
Acquisition on 31 May 2022 of NEoT Capital shares from Mitsubishi Corporation	(2,292)	
Cash subscription to the NEoT Capital increase of 30 June 2022 (1)	(1,058)	
Acquisition costs on securities		
Holiwatt acquisition		(700)
Net cash flows from changes in the scope of consolidation	**(3,350)**	**(700)**

(1) Payment on July 9, 2022 of the cash subscription of €1,058 thousand;

4.3.10 Other information

4.3.10.1 Events after December 31, 2022

There are no significant events after the closing date of December 31, 2022.

4.3.10.2 Relations with related parties

4.3.10.2.1 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, 2022	December 31, 2021
Salaries and other short-term benefits	3,256	2,830
Post-employment benefits	11	59
Other compensation	0	0
End of contract bonuses	0	7
Share-based payments	2,757	5,253
Directors' fees	285	53
Compensation of key executives	**6,310**	**8,202**

At its meeting of June 24, 2022, the ordinary general meeting approved the compensation policy for corporate officers, particularly as regards:

1) An annual remuneration package for corporate officers in the amount of €450 thousand for 2022;
2) A definitive grant of 282,616 free shares (AGA R 2021) in respect of 2021 remuneration following the decision of the Board of Directors on April 6, 2022 and the opinion of the Appointments and Remuneration Committee of April 1, 2022.

4.3.10.2.2 Transactions with related parties

in € thousands	December 31, 2022	December 31, 2021
Receivable from NEoT CAPITAL	0	183
Trade receivables with shareholders	65	239
Financial debt to shareholders	(691)	(331)
Total statement of financial position items	**(626)**	**91**
Salaries and other short-term benefits	(3,256)	(2,830)
Share-based payments	(2,757)	(5,253)
Fees	(130)	(123)
Purchases	(65)	(25)
Interest charges on current account	0	(2,679)
Revenues	781	534
Interest income on receivables with NEoT CAPITAL	10	15
Total income statement items	**(5,417)**	**(10,361)**

Related parties of the Forsee Power Group are defined in Note 3.3.32.

Material non-arm's length transactions with related parties recognised in regulated agreements during the 2022 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, optimised 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 €57,000 during the financial year ended 31 December 2022.

- **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 a Service Agreement dated 7 April 2022 with Mitsui & Co., Ltd., relating to the market potential with MACA PTY Ltd.

  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. for the electrification of its transport trucks.

  In consideration of the performance of the tasks as defined in the agreement, Forsee Power will invoice Mitsui & Co., Ltd. on the basis of a fixed price of €15,000.

  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 agreement took effect on 7 April 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 & Co. Ltd.**

  Forsee Power SA entered into a Service Agreement dated 1 July 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 THIESS for the electrification of its transport trucks.

  In consideration of the performance of the tasks as defined in the agreement, Forsee Power SA will invoice Mitsui & Co., Ltd. on the basis of a fixed price of €15,000.

  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 agreement took effect on 1 July 2022 and will expire upon completion by Foresee Power 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 1 March 2022 to 28 February 2023, will be tacitly renewed for periods of twelve months at a time from 1 March 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 24 July 2020. This agreement was renewed by tacit agreement, for a period of 12 months, and continued from 24 October 2021 to 23 October 2022, before being renewed from 24 October 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, 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 Forsee Power SA €130,000 during the financial year ended 31 December 2022.

- **Collaboration Agreement entered into with Mitsui & Co., Ltd.**

  Forsee Power SA entered into a Collaboration Agreement with Mitsui & Co., Ltd. dated 27 September 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, taking into account the financial impact for the Forsee Power Group.

  This agreement continued in the 2022 financial year.

4.3.10.3 Off-balance sheet commitments

The commitments at December 31, 2022 are as follows:

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

  On July 25, 2022, Forsee Power Inc. signed a lease agreement for a 12,820 m^2 industrial building located in Hilliard on the outskirts of the city of Columbus, Ohio. This lease is for an initial term of November 1, 2022 to January 31, 2033 and may be renewed twice for a period of 5 years.

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

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

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

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

- ***Bank financing line of €9 million and pledge on inventory***

  In June 2021, Forsee Power SA obtained a €9 million credit line from a banking pool for its subsidiary Zhongshan Forsee Power Industry (ZFI). This credit line is guaranteed by a pledge on inventory of €11.7m for the period June 30, 2021 to June 30, 2022. (see Note 3.3.10(e)).

  This €9 million bank credit facility was not extended beyond June 30, 2022.

  At the closing date of the financial statements, Management is studying the renewal of this financing.

- ***Precarious lease in Ecully***

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

- ***SBLC letter of credit to a foreign supplier and cash pledge***

  The SBLC Documentary letter of credit in the amount of $7,000 thousand to a foreign supplier was cancelled in November 2022 following the granting of sufficient cover by a credit insurer of the foreign supplier. The cancellation of the SBLC led to the return on December 1, 2022 of the cash pledge of $4,500 thousand (i.e. €4,305 thousand).

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

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

- ***Guarantees granted to Mitsui & Co***

  Pursuant to a contract called the Investment Agreement entered into on December 18, 2017, Forsee Power SA has granted guarantees in favour of Mitsui & Co., Ltd. If any statement in the guarantee proves to be inaccurate, Forsee Power SA has undertaken to compensate Mitsui & Co., Ltd. for the damage suffered through either (i) a payment or (ii) a share issue reserved for Mitsui, upon exercise of the BSA_G held by Mitsui (up to a maximum of 52,748 new shares). Following the cancellation of the BSA_G by decision of the Shareholders' Meeting of September 28, 2021, Mitsui & Co, Ltd. could only seek compensation for any damage caused through the payment by the Company of an indemnity to its benefit. No such claim has been received by Forsee Power SA as of the date of approval of the financial statements (April 5, 2023). 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).

4.3.10.4 Statutory auditor's fees

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

1) Includes specific audits performed at the request of the Group in countries where statutory audits are not required (China, India).

in € thousands	December 31, 2021			
	Deloitte & Associés	**Jean Lebit**	**Other**	**Total**
Fees relating to statutory audit, certification and review of individual and consolidated financial statements	**119**	**25**	**23**	**167**
Issuer	*115*	*25*	*0*	*140*
Fully consolidated subsidiaries (1)	*4*	*0*	*23*	*27*
Fees for services required by law	**302**	**0**	**2**	**304**
Total statutory audit and service certification assignments	**421**	**25**	**25**	**471**
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	**436**	**25**	**25**	**486**

Excl. VAT and charges

4.4 Statutory Auditors' report on the consolidated financial statements for the December 31, 2022

For the year ended December 31, 2022

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, 2022.

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, 2022 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, 2022 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.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Recognition of fixed assets relating to development costs

Notes 3.1.2, 3.3.3 and 7.2 to the 2022 consolidated financial statements

Risks identified and main judgments

For the year ended December 31, 2022, project development costs, including ongoing development costs, corresponded to:

- A net carrying amount of €13.3 million,
- Total capitalised expenses of €3.8 million for the year,
- Amortisation of -€3.8 million,
- Total development costs of -€5.5 million capitalised over the period.

The Forsee Power Group capitalises its development costs once the capitalisation criteria defined by IAS 38 are satisfied and it is probable that the developed project will generate future economic benefits. The capitalisation of development costs 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 capitalise the corresponding costs;
- The measurement of costs likely to be capitalised during project development phases;
- The life and amortisation periods adopted for these projects;
- Indications of losses 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 ongoing projects to validate new projects that could satisfy capitalisation criteria,
- Verifying, based on a selection of projects, that the conditions for project capitalisation 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 the estimate of the development costs incurred for eligible projects capitalised in the company's accounts, 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, 2022 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 amortisation period adopted according to the forecast life of the capitalised 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 2022 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 totalled €0.7 million as of December 31, 2022, and correspond to the valuation of customer penalty or litigation risks, and in particular the litigation with UNU GmbH presented below which amounts to €0.4 million as of December 31 2022.

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: UNU GmbH summoned Forsee Power to appear before the Lyon Court. Aa judicial expert appraisal is ongoing to determine the cause of the fire.

- Finally, three summons for compulsory intervention by UNU GmbH were launched in Germany in 2022 for other facts having caused material damage and/or bodily injury.

- 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 €0.4 million provision recognised 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 at the year-end.

How our audit addressed this risk

We analysed all the items made available to us regarding the disputes between the Forsee Power SA Group and UNU GmbH with respect to damages suffered as a result of battery incidents or fires and in particular we:

- Examined the various summons and rulings relating to the ongoing proceedings in this litigation;
- Reviewed the risk estimates made by Management and compared them with information shown in a letter from the lawyer in charge of the case following our confirmation requests for this litigation as well as the internal memo prepared by the company.
- 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 17 December 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 30, 2017 for Deloitte & Associés and December 8, 2018 for Jean Lebit.

As of December 31, 2022, Deloitte & Associés was in its sixth year of uninterrupted engagement, and Jean Lebit was in its fifth year of uninterrupted engagement, which was the second 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 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 5, 2023.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and Audit Approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore.

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Sarcelles, April 19, 2023

The Statutory Auditors

French original signed by

Deloitte & Associés	Jean LEBIT
Thierry QUERON	

5

NON-FINANCIAL PERFORMANCE STATEMENT (NFPS)*

5.1 Edito

2022 was marked by the war in Ukraine and its consequences on the energy market and the economy as a whole.

Motivated by recent inflation and the consequences of two years of pandemic, governments have implemented a series of measures to reduce energy consumption, decarbonise and relocate production. These unprecedented measures and plans – such as the Inflation Reduction Act with its nearly $370 billion budget – will likely accelerate CO2 emissions reductions with the goal of reaching a Net Zero scenario by 2050.

More than ever, we are convinced of the impact of zero-emission mobility and the importance of developing products that are as carbon-free as possible, through eco-friendly design and a more virtuous supply chain, driven by our IMPACT sustainable development strategy.

Forsee Power's impact is all the more significant as the Group’s technologies target collective mobility applications (bus, train) and light mobility, most of which operate in intensive commercial use (public transport, shared fleets, urban and agricultural work), thus significantly reducing emissions compared to the use of private cars or heavy-duty thermal vehicles.

Industrial sovereignty issues are omnipresent, and we are pleased to have had the most local approach possible since the Group was created. 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 ultimately enable us to decarbonise our products and the battery sector.

During 2022, Forsee Power strengthened its supply chain control processes. We developed an ESG questionnaire for our suppliers, based on best practices, and launched our first third-party ESG audit of an electrochemical cell supplier.

We consolidated our product lines by offering additional eco-designed zero-emissions solutions with increased energy density and lifespans. Retrofitting, i.e. converting combustion engine vehicles into electric vehicles, has also emerged as a real accelerator for decarbonisation of transport, and the Group has positioned itself with several players to supply suitable battery systems.

The teams have invested in improving environmental management systems with significant progress on reducing waste at production sites, working with our suppliers and our customers to maximise the use of reusable packaging. The French sites of Ivry-sur-Seine and Chasseneuil-du-Poitou have also obtained ISO 14001 certification, in addition to our already certified sites in Poland and China.

All the sites recorded very satisfactory results in terms of safety; regular and collaborative training and information operations have helped increase skills and maturity.

Finally, our sustainable development performance was recognised by a Gold medal from the EcoVadis rating agency and by an exemplary level awarded by EthiFinance.

2022 is a transition year for non-financial reporting with the introduction of alignment with the European Green Taxonomy, the results of which we publish in this report. The publication of the CSRD by the European Commission at the end of 2022 will also allow us to prepare our reporting processes to comply with the new regulation, with the monitoring of new indicators from 2023.

In 2023, we will determine the guidelines of our decarbonisation roadmap and define the new Impact sustainable development roadmap. We will also focus on employee satisfaction, the representation of women in management positions, strengthening our duty of care, while supporting the United States in the start-up of the operations scheduled for the end of 2023.

Sophie Tricaud
Vice President of Communication, Public Affairs and Sustainable Development

5.2 Sustainable development at the heart of the business model

5.2.1 Business model

Sustainability is a key component and a driver of Forsee Power's business model. The Group enables a low-carbon, circular industry by providing the most comprehensive range of battery systems and financing solutions for the electromobility markets. The targeted markets are mainly collective mobility applications (bus, train), 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
We believe that smart battery systems can mitigate climate change by promoting sustainable, zero-emission tailpipe 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	Innovation and research capacity	Global sales and industrial presence	Reference shareholders	Responsible governance
638 employees 22 nationalities 42% women 63% of employees trained	3 R&D centres >100 R&D engineers Lithium-ion NMC, LTO, LFP, LiCap	5 production sites 3 GWh capacity 5 maintenance centres +25 sales offices Cell supplier partnerships	MITSUI & CO. BALLARD EURAZEO bpifrance	Diversity and complementarity of skills within the Board of Directors

A SUSTAINABLE APPROACH THROUGHOUT THE BATTERY VALUE CHAIN

FORSEE POWER

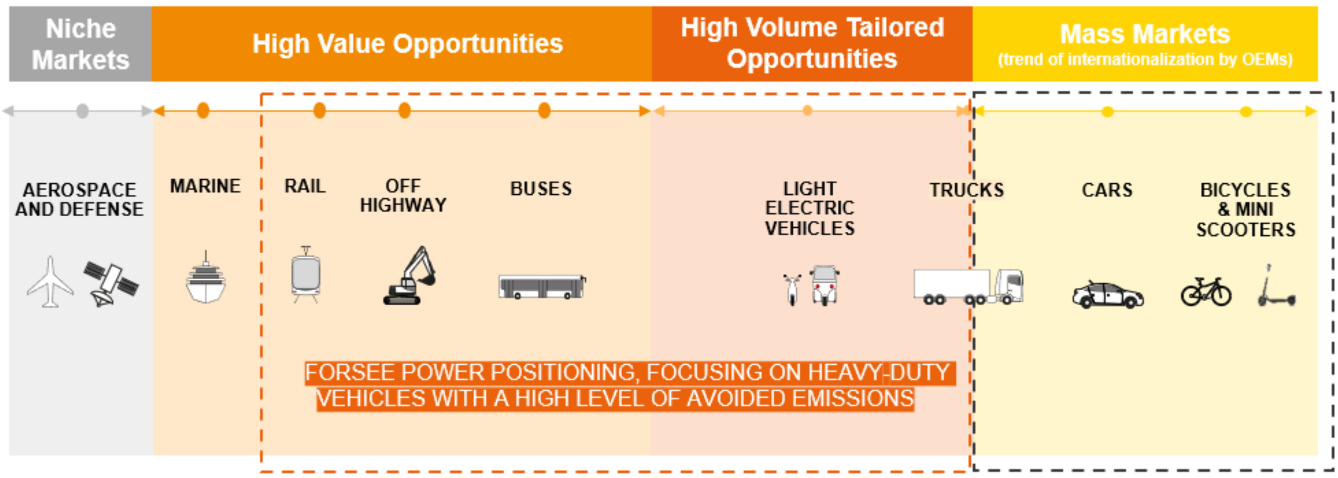
FORSEE POWER'S SOLUTIONS TO CHALLENGES OF ELECTROMOBILITY

- 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 decarbonisation of transport and adopting smarter consumption behaviours

Policies

Establishing a robust and transparent governance system

Contribution to the SDGs

Signatory

ESG assessments

EthiFinance

5.3 From material issues to the CSR approach

5.3.1 Methodology for establishing materiality

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

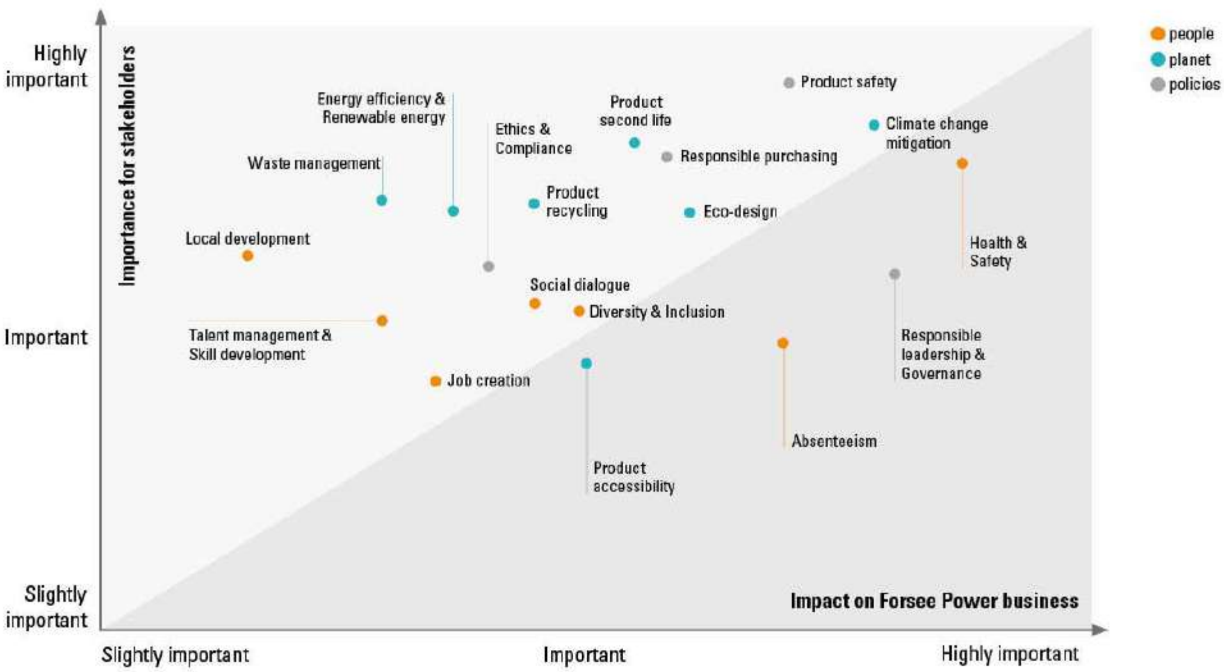
Subsequently, the team carried out a quantitative assessment in the form of online questionnaires. The first questionnaire asked key stakeholders to rate the importance of each issue on a scale of 1 to 5 (from not very important to very important).

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

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

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

Materiality matrix



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

5.3.2 Risks associated with the identified material issues

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

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

POLICIES

Themes	Areas of engagement	Risks & Opportunities	Policies Sustainable development	Key performance indicators	Material issues
POLICIES	Establishing a robust and transparent governance system	Failure of the governance system or practices that breach market ethical standards	Formalised CSR governance system[39] Ethical measures and employee code of conduct Signature of the Global Compact and application of the 10 principles	100% of employees made aware of the code of conduct 100% of employees having signed the code of conduct	Leadership and responsible governance Ethics and compliance 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	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		
		Risk of loss of sensitive data and IT system security, data breaches or cyberattacks	Internal rules incorporating the IT charter Information Systems Security Policy (ISSP) Virtual cybersecurity classes and awareness campaigns	100% of employees made aware and 80% of employees trained in cybersecurity	
		Human rights and environmental abuses in the supply chain	Code of conduct Supplier code of conduct Responsible Purchasing policy Supplier assessments and audits	89.90% of suppliers of production components having signed the code of conduct[40]	
		Securing the supply chain by building supplier loyalty through responsible purchasing practices	Responsible Purchasing policy		
	Ensuring the safety of the end users of the products[39]	Product quality defects that may compromise user safety	Quality policy Customer training through the Forsee Academy Product certification and product quality tests Cooperation with SDIS86[41] experts		Product safety

[39] As of the date of this document, the Company is in the process of defining processes that will enable it to monitor a performance indicator (KPI) in this area.
[40] The Company plans to ask its suppliers to undergo the EcoVadis assessment, in addition to Forsee Power's ESG questionnaire and possible third-party audits.
[41] SDIS86: Vienne Departmental Fire and Rescue Service.

PEOPLE

Themes	Areas of engagement	Risks & Opportunities	Policies Sustainable development	Key performance indicators	Material issues
PEOPLE	Creating value for employees and communities	Difficulties in finding and retaining the talent needed to support the Group's strong growth	Human resources management procedure Internal mobility charter Annual internal satisfaction survey 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%	Job creation Local development Talent management and skills development
		Mismatch of skills and know-how with needs, due to shortcomings in the system for assessing, developing and valuing skills	Human resources management procedure Training plan Strategic workforce planning approach Human Resources policy	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	
		Non-compliance with the principles of diversity and equality and failure to combat discrimination and harassment Promoting new jobs related to the battery industry	Code of conduct Human Resources policy Work-study programmes and partnerships with schools and universities	46% women on the Board of Directors 23% women managers 9 work-study contracts Gender equality index: 79/100	Diversity & inclusion
		Harm to health and safety of people at work related to workplace accidents or psychosocial risks and occupational diseases	Promoting a strong HSE culture HSE training for employees Harassment whistleblower procedure	Accident frequency rate: 5.26 Accident severity rate: 0.02 3.14% 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	Social dialogue
		Innovating by working with universities and schools in the battery sector Training customers and operators in battery professions	Partnerships with colleges and universities Forsee Academy	Research and PhD programmes	Diversity & inclusion

PLANET

Themes	Areas of engagement	Risks & Opportunities	Policies Sustainable development	Key performance indicators	Material issues
PLANET	Developing products with an optimised environmental footprint that contribute to decarbonisation of transport	Restriction of access to resources, procurement difficulties, increase in production costs	R&D policy integrating an eco-design approach aimed at developing efficient and sustainable technologies and extending the life cycle of batteries through second life applications Financing solutions to speed up energy transformation in transport Calculation of the carbon footprint	73% recyclability of the Zen 35 product in 2021[42] 517,575 tCO2eq of emissions avoided thanks to products + absence of fine particle emissions (e.g., vs diesel ICE bus) 67% of production sites ISO 14001-certified 133 tCO_2eq scope 1 in 2022 940 tCO_2eq scope 2 in 2022 30,872 tCO_2eq scope 3 in 2021[43] 2,497.82 MWh total energy consumption 7.73 kWh energy consumed per kWh produced 3,913.24 kWh energy consumed per FTE 5.23% of renewable energy in energy consumption 256.46 tonnes of waste generated by Forsee Power 72% of waste recovered or recycled	Eco-design of products Product recycling
		Increased regulatory constraints on design or end of life, which may generate compliance costs			
		Seizing opportunities in future markets and anticipating regulations to optimise the environmental footprint of batteries			
		Decarbonising transport - Contributing to improved air quality in cities through the contribution of products and solutions to the development of electromobility			
		Increasing the economic value of products, creating new commercial opportunities thanks to the reuse economy and removing the end-of-life barriers to the development of electric batteries			Second life of the product
	Adopting smarter consumption behaviours	Failure to control GHG emissions from operations and serious environmental damage in the manufacture of products	EMS ISO 14001 Optimisation of energy consumption Installation of renewable energy production and negotiation with energy suppliers Product end-of-life management Waste recycling		Climate change mitigation Energy efficiency & renewable energy Waste management
		Extending the life of transport batteries in stationary energy storage applications			

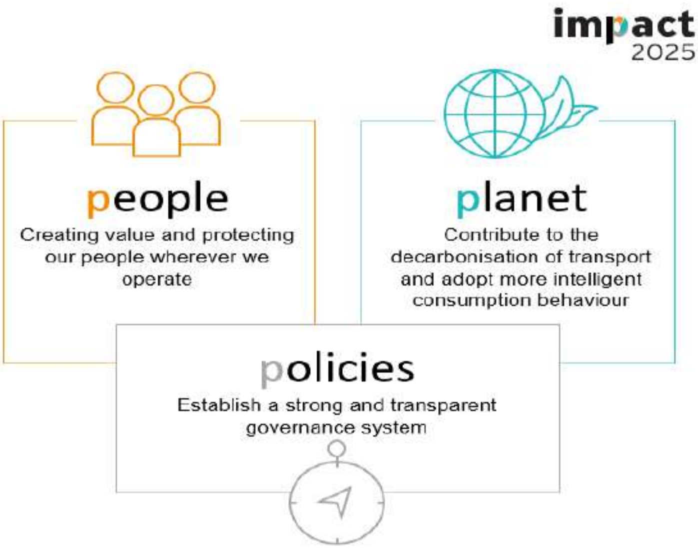
[42] *This technology accounted for the majority of sales in 2021. The Company began working with its suppliers in 2022 to receive recycling reports on most of its products.*

[43] *It should be noted that this scope 3 calculation includes the upstream and downstream chain of the Company's products, in particular the emissions related to the extraction of metals and/or minerals used to manufacture batteries.*

5.3.3 A sustainable development roadmap aligned with material issues and risks

In 2019, Forsee Power developed its sustainability strategy and defined three priority areas and a roadmap with targets for 2025. In 2020, the Group incorporated the founding principle of governance into its 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 associated risks and opportunities have led the Group to change the structure of this strategy. With the aim of reflecting a systemic view of environmental and climate impacts, whether associated with the product and service offering or the way the company operates, the Group has taken the decision to merge the Climate and Environment pillars into a new pillar called "Planet".

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



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

Sustainable development roadmap to 2025

Main objective	Performance Indicator (KPI)	Definition	2021	2022	2025 objective
People **Reduction in absenteeism and workplace accidents**	1. Absenteeism rate	Absenteeism does not take paid leave or maternity leave into account Number of hours absent / Number of hours worked	3.01%	3.14%	**3.8%**
	2. Severity rate	Number of working days lost due to workplace accidents x 1,000 / number of hours worked	0.05	0.02	**0**
People **Better representation of women in the company**	3. Percentage of women on the Board of Directors	Number of women on the Board of Directors / number of members of the Board of Directors x 100	46%	46%	**40% - 60%**
	4. Percentage of female managers	By manager, we mean any person who administers and coordinates a group of one or more individuals to accomplish a task Total number of female managers / total number of managers	20%	23%	**40% - 60%**
Policies **More responsible purchasing management**	5. Establishment of a supplier code of conduct	Availability of the supplier code of conduct on human rights and labour, environment and governance issues	Yes	Yes	**Yes**
	6. Percentage of production component suppliers that have signed the code of conduct	Number of production component suppliers that have signed the supplier code of conduct / Number of production component suppliers x 100	85.50%	89.90%	**100%**
Planet **Better consumption and waste recycling**	7. Weight of waste per kWh produced	Total weight of waste (kg) / Production (kWh)	1.89kg	0.79kg	**TBD**[44]
	8. Waste recovery or recycling rate (excluding organic waste)	Total weight of waste recycled and recovered (kg) / Total weight of waste (kg)	74%	72%	**100%**
Planet **Reduction of CO_2 emissions**	9. Share of CO_2 emissions from air transport among all transport for purchases	Sum (tCO_2eq) transport by air / Total sum (tCO_2eq) transport x 100	24%	23%	**5%**
	10. Share of renewable energy in energy consumption	Total renewable energy consumption (kWh) / Total energy consumption (kWh) x 100	19.80%	5.23%	**50%**

[44] *The objective will be defined in 2023 as production sites become more mature, with some diversifying into production, with relocations planned for 2023.*

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

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

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

EthiFinance
Double Materiality Agency

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

In 2021, Forsee Power responded for the first time to the EthiFinance questionnaire, and obtained a score of 72/100, corresponding to an "advanced+" level of maturity with regard to its ESG performance for 2020.

In 2022, the Group was rewarded for its efforts by obtaining a total score of 77/100 for its 2021 performance, corresponding to an "exemplary" level on the ESG maturity rating scale.
This level of maturity is 32 points higher than that observed in comparable companies.

ecovadis

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

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

By integrating the development priorities identified during the previous assessment, combined with the Group's strategy, the actions carried out in 2021 enabled the Group to increase its EcoVadis score by 10 points to 70/100 in 2022.

The Group was awarded the gold medal for its ESG performance, placing it in the Top 5% of companies assessed by EcoVadis and the Top 2% of companies in the battery sector.

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

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

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

CSR governance and role of the various bodies

Board of Directors:

- It has 13 members and meets four times a year

ESG Committee:

- It has 3 members and meets four times a year

Executive Committee:

- It has 12 members including the department in charge of sustainable development
- Members also act as sponsors of ESG objectives

Sustainable development department:

- It has 2 members : Vice President Public Affairs & Sustainability and ESG Analyst
- Publication of the NFPS
- Publication of the sustainable development report

Sustainable Development Committee:

- Composed of 8 members representing the sustainable development, purchasing and logistics, QHSE, product development and HR functions and production sites (Poitiers - France, Wroclaw - Poland, Zhongshan - China)
- It meets twice a year

ESG contributors:

- 20 contributors contacted during the monthly and annual ESG reporting campaigns

Board of Directors

Since 2021, the Board of Directors has 13 directors, 6 women and 7 independent members, achieving the objective of balanced governance initially announced for 2025. It has a strong international dimension and profiles with solid experience in the field of sustainable transport. It includes a variety of expertise, particularly related to sustainability issues, for example, integrated performance management and ESG reporting, impact, management and investments related to the energy transition, innovation, gender balance, and human resources management and development.

In order to promote and accelerate the achievement of the objectives of the ESG roadmap, the remuneration of the Chairman and Chief Executive Officer is linked to ESG performance criteria. The reader is invited to refer to Chapter 6 - Corporate Governance Report.

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

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

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

The composition of the governance bodies received a low score due to the high number of directors (13) This number is justified by the representation of the shareholders and the number of independent directors.

Governance	80
Risk of minority shareholders dilution	67
Composition of the governance bodies	56
Functioning of the governance bodies	100
Remuneration of officers and directors	83
Business ethics	63
CSR policy, non-financial issues and business conduct	100

5.4.2 Business ethics and fight against corruption

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

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

Code of conduct

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

It includes a whistleblowing system that enables employees to report cases of non-compliance via their supervisor, the Legal Department, the Human Resources Department, or via the internal alert procedure. Reports of inappropriate conduct are treated seriously and related investigations are conducted in a confidential manner.

In 2022, a review of the code of conduct was carried out to incorporate a new whistle-blower procedure, outsourced from a dedicated platform for collecting alerts and accessible from the Group's intranet. This new procedure ensures strict confidentiality and respect for the facts reported, the personal data of the whistle-blower and the persons involved or mentioned in the alert.

As the Code of conduct is incorporated into the Internal Regulations, it is automatically applicable to all Forsee Power SA employees, so it is not necessary for each employee to sign each new version of the code. Nevertheless, the HR department distributes it to new entrants and collects the necessary signatures. For subsidiary employees, signatures are collected by local HR departments for each new version of the code.

Thus, in 2022, 100% of new employees received and signed the code of conduct. In order to support employees and make them aware of the new code of conduct and the alert platform, a training platform was being set up in December 2022 in order to begin training in early 2023.

Taxation, ethics, and fair competition

Forsee Power is committed to paying its taxes locally and is up to date with all its tax obligations wherever the Group operates.

Forsee Power is committed to conducting its business activities with honesty, transparency and fairness, and to ensuring compliance with anti-corruption principles and rules, as well as with applicable French anti-corruption legal provisions, including the "Sapin II Law" of December 9, 2016 (relating to transparency, the fight against corruption and the modernisation of economic life). The Group expects its employees to act with integrity in the marketplace and to comply with all applicable laws.

The Group is committed to ethical business practices, based on the quality and price of its products and the relationships it builds with its customers. To ensure that Forsee Power complies with all laws that promote fair competition in the marketplace, a set of measures is defined in the code of conduct, signed by all employees.

The Group requires its employees not to engage in any discussions or agreements with competitors or anyone else that could impede free and open competition.

Moreover, it does not intend to solicit or accept confidential information about a competitor without its consent. It undertakes not to use any illegal or unethical means to obtain competitive information and to respect the trade secrets, copyrights, trademarks and patent rights of others. In addition, Forsee Power will not engage in any unfair, deceptive or misleading business practice. Lastly, it is committed to marketing, promoting and identifying its products and services in a factual, honest and informative manner.

Furthermore, it provides for a ban on sharing information with competitors on matters such as prices, costs, strategy or any other act that could give rise to suspicions of manipulation or distortion of competition.

It is also prohibited to enter into agreements with competitors with the aim of distorting free competition in a market. Employees have an obligation to refrain from any practice that constitutes market abuse, or is likely to unfairly disadvantage an investor, directly or indirectly, or by any person who has exploited privileged information, disrupted the price formation mechanism, or disseminated false or misleading information.

5.4.3 Cybersecurity and data protection

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

In order to strengthen security and continuously monitor the resilience of information systems, Forsee Power mobilises a number of resources and carries out prevention and awareness- raising activities. The IT services department has introduced a formal information systems security policy (ISSP) which defines the guidelines applicable within the company and includes a procedure for the protection of personal data. Implemented from 2022, it sets out the cybersecurity rules and practices to be applied to the entire information system in order to reduce risk and ensure the protection of the Group's critical asset. It has also developed a business continuity plan specific to information systems. The management action plan defines and monitors cybersecurity and data protection initiatives. It is guided by the audit report produced by an external service provider, which provides information on the flaws found, their criticality and their probability of occurrence. These indicators enable the Group to rank its risks and take the appropriate measures. Since 2021, a solution to escalate cybersecurity alerts has been implemented, allowing for enhanced monitoring.

Information system security also depends on the users. The IT charter is incorporated into the internal rules and regulations. All employees sign this document as soon as they join the company. It sets out a number of security rules and cybersecurity concepts. Since 2020, Forsee Power has been working with a partner that specialises in educating employees about IT risks such as phishing. In 2022, 80% of employees with a user account were trained or made aware via virtual classes. The Group also conducts campaigns to identify user vulnerabilities, enabling it to carry out increasingly targeted awareness-raising actions. In 2022, one phishing test campaign was conducted per month, i.e. 12 throughout the year.

CYBERSECURITY Training and awareness-raising	2021	2022
Percentage of employees with a user account trained or made aware of cybersecurity	53%	80%

5.4.4 Responsible supply chain and collaboration with suppliers

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

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

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

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

Supplier code of conduct

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

In 2022, 89.90% of Forsee Power's production component suppliers signed this code of conduct, indicating their adherence to the principles set out in the document.

Signature of the code of conduct by suppliers	2020	2021	2022	2025 objective
Share of suppliers of production components that have signed the supplier code of conduct	77%	85.5%	89.9%	100%

Responsible purchasing approach

In 2022, the main purchasing items were electrochemical cells, chassis, covers and electronic cards. They represent 73.9% of purchases in Europe in 2022.

As part of its contribution to the Sustainable Development Goals (SDGs) and with a view to continuous improvement, the Group will continue to ensure that its supply chain promotes ethics, decent and safe working conditions, diversity and inclusion as well as responsible consumption of resources based on climate-responsible behaviour. In June 2020, Forsee Power signed the United Nations Global Compact.

In this way, the Group seeks to prevent and mitigate the risks of human rights and environmental abuses within its supply chain.

In 2022, in order to strengthen the Group’s commitments, a Responsible Purchasing policy was drawn up around 8 bilateral commitments, applicable to the Group as well as its partners, in order to guarantee and promote a responsible attitude throughout its supply chain.

Indeed, particular attention is paid to these commitments, particularly on the subjects of loyalty, transparency and confidentiality, but also on respecting financial commitments, fighting corruption, respecting national and international laws, respecting labour and human rights, avoiding conflicts of interest and fighting anti-competitive practices, and ensuring respect for the environment.

In line with this approach, the Group now assesses its suppliers, notably through a comprehensive ESG questionnaire that includes a review of the traceability of raw materials in the supply chain, questions relating to performance and ESG processes. The Group obtains certificates of origin for the materials contained in the electrochemical cells, showing the location of the mines and the date of their last audit.

The year 2022 was marked by a strengthening of the practices for verifying the commitments made by the Group’s suppliers, in particular by initiating audits of these suppliers based on the questionnaire in order to measure the supply chain’s ESG performance and monitor its progress in line with the Group’s policy.

Thus, CALB is the first Group supplier to go through its new due diligence process, which includes a third-party audit, to ensure that the information shared is reliable and transparent. CALB is a Chinese electrochemical cell supplier committed to sustainable development, with strong green innovation capabilities, striving to reduce the carbon footprint of its products while improving their life cycle. In December 2022, Bureau Veritas conducted an on-site ESG management audit of CALB.

It aimed to confirm that the supplier's ESG management system complies with the requirements of the Group's ESG standards and that it meets the applicable legal, regulatory and contractual requirements. This audit also verified the supplier's implementation of the provisions and its ability to achieve the objectives of its ESG policies. Lastly, it identified potential areas for improvement in its ESG management system. Particular attention was paid to safety, traceability of materials and the calculation of the carbon footprint of products. This audit confirmed its high level of social, environmental and governance practices. In a context of strong demand for battery cells linked to the acceleration of electromobility worldwide, Forsee Power is committed to forging supply partnerships with the best cell producers in the world. These partnerships make it possible to secure supplies and thus customer deliveries; and above all to work with responsible suppliers to maintain the Group's ESG performance at the highest level.

The Group also uses an outsourced assessment solution via NAVEX, which enables it to identify suppliers at risk for fraud or corruption. Before entering into a commercial relationship with a new supplier, the Company verifies the supplier's history through a specialized service provider (NAVEX). Depending on this history, the Company may need to investigate further and check with the supplier to ensure compliance with social and environmental practices. In the event that a supplier is identified by NAVEX as having poor social and environmental practices, the Company will, to the extent possible, take the necessary steps to divest itself of the supplier.

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

Optimising the supply chain and generating value locally

Most of the Group's supplies today come from Asia due to the lack of a local supply chain for electrochemical cells for industrial vehicles. Forsee Power's presence in Asia is a prerequisite for its business to succeed. It is also an opportunity to optimise the supply chain through local production and local purchases, a key lever for reducing greenhouse gas (GHG) emissions. This is particularly the case in the Indian market.

In the same spirit of supply chain optimisation, the Group established its North American headquarters and its new gigafactory in Columbus, Ohio, in June 2022, to address the growing market for commercial vehicles, mainly buses and trucks, utility vehicles, off-road vehicles and trains.

As Forsee Power is particularly attentive to the value generated locally, this facility in the United States will not only optimise costs and the supply chain - which is beginning to take hold on the continent - but will also meet a requirement for certain key markets such as the city bus market, which requires a local presence to comply with the FAST Act, which requires that 70% of the value of public procurement contracts be locally produced. In addition to the economic value, the location of the supply helps reduce the carbon footprint arising from the shipment of products. The Group is developing relationships with future cell suppliers in Europe and North America in order to secure local supplies as soon as possible.

5.4.5 Safety of end users of Forsee Power products

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

Particular attention is paid to quality throughout the manufacturing process, as well as to the traceability of the cells from validation at line entry to the complete pack stage. This level of quality is guaranteed by increased control of component inputs and the cell sorting process. Manufacturing processes comply with ISO and AFNOR standards and guarantee a high level of integrity at each stage of production.

An automated stage of module construction allows for volume control and cost control, followed by a final manual assembly of the pack. This set of steps ensures product quality prior to system assembly.

Once production is underway, several specialists are involved and contribute to guaranteeing product safety, including:

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

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

FOCUS – Battery Management System (BMS)

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

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

The BMS ensures that the operating conditions of the cells are always in accordance with specifications and safety levels. Very high-quality batteries are developed according to development standards such as IEC 61508, dealing with the functional safety of safety-related electrical, electronic and programmable electronic systems (E/E/PE) relative to security.

5.5 People: protecting employees and creating value for communities

5.5.1 Forsee Power employees

Founded in 2011, the Group is now present in eight countries and employs 638 people. In a context of strong growth driven by a buoyant market, Forsee Power continues to grow at a rapid pace. In an innovative and multicultural environment, the company welcomes employees from various backgrounds who work to accelerate zero-emission electromobility.

Geographic breakdown of employees

France	Poland	China	India
341 employees **i.e.,** 52.8%	51 employees i.e., 8.0%	211 employees i.e., 32.9%	35 employees i.e., 5.5%

Employee recruitment and development

To build long-term relationships with employees and attract and retain the talents needed for the Group's growth and competitiveness, Forsee Power has implemented a **human resource policy**. It applies to all activities and translates commitments of the Human Resources department through 8 pillars, in particular those of recruitment, integration and the development of employees within the company through skills management.

Recruitment and integration

In 2022, 171 new recruits joined the teams, including 40% with a permanent contract[45], i.e. stability in recruitments compared to 2022. Most of them joined the workforce in Zhongshan (70 hires, i.e. 41% of Group hires over the year) and in Chasseneuil-du-Poitou (46 hires, i.e. 27% of 2022 Group hires).

[45] *Permanent contracts refer to open-ended contracts (CDI).*

The turnover rate is down slightly from 27% in 2021 to 25% in 2022. This is due in particular to a high number of departures since the COVID-19 pandemic, as well as the termination of contracts for employees on fixed-term contracts. The Zhongshan site in China had a turnover rate of 28%, with a total of 62 departures in 2022.

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

	2019	2020	2021	2022
Permanent contracts	72	49	87	68
Other contracts / fixed term contracts	152	19	78	65
Work-study	7	3	11	9
Interns	-	-	-	29

2022 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Ecully, Zhongshan, Wroclaw, Pune, or 100% of the workforce.
2021 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Ecully, Zhongshan, Wroclaw, Pune (excluding interns)
2020 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Zhongshan, Wroclaw (excluding interns)
2019 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Zhongshan, Wroclaw (excluding interns)

The Group considers that a successful **induction programme for new employees** is a key factor in the integration of new employees. On their day of arrival, they follow an integration programme that includes information on quality, safety, health, the environment and IT. They are also given a presentation of the company and its activities from the very beginning, which makes it easier for them to understand how the company works and to take up their position.

The Great Place To Work satisfaction survey also showed that the induction programme is one of the company's top 10 strengths, with 74% of employees considering that new employees are very well received.

Skills assessment and management

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

The system is designed to ensure that employees actively participate in their professional development and in the review of their skills and qualifications. It makes it possible to take actions appropriate to the different situations, for example setting up a replacement plan in the event of a risk of departure, or proposing changes thanks to internal mobility possibilities. In 2021, Forsee Power put in place a **mobility charter** that specifies the conditions applicable to employees while meeting the challenges of developing technical and cross-functional skills. A dedicated space on the intranet, accessible to all employees, lists job offers at the Group's various sites. Over the year, 500 employees benefited from a performance review and 46 from internal mobility opportunities, with a total of 27% of the positions open in 2022 filled by internal mobility

The annual employee appraisal is part of a broader strategic workforce planning approach. It is based on a map of the company's business lines, updated following employee appraisals. In the coming years, it should enable the Group to anticipate needs and adapt jobs, staff and skills to support development. Since 2022 in France, at the end of the annual appraisal interviews, managers conduct

a talent review. It makes it possible to identify profiles in several business lines: Expert, Top Talent, High Potential. 48 managers were interviewed to conduct talent reviews in their teams.
They were then consolidated by the site Management Committees, followed by a final selection by the Executive Committee. In 2022, 16 top talents were identified in France.

Development and training

In a context of growth and at a time when the electromobility sector is facing challenges of employee availability and skills, Forsee Power has implemented a tailor-made training plan based on the needs reported in the context of performance assessments. In 2022, the Group invested €328,943 in training, a budget which includes Group investments and subsidies, representing a total of 10,569.6 hours and granted to 63% of employees compared to 57% in 2021.

The Group's training plan is designed to keep pace with regulatory changes and emerging technologies and to meet stakeholders' latest expectations. In 2022, 112 training courses covered operational topics such as management, security, cybersecurity and quality; in 2021, the number of training was 51.

	2019	2020	2021	2022
% of employees trained	36%	39%	57%	63%
Average number of training hours per employee	-	-	18	28.3

2022 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Ecully, Zhongshan, Wroclaw, Pune, or 100% of the workforce.
2021 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Ecully, Zhongshan, Wroclaw, Pune
2020 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Zhongshan, Wroclaw
2019 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Zhongshan, Wroclaw

Promoting diversity and inclusion

Forsee Power is committed to providing an inclusive work environment that fosters diversity and respect at all levels of the company. Balance between genders, ages, origins and levels of education helps build a strong corporate culture, to which end the Group promotes the employability and integration of women, seniors, young graduates and people with disabilities through international days as well as internship programmes, mentoring and partnerships with schools and universities.

In 2022, the promotion of diversity was reflected in a multicultural environment, with a total of 22 nationalities, 42% women and 7% young employees[46] at the Group.

Distribution of employees	2021	2022
< 25 years	7%	7%
25 to 29 years	14%	13%
30 to 50 years	66%	65%
51 to 55 years	7%	7%
> 55 years	6%	7%

[46] *Employees aged under 25.*

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

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

The Great Place To Work satisfaction survey showed that fairness was a strong point for the company. In fact, 70% of employees consider that they are treated as a full member of the company, regardless of their position in the company. In addition, 69% of employees consider that they are treated fairly regardless of their age, 84% regardless of their ethnic origin, 79% regardless of their gender, and 84% regardless of their sexual orientation.

Representation of women

As part of its 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	Target for 2025
Number of women on the Board of Directors	0	6	6	40% - 60%
% of women on the Board of Directors	0%	46%	46%	40% - 60%

Gender parity is also monitored at the level of managers[47], executives and employees on permanent contracts, with a target of 40 to 60% women in the workforce. Performance was relatively stable between 2021 and 2022.

	2021	2022
Percentage of female managers	20%	23%
Percentage of female cadre-grade staff	23%	19%
Percentage of female permanent contract staff	38%	39%

In 2022, the Group defined an action plan to improve the representation of women in management positions. This plan includes developing female employees to enable them to take on more responsibility, promoting a flexible work environment in job offers and creating a women's network within Forsee Power. The action plan will be rolled out in 2023.

Focus on professional equality in France - Index

Forsee Power's commitment to better representation of women in the company is reflected in two of the ten objectives of the sustainable development roadmap. In France, the professional equality index makes it possible to measure the pay gap between women and men and to identify areas for improvement in order to act on any unjustified disparity.
On March 1, 2022, the Group obtained a score of 79/100 for this index, compared with 75 in 2021. The index is broken down into **five indicators**:

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

In 2022, Forsee Power is making progress in correcting the gender pay gap. In fact, since 2021 the Group has been devoting 0.2% of its payroll to this. The indicator is penalised overall by the absence of women among the 10 highest remuneration.

[47] *The calculation of the female manager rate excludes service providers and temporary workers*

Integration and equal opportunities

As part of its overall diversity and inclusion approach, Forsee Power contributes to the professionalisation and employability of young talent through internship and work-study programmes. In 2022, the Group welcomed 29 paid interns and 9 new work-study students.

Forsee Power maintains close relations with schools through visits organised in secondary schools, high schools and engineering schools in order to raise young people's awareness of manufacturing and encourage them to choose a career in this sector. In 2022, the Group organised 5 visits with 81 students.

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

Forsee Power also works to promote the employment of disabled people, for example through operations such as "*1 jour, 1 métier en action*" (a day on the job), organised by AGEFIPH[48]. This initiative allows people with disabilities to discover a profession for which they have a particular talent or interest over the course of a day, promoting the sharing of experience and raising Forsee Power employees' awareness of disabilities. The Group also works with ESAT employment support centres, which help people with disabilities integrate or reintegrate into society and the workplace. In 2022, people with disabilities accounted for 2% of the Forsee Power staff. The Company outsources certain production tasks to ESATs at the Chasseneuil-du-Poitou site. In addition, some of the subcontractors at this same site are disabled. Despite this and the efforts made by the Company, it has not reached the target of 6% of the workforce and in return has to pay a contribution to Agefiph.

Promoting social dialogue

The management team pays particular attention to quality of life at work and aims to ensure workplace relationships function smoothly through responsiveness to employees and by maintaining regular social dialogue. In Poland, meetings with all employees are held two to three times a year. In China, quarterly meetings are held with trade union representatives.

In France, following the holding of workplace elections and the election of the Social and Economic Committee (CSE) in 2019, social dialogue has become more structured and professional. A social dialogue calendar specifies the content, frequency and participants for all meetings. It is organised in particular around the annual negotiations (NAO) required by law, and resulted in the signing of four collective agreements in 2022.

In response to inflation, the 2023 mandatory annual negotiation (NAO) meetings were exceptionally held in December 2022. In a difficult economic context, progress in negotiations has enabled us to put in place a number of measures to help employees throughout the year. In addition to these events, there are weekly bilateral meetings, as well as monthly meetings with the CSE. These are organised and led by the HR function.

In order to maintain a calm social climate, every year Forsee Power measures employee commitment and satisfaction. The related survey was launched in 2017 and was answered by 87% of employees in 2022 (compared with 68% in 2021), with a satisfaction rate of 60% (compared with 63% in 2021). While the survey was originally based on an internal reference framework of around 80 questions divided into 14 themes, it has been outsourced since 2021 and is based on the Great Place to Work framework. It covers topics such as working conditions, assimilation of company strategy, communication and management methods, and allows the definition of action plans aimed

[48] *Management Association of the Fund for the Professional Integration of Disabled People.*

at improving overall employee satisfaction. The average satisfaction rate for companies with a comparable scope assessed by Great Place to Work is 69%.

In order to meet employee expectations, following the results of the satisfaction survey, the communication and HR teams worked on an action plan based on five pillars: strengthening HR policy, clarifying the organisation, supporting managers, ritualising the feedback culture, involving employees in action plans and initiating a culture of continuous improvement. Various information meetings were held throughout the year, particularly on the subjects of HR policy, internal mobility and the training plan. In addition, the organisation charts have been made available on the Group’s intranet to make it easier for employees to understand its structure. Also, a management seminar was held in October to communicate the strategy to all Group managers.

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

In 2022, the Group decided to intensify its efforts to inform employees. It is deploying a new format called "Forsee Talk", informal discussions that allow employees to highlight a recent success or an ongoing project. These exchanges facilitate the circulation of information and a better understanding of the Group's strategy and actions. In 2022, three Forsee Talks were held, with an average of 15 participants.

In addition, since 2021, the Group has implemented improvement plans, including the creation of a Quality of Life at Work Commission. This commission meets regularly to address internal issues and propose solutions via an action plan approved by the Executive Committee. In 2022, communication actions regarding changes in the organisation, team building, and support for managers in their positive and negative feedback were carried out.

Ensuring the health and safety of employees

Ensuring the health and safety of employees and stakeholders is Forsee Power's number one priority, and we are constantly striving to improve in this area. The Group has set two targets for 2025: an absenteeism rate of 3.8%, which has been achieved since 2021, and an accident severity rate of zero.

In 2022, the Group had 6 accidents with lost time (compared to 8 in 2021), representing 26.5 days of lost time in total, and 6 accidents without lost time. On-site treatment was required in only one instance.

	2019	2020	2021	2022
Absenteeism rate for the year	5.8%	4.5%	3.01%	3.14%
Frequency rate	12.49	6.00	7.95	5.26
Severity rate	0.21	0.17	0.05	0.02

2022 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Ecully, Zhongshan, Wroclaw, Pune
2021 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Zhongshan, Wroclaw, Pune (excluding the Ecully site)
2020 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Zhongshan, Wroclaw
2019 scope: Ivry-sur-Seine, Chasseneuil-du-Poitou, Zhongshan, Wroclaw

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

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

5.5.2 Acting for communities

Forsee Academy and academic partnerships

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

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

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

In addition, in connection with the establishment of its North American headquarters, the Group contacted the Center for Automotive Research at Ohio State University in Columbus, Ohio, USA, to explore collaborative research and development projects and training of engineers related to the battery industry.

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

While the volume of passenger and goods transport has been growing since the late 20th century, current trends indicate that total transport activity will more than double by 2050 compared to 2015. In a business-as-usual scenario, this would represent a 16% increase in CO_2 emissions by 2050, three times the transport carbon budget[49]. In this context, the decarbonisation of transport and the development of electromobility is a key issue, enshrined in international, European and national policies.

As such, Forsee Power intends to contribute to efforts to limit the impact on climate change through its range of products and services for sustainable electromobility. The Group continues to support manufacturers in speeding up their energy transition by offering them efficient, zero- emission technologies and financing solutions. Forsee Power also strives to optimise the environmental footprint of its solutions as part of its eco-design and life cycle extension approaches. Forsee Power's contribution is all the more significant as the Group addresses mobility segments with intensive commercial use (light mobility, agricultural and construction vehicles, road and rail public transport).

5.6.1 Activities eligible under the environmental taxonomy

Regulatory context

The European Green Taxonomy is a classification system for sustainable activities, presented as one of the levers of action of the European Green Pact, aiming to encourage transparency and promote a long-term vision. This system is defined in an European regulation (EU 2020/852 Taxonomy) that came into force on July 12, 2020 (the "Taxonomy Regulation").

For an activity to be considered as sustainable in the sense of the European Taxonomy, it must:

- Contribute substantially to one or more of the following environmental objectives: (i) climate change mitigation, (ii) adaptation to climate change, (iii) sustainable use and protection of water and marine resources, (iv) the transition to a circular economy, (v) prevention and pollution control, and (vi) protection and restoration of biodiversity and ecosystems;
- Do no significant harm to any of the environmental objectives (DNSH);
- Comply with technical screening criteria that have been established by the Commission;
- To be carried out in accordance with the OECD Guidelines for Multinational Enterprises and the United Nations guidelines on business and Human Rights, including the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the eight fundamental ILO conventions and the International Bill of Human Rights (Minimum Social Guarantees).

To date, sustainable activities are identified only with regard to the first two climate mitigation and adaptation objectives (Annexes I & II of the Climate Delegated Acts), as the delegated acts on the other four environmental objectives have not yet been published. The requirements for the publication of revenues, CapEx and OpEx KPIs for FY 2022 relate to “eligibility” as in 2021, but also “alignment” for the first year.

[49] *FIT Transport Outlook 2021.*

Group approach to activity eligibility and alignment analysis

Forsee Power has conducted a study of its products, investments and expenses associated with economic activities defined as eligible in Annexes I & II of the Climate Delegated Acts.

"Battery manufacturing" is the Group's main revenue-generating activity, under Annexes I and II of the Delegated Acts and contributes to the objective of climate change mitigation. In addition, 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 2022 therefore concerns:

Area	Eligible activities	Reference in the delegated act
Industry	Battery manufacturing	3.4
Transport	Transport by motorbikes, passenger cars and light commercial vehicles	6.5
Buildings	Acquisition and ownership of buildings	7.7

- The list of eligible activities was revised compared to last year, and activity 3.6 “Other low-carbon manufacturing technologies” was removed.
  Indeed, Forsee’s business model focuses on the manufacture of batteries for electrical transport. The activities previously classified in the scope of activity 3.6 concerned Forsee Power’s services, but these do not correspond to the description of activity 3.6 as defined in the delegated acts. These activities will be analysed by Forsee Power in 2023 at the level of detail required by the Green Taxonomy framework.

The eligible activities were then reviewed against the criteria of substantial contribution, Do no significant Harm (DNSH) and minimum safeguards, defined in the delegated acts, to define aligned activities.

The Group's Revenue, CapEx and OpEx were distributed without double counting at the level of elementary activities, eligible or otherwise.

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 2022. This financial data can therefore be reconciled with the financial statements.

Eligibility and alignment ratios

Eligible and aligned 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.

In 2022, the Group undertook compliance studies with regard to the various DNSHs. In addition, given the clarification provided by the European Commission in its FAQ published in December 2023, the Group has not been able to complete the work undertaken to ensure full compliance with all these criteria.

Consequently, the Group has chosen to adopt a cautious approach and consider that all its eligible revenues are not aligned with the Taxonomy while these investigations are ongoing. The analysis will continue in 2023 to consolidate areas for improvement.

Eligible and aligned 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 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, amortisation and any re-measurements, 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 2022, eligible Capex amounted to €16.4 million, i.e. 94% of the total Capex in the denominator. They break down into €9.2 million, i.e. 53% of the total Capex in the denominator, directly related to Forsee Power's main activity, battery manufacturing. For the sake of prudence, the Group has adopted the same approach as for revenues and has therefore considered that this capital expenditure is not aligned with the Green Taxonomy, as long as the investigations are ongoing. Other capital expenditure represents 42% and concern the group’s buildings and its vehicle fleet. They are not aligned with the Green Taxonomy.

Eligible and aligned 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-capitalised 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.

In 2022, the "Total Taxonomy Opex" as defined by the related texts amounted to €5.7 million and appear insignificant (approximately 4%) in relation to the Group's total operating expenses (see consolidated income statement). Therefore, the Group considers eligible Opex are not significant with respect to its business model and has opted for the alignment analysis exemption allowed by the Green Taxonomy regulation.

Regulatory tables

Share of revenues (in thousands of euros)

				Substantial contribution criteria						DNSH (Do No Significant Harm) criteria										
Economic activities	Code(s)	Absolute revenue	Proportion of revenue	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of revenue year N	Taxonomy-aligned proportion of revenue year N-1	Category (enabling)	Category (transitional)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Taxonomy-aligned activities																				
Revenue from aligned activities (A.1)		**0**	**0%**	**-%**	**-%**												**0%**			
A.2 Taxonomy-eligible but not taxonomy-aligned activities																				
Manufacture of cells and batteries	3.4	108,784	98%																	
Revenue from taxonomy eligible but nonaligned activities (A.2)		**108,784**	**98%**																	
Total (A.1 + A.2)		**108,784**	**98%**																	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Revenue from noneligible activities (B)		2,234	**2%**																	
Total (A+B)		**111,018**	**100%**																	

Share of Capex (in thousands of euros)

				Substantial contribution criteria						DNSH (Do no Significant Harm) criteria										
Economic activities	Code(s)	Absolute CapEX	Proportion of CapEX	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular Economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of Capex year N	Taxonomy-aligned proportion of Capex year N-1	Category (enabling)	Category (transitional)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Sustainable activities																				
CapEx of sustainable activities (A.1)		**0**	**0%**	**-%**	**-%**												**0%**			
A.2 Activities eligible for the taxonomy but not sustainable																				
Manufacture of cells and batteries	3.4	9,152	53 %																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	173	1%																	
Acquisition and ownership of buildings	7.7	7,059	41 %																	
CapEx of unsustainable activities (A.2)		**16,384**	**94 %**																	
Total (A.1 + A.2)		**16,384**	**94 %**																	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
CapEX of activities not eligible for the taxonomy (B)		**965**	**6%**																	
Total (A+B)		**17,349**	**100 %**																	

Share of Opex (in thousands of euros)

Economic activities	Code(s)	Absolute OpEX	Proportion of OpEX	Substantial contribution criteria: Climate change mitigation	Substantial contribution criteria: Climate change adaptation	Substantial contribution criteria: Water and marine resources	Substantial contribution criteria: Circular Economy	Substantial contribution criteria: Pollution	Substantial contribution criteria: Biodiversity and ecosystems	DNSH (Do no Significant Harm) criteria: Climate change mitigation	DNSH (Do no Significant Harm) criteria: Climate change adaptation	DNSH (Do no Significant Harm) criteria: Water and marine resources	DNSH (Do no Significant Harm) criteria: Circular Economy	DNSH (Do no Significant Harm) criteria: Pollution	DNSH (Do no Significant Harm) criteria: Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of Opex year N	Taxonomy-aligned proportion of Opex year N-1	Category (enabling)	Category (transitional)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Sustainable activities																				
OpEx of sustainable activities (A.1)		0.00 €	0%	-%	-%												0%			
A.2 Activities eligible for the taxonomy but not sustainable																				
OpEx of unsustainable activities (A.2)		0	0%																	
Total (A+B)		0	0%																	

B. TAXONOMY NON-ELIGIBLE ACTIVITIES			
OpEX of activities not eligible for the taxonomy (B)		5,746 €	100 %
Total (A+B)		5,746	100 %

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

Drawing on its expertise in batteries, backed by its R&D team of more than 110 employees and its three research and development centres, Forsee Power continues to innovate and develop technologies capable of meeting any power and energy need. The innovation policy aims to limit the environmental footprint of products and is linked to the eco-design approach, with objectives in three areas:

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

Developing eco-design

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

As part of its innovation and development policy, Forsee Power has defined four eco-design tools to reduce the carbon footprint of its products: the 6 ERs, a checklist specific to the battery industry, the carbon footprint and the recyclability rate.

In order to promote eco-design practices within the company, an internal network dedicated to the subject was developed in 2022 at the initiative of the sustainable development department. Thus, all the business lines that can integrate eco-design criteria, i.e. R&D, QHSE, purchasing, industrialisation and sustainable development business lines, are joining forces to promote best practices and strengthen the eco-design of the Group's products and processes. They meet regularly to discuss various eco-design issues, such as tools and deliverables that enable the gradual integration of eco-design criteria into the processes, but also the carbon footprint, battery regulations, and the choice of materials.

The Group intends to identify and measure revenues from eco-designed products in 2023.

Deploying electrical retrofit

Forsee Power is also helping to accelerate the decarbonisation of existing vehicles through retrofit solutions. Indeed, in response to the strengthening of mobility policies imposed by cities and governments to meet the goal of carbon neutrality by 2050, vehicle fleets are being electrified en masse. Retrofitting is the conversion of internal combustion vehicles to battery or hydrogen fuel cell electric drive. The promise is encouraging: to limit the investment and extend the life of the vehicle in operation for zero emission electromobility. Thus, the combustion engine, the exhaust pipe and the tank are removed and replaced by an electric motor and a battery, or alternatively, a fuel cell and a hydrogen tank for the hydrogen retrofit. Once the modifications are made, the electrically powered vehicle decarbonises the vehicle, while providing greater efficiency, safety and longevity.

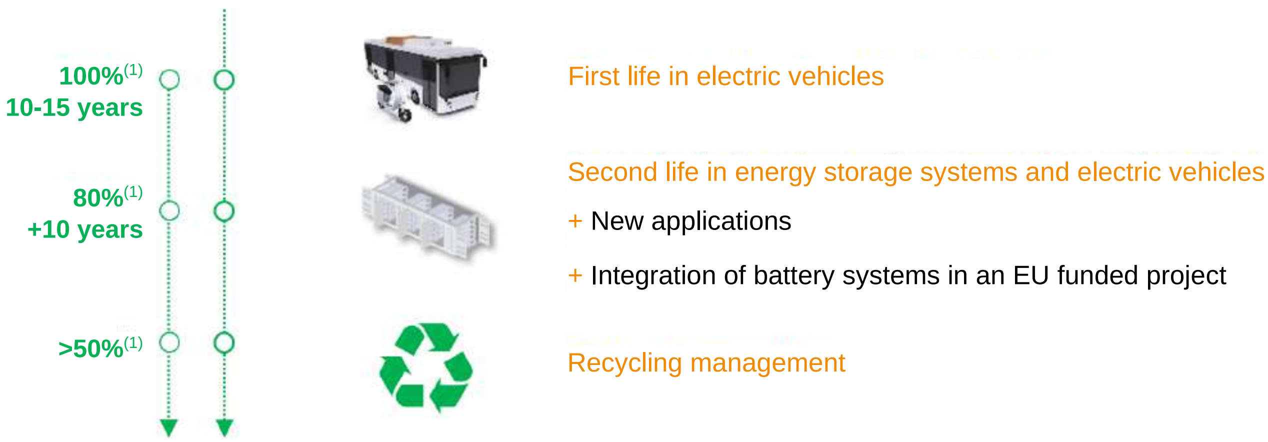
In 2022, Forsee Power announced several partnerships in the retrofit field, including Tembo (light commercial vehicles), Hyliko (trucks) and participated in the first French public tender for the conversion of school buses, launched by the Rouen Metropolis and won alongside Greenmot.

5.6.3 Extending the battery life cycle through second life applications

After their first use in a vehicle, Forsee Power battery systems still have 80% of their electrical capacity, even after 10 to 15 years of operation. While high-power batteries have a first life in a vehicle of up to 15 years, high energy batteries are introduced to the market for their first life with warranties of up to 10 years. With this in mind, the Group ensures that the mechanical and electrical design of batteries facilitates a second life. They can therefore:

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

The life cycle of Lithium-ion NMC batteries



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

Extending the life cycle of batteries and managing their end of life also makes it possible to anticipate the strengthening of regulatory constraints on battery design and end of life. The Group is required to take back the batteries it sells, under the conditions defined by the European directive on batteries and accumulators and waste batteries and accumulators[50]. To this end, Forsee Power has carried out several second-life pilot projects and established partnerships with industrial companies and start-ups. By 2025, this will make it possible to offer customers second-life or recycling solutions. Forsee Power's approach thus increases the economic value of products while creating new market opportunities. The Group's Zen 35 product for heavy vehicles (mainly buses) has a 73% recyclability rate (proportion of materials that can be recycled or reused) in 2021. In 2022, work began with its partner Eneris to establish the recyclability rates of all its products.

It is in this process of optimising and extending the battery life cycle that in 2022, Forsee Power and EDF Store & Forecast, a specialist in smart battery storage solutions, signed a partnership for the development of mobile and smart electricity storage systems using second-life batteries.

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

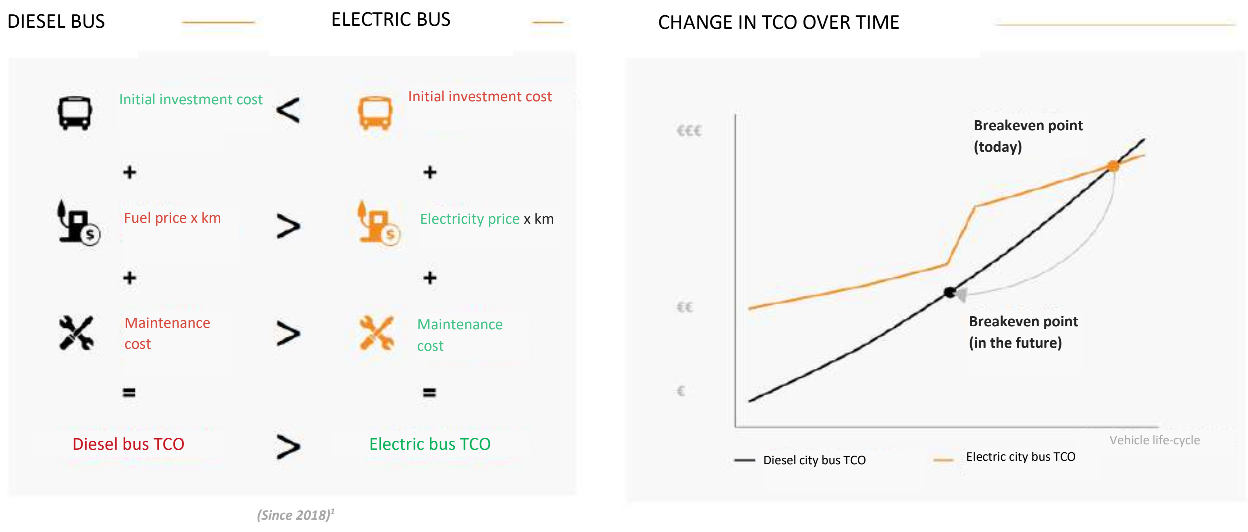
By combining their skills, the two companies aim to reduce the environmental footprint and optimize the economic value of batteries from heavy vehicles, by integrating them into innovative storage systems that allow the replacement of thermal power generators with a zero-emission solution in terms of CO_2, particles and noise, and also a temporary increase in the power supply of charging points for light and heavy electric vehicles, but also supplying micro-grids with accessibility.

Consequently, Forsee Power will supply first or second life battery packs from heavy vehicles such as buses. EDF Store & Forecast will integrate the battery packs into its stationary storage solutions controlled by its energy management system (EMS) and market them. Forsee Power also plans to use these mobile stationary storage facilities on its own industrial sites, particularly at congested network points or in conjunction with solar power generation. A first mobile battery was deployed in 2022 for a network operator. It will serve customers by replacing diesel-powered generators with a zero-emission solution. They will then be supplied with electricity during power cuts for work on the electricity distribution network or in the event of climatic hazards, by charging and restoring the solar production produced locally. The system will be operational in 2023.

5.6.4 Financing solutions to accelerate the energy transition in transport

Although the total cost of ownership (TCO) of an electric vehicle is lower than that of an ICE vehicle, the initial investment is higher. This is an obstacle that Forsee Power decided to turn into an opportunity in 2017 by creating the first electromobility finance fund, NEoT Capital, with EDF and Mitsubishi Corporation. Christophe Gurtner, Chairman and CEO of Forsee Power, is Chairman of the Board of Directors of NEoT Capital. Following the sale of Mitsubishi Corporation's shares, Forsee Power is now a 50% shareholder in NEoT Capital alongside EDF.

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



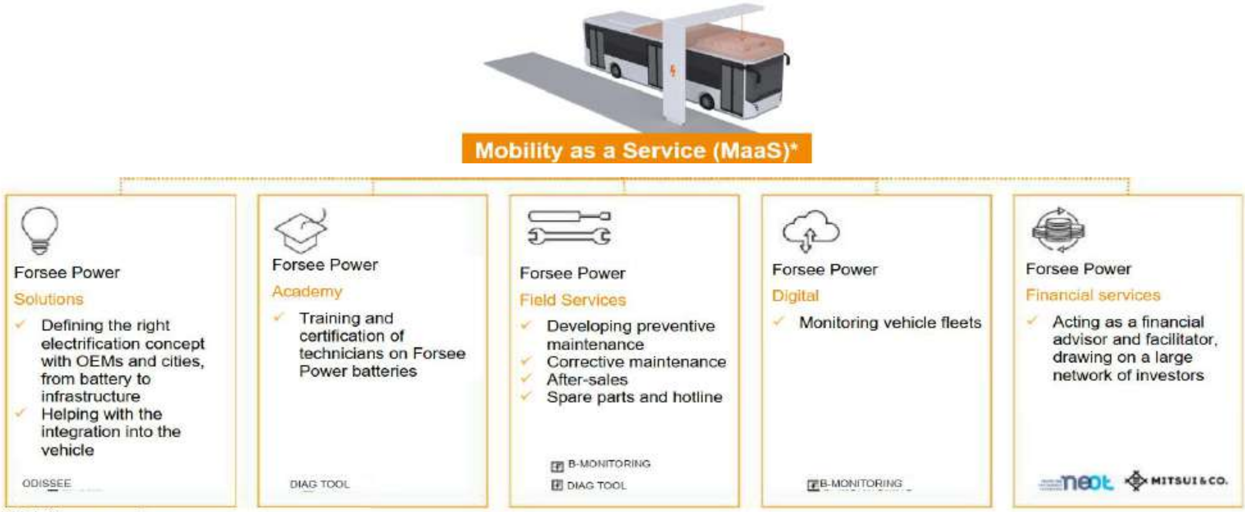
Source: (1) McKinsey Global Energy Outlook - 2019

In order to position itself as a true partner for its customers and transport operators, Forsee Power's offering ranges from the analysis of the customer's technical and technological needs (battery, vehicle and charging infrastructure) to the structuring of the financing with an appropriate lease offer.

In order to facilitate and accelerate the transition to electric fleets, Forsee Power has developed specific finance offerings to help manufacturers and local authorities electrify their fleets. These offers are supported by the NEoT Capital fund, in which Forsee Power is a shareholder alongside EDF (50/50). The lease of batteries (or even vehicles and infrastructure) is financed by NEoT Capital, which then buys the battery systems from Forsee Power.

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

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. For example, between 2020 and 2021, Forsee Power delivered an initial solution of this kind to a UK-based bus operator. The solution involves financing the entire charging infrastructure through a 15-year lease and includes maintenance and warranty services after fully defining the electrification of the transport network.



5.6.5 Environmental management system (EMS)

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

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

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

By the end of 2022, three of the manufacturing sites, Zhongshan in China, Wroclaw in Poland, and Chasseneuil-du-Poitou in France, as well as the headquarters in Ivry-sur-Seine, were ISO 14001 certified, representing 67% of all sites.

Coverage of sites with ISO 14001 certification

Sites and ISO 14001 certification	2020	2021	2022
Total number of sites	5	6	6
Number of ISO 14001-certified sites	2	2	4
Percentage of ISO 14001-certified sites	40%	33%	67%

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

Forsee Power therefore develops preventive measures and corrective actions to prevent and mitigate these risks.

Since 2021, in response to the risk related to energy consumption, the Group has included environmental requirements for its new buildings. They must integrate a low energy lighting system, a device for retaining polluted water on site, double-glazed window equipment. In addition, awareness-raising actions are carried out among employees on the subject of energy savings with a sign on switches encouraging employees to turn the lights off, and the basics of the environment more generally. During the integration process for new employees, they are trained on the basics of the environment, thus making them aware of environmental issues and to reaffirm the importance of the environment in the company's strategy.

With regard to waste sorting, sorting solutions for office waste were created at the Ecully and Ivry-sur-Seine sites. They now make it possible to recycle cardboard cups, cans, plastic bottles and other plastics, paper, batteries, COVID waste and also computer screens throughout France. Employees have participated in several training and awareness-raising sessions on sorting.

Lastly, in terms of risks of fire and chemical spills, actions have been taken since 2021, such as the creation and updating of a product inventory to identify all chemical risks. In 2022, risk management was strengthened with new procedures for fire and chemical spills. In addition, exercises were organised to train employees in the proper actions to take in the event of a risk situation. Feedback was also shared following these exercises, allowing employees to better understand these risks.

5.6.6 Optimisation of energy consumption and transition to renewable energies

Energy sobriety is also one of Forsee Power's goals. The Group aims to optimise its energy consumption to make production less energy-intensive and reduce production costs but also to limit CO_2 emissions.

Between 2021 and 2022, the average energy consumed per product decreased from 11.10 kWh to 7.73 kWh. This development can mainly be explained by a particular focus on energy consumption linked to the energy crisis in Europe.

Energy intensity ratio

	2020	2021	2022
Average energy consumed in kWh per kWh produced	10.12	11.10	7.73

2022 scope: Chasseneuil-du-Poitou, Zhongshan, Wroclaw, Pune (excluding the Ivry-sur-Seine and Ecully sites), or 74% of the workforce.
2021 scope: Chasseneuil-du-Poitou, Zhongshan, Wroclaw, Pune (excluding the Ivry-sur-Seine and Ecully sites)
2020 scope: Chasseneuil-du-Poitou, Zhongshan, Wroclaw (excluding the Ivry-sur-Seine and Ecully sites)

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

Share of renewable energy used

	2020	2021	2022
Total electricity consumption in kWh at the production sites	1,533,362	2,145,395	2,327,908
Electricity consumption from renewable energy in kWh at the production sites	225,287	424,800	130,622*
Percentage of electricity used from renewable energy at the production sites	14.69%	19.80%	5.23%*

2022 scope: Chasseneuil-du-Poitou, Zhongshan, Wroclaw, Pune (excluding the Ivry-sur-Seine and Ecully), or 74% of the workforce.
2021 scope: Chasseneuil-du-Poitou, Zhongshan, Wroclaw, Pune (excluding the Ivry-sur-Seine and Ecully sites)
2020 scope: Chasseneuil-du-Poitou, Zhongshan, Wroclaw (excluding the Ivry-sur-Seine and Ecully sites)

** The percentage of electricity used from renewable energy at the production sites includes in 2022 the electricity consumption of the Ecully site which has a 100% renewable energy contract. The significant change in this indicator in 2022 is explained by an adjustment to the methodology, taking into account only electricity from renewable energy sources via green energy contracts for greater consistency. In particular, it excludes the share of electricity from renewable sources for the Zhongshan site, despite the fact that 31.5% of China's energy mix comes from renewable sources. In fact, the site is supplied with electricity via the national grid and is unable to obtain a renewable energy contract via a private supplier (PPA).*

The year 2022 was particularly marked by the severe pressure on the energy network in Europe. In Chasseneuil-du-Poitou, energy contracts were renegotiated, including a lower share of renewable energy than before. However, the Group is strongly committed to integrating renewable energies into its energy consumption. In order to respond to this and accelerate the decarbonisation of our activities, projects to install photovoltaic panels are beginning. This is the case for the French production site located in Chasseneuil-du-Poitou, which launched the construction of a solar power plant in late 2022. Thus, 432 photovoltaic panels were installed over a total surface area of 1,500 m^2. They will produce an average of 250 MWh per year and provide approximately 20% of the site’s energy needs.

5.6.7 Waste management and recycling

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

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

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

Waste generated

	2020	2021	2022
Total quantity of waste generated in tonnes	268.6	364.4	256.5
Quantities of waste generated in kg per kWh produced	1.77	1.89	0.79
Waste recovery or recycling rate	69%	74%	72%
Total quantity of hazardous waste in tonnes	3.1	63.5*	42.6
Percentage of hazardous waste recycled and recovered	87.72%	97.24%	98.50%

2022 scope: Chasseneuil-du-Poitou, Zhongshan, Wroclaw, Pune (excluding the Ivry-sur-Seine and Ecully sites)**
2021 scope: Chasseneuil-du-Poitou, Zhongshan, Wroclaw, Pune (excluding the Ivry-sur-Seine and Ecully sites)
2020 scope: Chasseneuil-du-Poitou, Zhongshan, Wroclaw (excluding the Ivry-sur-Seine and Ecully sites)

** The difference between the quantity of hazardous waste generated in 2020 and that generated in 2021 is explained by the treatment in 2021 of waste left over from previous years. The COVID-19 health crisis and pressure on supplies have impacted our service providers' recycling capacities.*
Waste is considered as such at the time of transfer from the production site to the service provider's site.
*** In the last quarter of 2022, the Ivry-sur-Seine site introduced selective sorting. It will be included in the waste reporting scope for 2023.*

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

5.6.8 Carbon footprint: measuring and reducing GHG emissions

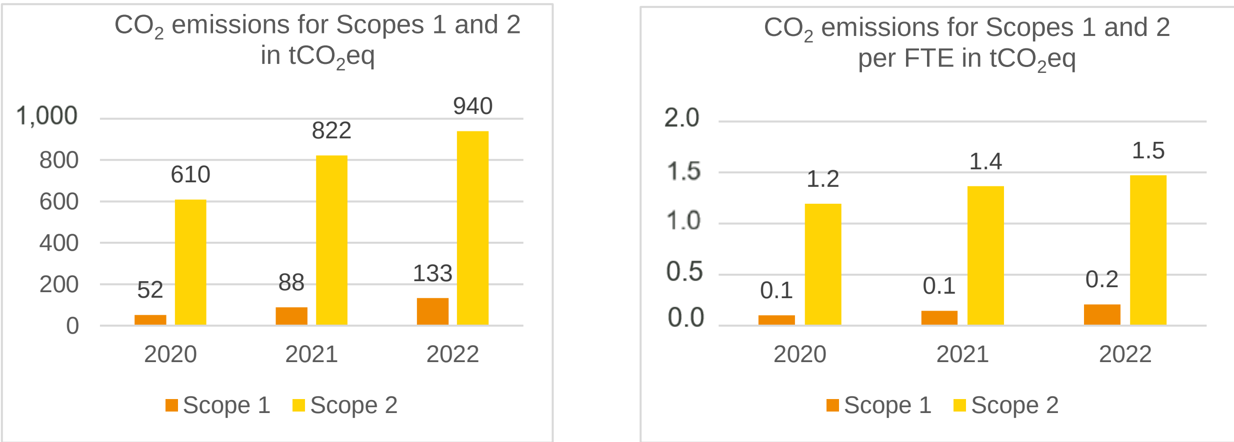
As part of its sustainable development strategy, the Group is committed to reducing its greenhouse gas emissions. Although the assembly of battery packs represents less than 25% of the battery's carbon footprint, Forsee Power is implementing actions to further reduce this footprint and that of its operations.

In 2022, Forsee Power joined the initiative launched by the firm Carbone 4, an expert in climate strategy, to work on calculating the carbon footprint of batteries, in order to precisely quantify the emissions related to any battery used in road transport. This initiative, supported by Europe's leading battery players, anticipates the European regulation whose objective is to foster innovation and eco-design (in materials, design and recycling), and to improve transparency in the battery market. This collective work has made it possible to refine the calculation of the battery's carbon footprint, by collecting data from the various players, and also by setting up a calculation system based on several criteria such as the battery's chemistry, geography, and recyclability. This project has enabled the players who contributed to it to obtain a better approach to the carbon footprint of battery solutions, thanks to a calculation and decision support tool.

On the basis of this tool, the Group has worked with the firm to calculate its indirect emissions, upstream and downstream of its activity (scope 3), and has also verified the calculation of its direct and indirect emissions for scopes 1 and 2 for 2021.

Scope 1 & 2 emissions in 2022

Comparison of Scope 1 and 2 CO_2 emissions between 2020, 2021 and 2022



In 2022, 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 98 tCO_2eq for 2022, compared to 88 tCO_2eq in 2021 and 52 tCO_2eq in 2020. While it consisted of 17 vehicles in 2020, since 2021 it has had 34. The difference in emissions generated by the fleet between 2021 and 2022 is explained by the inclusion of the Ecully site in the second half of 2021. In 2021, vehicle emissions at this site were calculated over 6 months for better representativeness, while in 2022 the calculation was done over a full year. As of 2022, the Group adopted a global strategy for electrifying its vehicle fleet. As leasing contracts are renewed, the Group now favours hybrid and electric vehicles, thereby reducing emissions generated by fuel consumption.

The second item is attributed to gas consumption. It is linked to the inclusion of the Ecully site in the reporting scope in 2022. This site consumed nearly 170 MWh of gas over the year, representing a total of 35 tCO_2eq in 2022. However, a move to a new site with the latest standards is planned for 2023.

In indirect emissions related to the Group's activity, i.e. relating to Scope 2, electricity consumption represented 940 tCO_2eq in 2022, compared with 822 tCO_2eq in 2021 and 610 tCO_2eq in 2020. In fact, electricity consumption increased slightly in 2022, although it remains proportionally stable in relation to the growing activity of the sites. However, the Group is taking steps to optimise its energy consumption and develop renewable energies (see section 5.8).

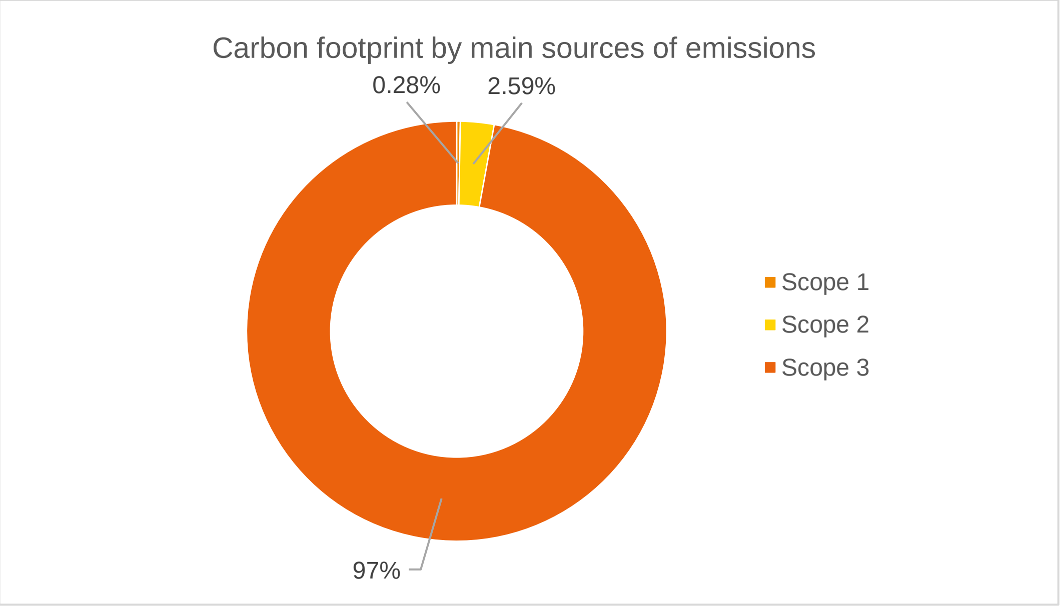
Carbon footprint 2021 – focus on scope 3 emissions

Forsee Power wants to constantly increase its engagement in the fight against climate change, which is why the Group has included items related to Scope 3 emissions in its 2021 carbon footprint.

With the assistance of the firm Carbone 4, 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 will enable it to define an action plan and a roadmap to contribute to carbon neutrality in 2023.

In 2022, scope 3 emissions were calculated on the basis of data relating to the activity in 2021. This calculation has enabled us to highlight the proportion of the Group's indirect emissions in its total emissions. 97% of the Group's emissions in 2021 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 2021 represented 30,872 tCO_2eq, out of an overall carbon footprint (all scopes combined) of 31,782 tCO_2eq.

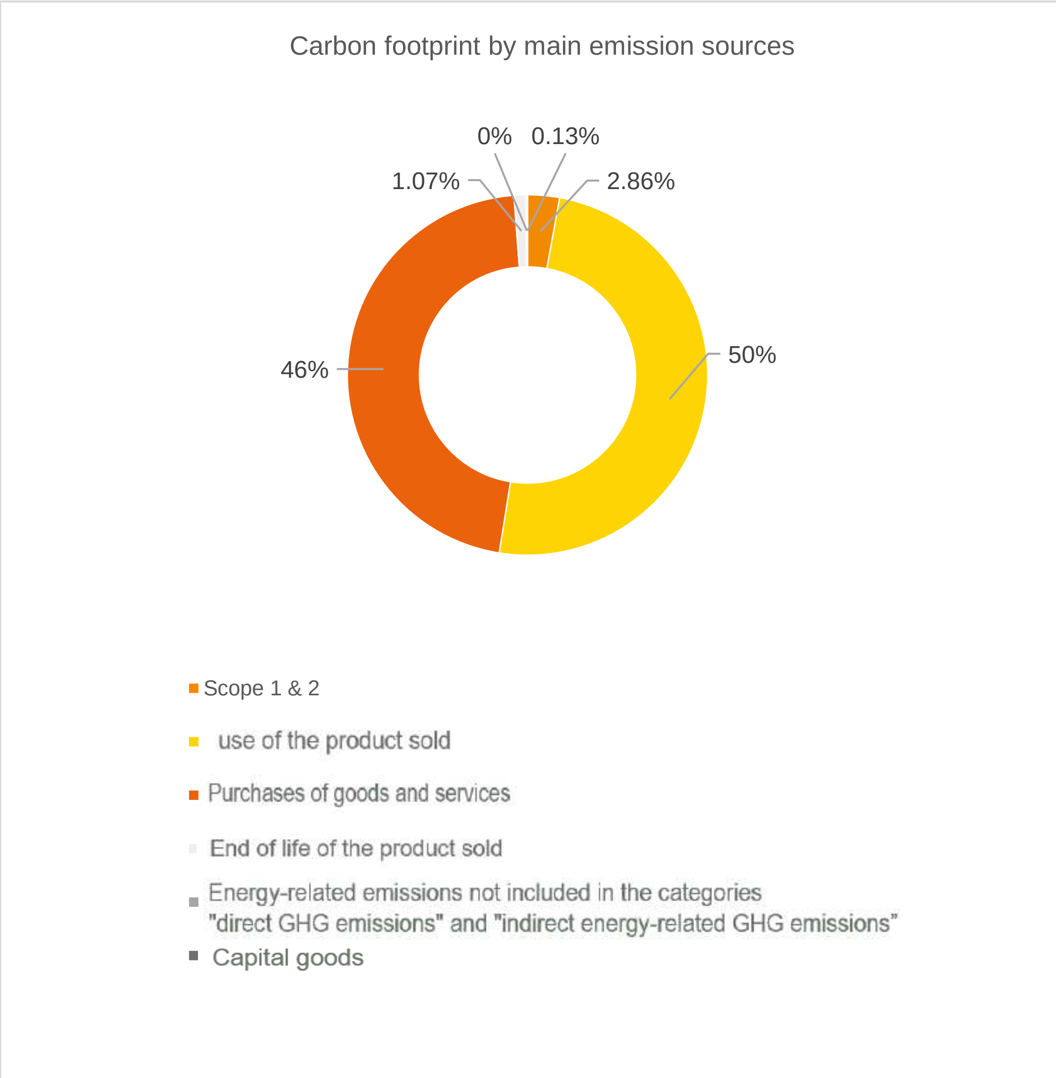


With 15,781 tCO_2eq in 2021, the leading emissions item among indirect Scope 3 emissions is the use of products sold throughout their life cycle. Indeed, 50% of the Group's carbon impacts are the result of losses during battery charging (use of products sold).

The second Scope 3 emissions item is the purchase of goods and services. In total, 14,707 tCO_2eq. were recorded for 2021 for this item, i.e. 47% of the Group's total emissions for 2021. 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 12,599 tCO_2eq, or 86% of purchase-related emissions.

Finally, the end of life of the products sold represents 341 tCO_2eq, i.e. 1% of the total carbon footprint, energy-related emissions not included in the categories “direct GHG emissions” and “indirect GHG emissions from energy” represent 42 tCO_2eq, i.e. 0% of the total carbon footprint, and capital goods represent 0 tCO_2eq, i.e. 0% 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, by 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. In 2022, the share of air transport emissions in the transport-related emissions of these components was 23%.

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.

The Group's objective for 2025 is to limit this share to 5%. To achieve this, Forsee Power endeavours to group its orders for shipping by sea where possible (longer) and is exploring partnerships with cell suppliers located as close as possible to its operations in order to favour road and rail transport and thereby reduce its products' carbon footprint.

Emissions avoided

In 2022, Forsee Power has estimated the emissions avoided through its products, which correspond to 557,183 tCO_2eq if we consider heavy-duty vehicles (HDV) and light electric vehicles (LEV) equipped with Forsee Power batteries. This statistic highlights the Group's contribution to the decarbonisation of transport, which in turn improves air quality in cities.

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

	2019	2020	2021	2022
Emissions avoided on heavy-duty vehicles (HDV) in tCO_2eq	163,770.00	258,787.50	360,757.50	517,575.00
Emissions avoided on light electric vehicles (LEV) in tCO_2eq	73,928.80	22,735.40	80,395.40	39,608.70
Total emissions avoided in tCO_2eq	237,698.80	281,522.90	441,152.90	557,183.70

5.7 Performance indicators and methodological note

5.7.1 Monitoring the implementation of the roadmap

Main objective	Performance indicator	2019	2020	2021	2022	Target 2025
PEOPLE **Reduction in absenteeism and workplace accidents**	1. Absenteeism rate	6.38%	4.49%	3.01%	**3.14%**	3.8%
	2. Accident severity rate	0.21	0.17	0.05	**0.02**	0
PEOPLE **Better representation of women in the Company**	3. Percentage of women on the Board of Directors	0%	0%	46%	**46%**	40-60%
	4. Percentage of female managers	-	-	20%	**23%**	40-60%
POLICIES **More responsible purchasing management**	5. Establishment of a supplier code of conduct	No	Yes	Yes	**Yes**	Yes
	6. Percentage of production component suppliers that have signed the code of conduct	-	76.6%	85.5%	**89.9%**	100%
PLANET **Better consumption and waste recycling**	7. Weight of waste in kg per kWh produced	-	-	1.89kg*	**0.79kg**	TBD**
	8. Waste recovery or recycling rate	72%	69%	74%	**72%**	100%
PLANET **Reduction of CO_2 emissions**	9. Share of CO_2 emissions from air transport among all transport for purchases	-	27.69%	24%	**23%**	5%
	10. Share of renewable energy in energy consumption	6.51%	14.69%	19.80%	**5.23%**	50%

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

*** The target will be set in 2023 as production sites become more mature, as some are diversifying into production with relocations planned in 2023.*

5.7.2 Summary of non-financial performance indicators

	INDICATOR	2019	2020	2021	2022
POLICIES	Number of women on the Board of Directors	0	0	6	6
	Percentage of women on the Board of Directors	0%	0%	46%	46%
	Percentage of employees made aware of the code conduct	100%	100%	100%	100%
	Percentage of employees who have signed the employee code of conduct	-	-	100%	100%
	Percentage of employees made aware of cybersecurity	-	-	100%	100%
	Percentage of employees with a user account trained in cybersecurity	-	-	53%	80%
	Percentage of suppliers of production components who have signed the supplier code of conduct	0%	77%	85.5%	89.9%
	Supplier payment terms	-	45 days	30 days	30 days

	INDICATOR	2019	2020	2021	2022
PEOPLE	Number of employees	468	519	602	638
	Number of new hires	231	72	176	171
	Staff turnover rate	-	-	27%	25%
	Number of employees who received a performance and career development review	-	-	458	500
	Amount invested in training in euros	106,455	158,456	226,261	328,943
	Percentage of employees trained during the year	36%	39%	57%	63%
	Number of hours of training	-	-	5,781.5	10,569.6
	Average number of hours of training taken in the year per employee	-	-	18	28
	Share of women in the Group	46%	43%	43%	42%
	Percentage of female managers	-	-	20%	23%
	Percentage of female cadre-grade staff	-	-	23%	19%
	Percentage of female permanent contract staff	-	-	38%	39%
	Gender equality index	-	79/100	75/100	79/100
	Number of nationalities	14	19	22	22
	Number of trainees	2	3	4	29
	Number of work-study employees	9	8	16	14
	Percentage of employees under 25	9%	6%	7%	7%
	Percentage of employees with disabilities	-	-	2%	2%
	Number of collective agreements signed during the year	-	-	3	4
	Satisfaction survey participation rate	74.2%	86.5%	68.3%	87%
	Employee satisfaction rate	64%	62.9%	63.6%	60%
	Absenteeism rate	5.80%	4.49%	3.01%	3.14%
	Accident frequency rate - fr1	12.49	6	7.95	5.26
	Accident severity rate - sr	0.21	0.17	0.05	0.02

	INDICATOR	2019	2020	2021	2022
PLANET	CAPEX eligible for the European taxonomy	-	-	100%	94%
	OPEX eligible for the European taxonomy	-	-	100%	0%
	Revenues eligible for the European taxonomy	-	-	99.8%	98%
	CAPEX rate aligned with the European taxonomy	-	-	-	0%
	OPEX rate aligned with the European taxonomy	-	-	-	0%
	Revenues aligned with the European taxonomy	-	-	-	0%
	Zen 35 product recyclability rate			73%	73%
	Number of ISO 14001-certified sites	2	2	2	4
	Percentage of ISO 14001-certified sites	50%	40%	33%	67%
	kWh of energy consumed per kWh produced	10.98	10.12	11.10	7.73
	kWh of energy consumed per FTE	2,998.09	4,356.14	3,871.57	3,913.24
	Total electricity consumption in MWh	1,403.10	1,533.36	2,145.39	2,327.91
	Share of renewable energy in energy consumption	6.51%	14.69%	19.80%	5.23%
	Weight of waste generated in tonnes	275.60	268.66	364.44	256.46
	Weight of waste per kWh produced		1.77	1.89	0.79
	Percentage of waste recovered or recycled	72%	69%	74%	72%
	Weight of hazardous waste generated in tonnes	0.865	3.118	63.474	42.619
	Percentage of hazardous waste recycled and recovered	71%	87.7%	97.24%	98.50%
	Scope 1 in tCO_2eq	-	52	88	133
	Scope 2 in tCO_2eq	-	610	822	940
	Scope 1 in tCO_2eq per FTE	-	0.1	0.1	0.2
	Scope 2 in tCO_2eq per FTE	-	1.2	1.4	1.5
	Total emissions avoided in tCO2eq	237,698.80	281,522.90	441,152.90	557,183.70
	Share of CO_2 emissions from air transport among all transport for purchases	-	27.69%	24%	23%

5.7.3 Methodological note

This document does not address certain topics such as:

- Water consumption, 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.
- Biodiversity, as Forsee Power's activity has no direct impact on the environment and the Group has not implemented any biodiversity-related programmes. Furthermore, 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 European 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 data presented in the non-financial performance statement is calculated for the full year 2022, i.e. from January 1st, 2022, to December 31, 2022.

People data:

The data for 2022 are expressed on the basis of a scope including all the Group sites, i.e. the sites of Ivry- sur-Seine (France), Chasseneuil-du-Poitou (France), Ecully (France), Zhongshan (China), Wroclaw (Poland) and Pune (India).

However, the scope differs for the 2021 data, particularly relating to the area of health, safety and environment (HSE), particularly for frequency and severity rate indicators, as well as absenteeism data. In 2021, the scope excluded the Ecully site (France) because of data consolidation difficulties, following the integration of the site in the second half of 2021. This data is now included in the reporting scope in 2022.

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 calculating headcount, the methodology differs depending on the site. For the French sites, it is based on the full-time equivalent (FTE) workforce from 1st to 31 December 2022. For the Wroclaw (Poland), Zhongshan (China) and Pune (India) sites, it is the headcount at 31 December.

For the calculation of full-time equivalent (FTE) workforce, the methodology is based on FTE from 1st to 31 December 2022, and not on FTE from 1st January to 31 December 2022.

For the calculation of absenteeism, the methodology differs depending on the site, and will be standardised across all Group sites in 2023.

Planet data:

The consolidated scope of environmental data includes the sites of Chasseneuil-du-Poitou (France), Ecully (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. Due to the nature of the site, energy consumption is insignificant compared to that of the production sites.

The consolidated scope of environmental data relating to waste includes the sites of Chasseneuil-du-Poitou (France), Zhongshan (China), Wroclaw (Poland) and Pune (India). It excludes the sites of Ivry-sur-Seine (France), the Group's registered office, and Ecully (France) due to the unavailability of data. Due to the nature of the Ivry-sur-Seine site, the quantity of waste generated is not significant compared to that of the production sites. It will nevertheless be included in the reporting scope in 2023 due to the setting up of selective sorting banners at the end of 2022. As for the Ecully site, the skip is shared with other companies, which made it difficult to calculate the waste for Forsee Power Ecully. A relocation of the site is planned for 2023.

More specifically, the rate of recycled waste corresponds to the share of waste collected and sent for recycling.

For the calculation of GHG emissions, Forsee Power has chosen a broader scope than for 2021, taking into account recent acquisitions and integrating actual and estimated data:

Data on direct GHG emissions (scope 1) are calculated for all Group sites, including Ivry-sur-Seine (France), Chasseneuil-du-Poitou (France), Ecully (France), Zhongshan (China), Wroclaw (Poland) and Pune (India). The calculation scope includes only the emissions from the Group's vehicle fleet, excluding that relating to leakage processes and emissions from refrigeration and air conditioning[51]. The emissions factors used are those from the latest version of ADEME's Base Carbone®.

For Scope 1 emissions relating to the year 2021, since the Ecully (France) site was included in the second half of 2021, the estimated number of kilometres travelled, required to estimate fuel consumption, was halved to reflect consistent emissions. In 2022, the calculation takes into account the estimated kilometres driven for a full year.

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

As regards the calculation of indirect emissions upstream and downstream of Forsee Power's activity in 2021 (scope 3), carried out by Carbone 4, the scope of the calculation takes into account the following emission items: the purchase of goods and services, energy-related emissions not included in the "direct GHG emissions" and "indirect GHG emissions related to energy" categories, the use of products sold and the end of life of products sold.

For the calculation of emissions avoided:

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

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

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

The Group then applies the CO_2 emissions per kilometre estimated by ADEME for a diesel version of the same type of vehicle by multiplying it by the average distance travelled by the vehicle over

[51] It should be noted that as of the date of this document, the Company is in the process of implementing a calculation formula to reliably quantify fugitive emissions from refrigeration and air conditioning.

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 Appendices

SUSTAINABLE DEVELOPMENT GOALS			5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	11 SUSTAINABLE CITIES AND COMMUNITIES	12 CONSOMMATION ET PRODUCTION RESPONSABLES	13 MESURES RELATIVES À LA LUTTE CONTRE LES CHANGEMENTS CLIMATIQUES
Contribution of Forsee Power to the targets defined by the SDGs			Forsee Power contributes to target **5.5** by promoting a diverse and inclusive workplace, as well as monitoring and increasing the share of women in managerial and leadership roles.	Forsee Power contributes to the achievement of target **8.8** by developing a strong HSE culture and by monitoring workplace accidents and their causes.	Forsee Power contributes to the achievement of target **11.6** by improving air quality through the equipment of vehicles with its batteries.	Forsee Power contributes to the achievement of target **12.5** by reducing waste production through a high recyclability rate of all its products.	Forsee Power is helping to achieve this goal by offering eco-designed products and services to decarbonise mobility
Themes	**Engagement and policies**	**Contribution monitoring indicator**					
PEOPLE	HR policy	Percentage of women on the Board of Directors	•				
		Percentage of female managers	•				
	Goal of zero accident	Absenteeism rate		•			
		Severity rate		•			
PLANET	R&D policy and innovation integrating an eco-design approach				•		•
	Financing solutions to accelerate the energy transition in transport					•	•

5.9 Report of the independent third party

Year ended December 31, 2022

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

To the Shareholders' Meeting,

In our capacity as Statutory Auditor of Forsee Power SA (hereinafter the "Company"), appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac), under number 3-1048 (Cofrac Inspection Accreditation, no. 3-1048, scope 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 performance statement, prepared in accordance with the Company's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2022 (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 our procedures as described in the section "Nature and scope of procedures" and the evidence we have obtained, no material misstatements have come to our attention that cause us to believe that the non-financial performance statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Comment

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

- Given the Company's business sector, of regulatory requirements and the identified risks, certain information are presented in a limited manner within the Statement, particularly with regard to the management and traceability of the upstream value chain and monitoring the end of life of products.
- 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 generally accepted and commonly used reference framework or established practices on which to base the assessment and measurement of the Information enables the use of different but acceptable measurement techniques that may impact comparability between entities and over time.

Accordingly, the Information must be read and interpreted with reference to the Guidelines, summarised in the Statement and available on the Company'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

The Board of Directors is responsible for:

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

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

Responsibility of the Statutory Auditor appointed as independent third party

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

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

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

It is not our responsibility to provide a conclusion on:

- the Company's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the fight 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 our audit verification program in application of Articles A. 225-1 *et seq.* of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement and with the international standard ISAE 3000 (revised - Assurance engagements other than audits or reviews of historical financial information).

Independence and quality control

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

Means and resources

Our work engaged the skills of three people between March and April 2023 and took a total of two 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.

This work involved the use of information and communication technologies allowing the work and interviews to be carried out remotely, without hindering the good execution of the verification process.

Nature and scope of procedures

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

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

- We familiarized ourselves with the activities of all companies in the consolidation scope and the description of the principal risks.
- We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector.
- We verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, as well as in the second paragraph of Article L. 22-10-36 regarding the respect for human rights and the fight against corruption and tax evasion.
- We verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code.

- We verified that the Statement presents the business model and a description of the principal risks associated with the activities of all the consolidated entities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks.
- We referred to documentary sources and conducted interviews to:
    - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
    - corroborate the qualitative information (measures and outcomes) that we considered to be the most important[52]. 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, with the limits specified in the Statement.
- We obtained an understanding of internal control and risk management procedures implemented by the Company and assessed the data collection process aimed at ensuring the completeness and fairness of the Information.
- For the key performance indicators and other quantitative outcomes[53] that we considered to be the most important, we implemented:
    - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
    - substantive tests, on a sample basis and using other selection methods, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities[54] and covered between 31% and 87% of the consolidated data selected for these tests.
- We assessed the overall consistency of the Statement in relation to our knowledge of the entire Company.

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

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[52] ***Qualitative information selected**: Review of the signatories follow-up of the Supplier Code of Conduct (focus on the calculation of the signatory ratio as of December 31st, 2022), Review of the talent identification and development plan (focus on the identification of top talents), Review of the update of the carbon footprint by Carbone4, Review of applications of circular economy principles (focus on battery life extension projects).*

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

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

[54] ***Selected entities:** Environmental information > Chasseneuil-du-Poitou, France*

Social information France (including Chasseneuil-du-Poitou, Ivry & Ecully sites).

Paris-La Défense, April 19, 2023

One of the Statutory Auditors,

Deloitte & Associés

Thierry Queron,	Julien Rivals,
Partner, Audit	Partner, Sustainability Services

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

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

In accordance with the "comply or explain" principle, the table below presents, pursuant to 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[3]
R18: Combination of employment contract and corporate office	X	
R19: Severance pay	X	
R20: Supplementary pension schemes	X[4]	
R21: Share subscription options and free share grants	X	
R22: Review of points of attention	X	

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

(2) It 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 shareholder 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 could be made to the shareholder meeting called to approve the financial statements for the year ending December 31, 2023, to stagger the terms of office of the directors.

(3) In accordance with Recommendation 17, the Appointment and Remuneration Committee has been dealing with the preparation of management succession during the 2022 financial year. Nevertheless, the Committee has not yet been able to propose a succession plan. In collaboration with the Company's management, one or more succession plans could be drawn up in the future.

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

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 5, 2023, 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. A proposal could be made to the shareholder meeting called to approve the financial statements for the year ending December 31, 2023, to stagger the terms of office of the directors.

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

Kosuke Nakajima(1) Director	No	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023				X	24 years of experience at Mitsui & Co. Ltd., one of the largest investment and trading companies in the fields of mineral and metal resources as well as batteries (especially for electric vehicles).
Pierre Lahutte(2) Director	No	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023			X	X	25 years of experience in agricultural machinery, mobility and transport with a strong focus on sustainable development and the introduction of disruptive decarbonisation solutions (electric, biomethane, hydrogen)
Joerg Ernst Director	Yes	2021	Shareholders' meeting to approve the financial statements for the year ending 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	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	Yes	2021	Shareholders' meeting to approve the financial statements	X	X			International audit / Human resources operational management / Skills and potential development / Talent

Director			for the year ending December 31, 2023					acquisition / Diversity and inclusion / Team management and coordination / Individual and group coaching for managers / Occupational psychology
Corinne Jouanny Director	Yes	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023				X	Innovation management / Business strategy / Research & development
Sonia Trocmé-Le Page Director	Yes	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023		X	X		Over 28 years of experience in financial analysis, M&A, international private equity, venture capital and infrastructure (including renewable energy) fundraising advisory, impact investing, CSR strategy and ESG measurement and positive impact. Experience in banking group and entrepreneur. Leadership, strategy, business development, risk analysis, governance.
Véronique Staat Director	Yes	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023	X	X			Human resources strategy and leadership development / Management and ESG transformation / Governance / Investment and integration strategy
Florence Didier-Noaro Director	Yes	2021	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023		X	X		Corporate social responsibility, ESG and impact analysis, financial and non-financial reporting, financial and non-financial audit

1) Related to Mitsui & Co, Ltd (Mr. Kosuke Nakajima is General Manager of the Battery Solutions Department at Mitsui & Co, Ltd).
2) 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.

6.1.1.2 Presence of independent members on the Board

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

In light of the independence criteria defined by the Middlenext Code (as updated in September 2021), seven members of the Board of Directors, i.e. Joerg Ernst, Isabelle Tribotté, Sylvie Bernard-Curie, Corinne Jouanny, Sonia Trocmé-Le Page, 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	Kosuke Nakajima	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.*

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

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

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

Christophe Gurtner, Chairman of the Board of Directors

Business address:

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

Age: 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:

1,900,257

Summary of key areas of expertise and experience:

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

Biography:

A graduate of the ISC Paris Business School, he spent the first 13 years of his professional career at Saft Batteries, a subsidiary of the Alcatel-Alstom Group. Since 1993, he has held successive business management positions in the portable batteries division, first in charge of France and then of international operations. In 1995, he became CEO of the German subsidiary, handling portable and industrial batteries, energy conversion and emergency lighting. Then, in 1998, he took over the management of the consumer business unit. In 2001, under a reorganisation he was coordinating he used a new holding company created in France to buy Uniross Batteries Ltd. (United Kingdom), one of the companies he managed. By 2005, the company had become the leader in Europe and the third largest in the world in its sector through internal growth (China, Germany, Italy) and acquisitions (United States, Mexico, South Africa). In 2006, the company was listed on the Paris stock exchange, on the open market. In 2009, he sold the company to the Indian group Eveready Industries Ltd and continued to manage it until 2012. In 2011, he created Forsee Power by first acquiring the industrial division of Uniross Batteries SAS and then successively acquiring ERSE in France, EnergyOne in Poland and Dow Kokam France between 2011 and 2013. He has chaired and developed the Company since 2013, with the goal of making it an international leader in the field of battery systems for electromobility. In 2016, he co-founded NEoT Capital SAS with the goal of accelerating the transition of cities to electric public transport. It was the first European development and management company dedicated to financing electric public transport, and he has chaired it since its creation. In 2021, Forsee Power acquired the assets of Holiwatt SAS, an expert in load systems and energy conversion in the rail sector, and in the same year it led the listing of Forsee Power on compartment B of Euronext Paris.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD[55]
▪ 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[56] Committee ▪ French foreign trade advisor (not renewed at end-2021)

[55] *Within and outside the Group / Including the status of general partner.*
[56] *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:

5,463,700

Number of Company shares held by Eric Lecomte: 0

Summary of key areas of expertise and experience:

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

Main activities outside the Company:

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

Biography:

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

	representative of Bpifrance Investissement ▪ PROLEIN SAS: Member of the Board of Directors as permanent representative of Bpifrance Investissement ▪ LACROIX ELECTRONICS BEAUPREAU SAS: Member of the Board of Directors as permanent representative of Bpifrance Investissement ▪ PRIMO1D: Member of the Board of Directors as permanent representative of Bpifrance Investissement ▪ ITEN SA: Member of the Board of Directors as permanent representative of Bpifrance Investissement ▪ BPIFRANCE INVESTISSEMENT: Senior Investment Director in charge of the SPI (Sociétés de Projets Industriels) fund (investment to encourage the industrialisation of innovations in France).	▪ DEMETER 4 Infra FCPI: Member of the Advisory Committee

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

Business address:

9000 Glenglyon Parkway

Burnaby, BC V5J 5J8, Canada

Age: 57

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

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:

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 INVESTMENT MANAGER, represented by Matthieu Bonamy

Business address:

117, avenue des Champs-Elysées - 75008 Paris

Age: 49

Nationality: French

Date of appointment: 2021

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

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

15,222,118

Number of Company shares held by Matthieu Bonamy: 0

Summary of key areas of expertise and experience:

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

Main activities outside the Company:

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. Its activity focuses on supporting high-growth companies developing innovative business models made possible by digital technologies such as the IOT, data analysis, SAAS, artificial intelligence, new telecommunications technologies, ect.

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

Matthieu has 20 years of experience in investment, energy transition and software product development, including 15 years in venture capital and structured finance. Before joining Eurazeo, he held various executive positions, including Chief Operating and Finance Officer in an international scale-up in the renewable energy sector. He has, among others, invested in and/or served on the boards of Leosphere (FR, M&A), 1Komma5° (DE), Dance (GE), Enlighted (US, M&A), Wemaintain (FR), Sunrun (US, IPO), Sunfire (GE, SPAC), Volta Charging (US), Breezometer (IL), Actility (FR), FirstFuel (US, M&A), Zola Electric (US/ TZ/RW), Sunfire (GE), Immotor (Cn), Forsee Power (FR, IPO), Neurala (US), NEOT Capital (FR), Spacefill (FR), MeteoSwift (FR), COVE (SGP), etc.

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

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors ▪ Wemaintain: Member of the Board of Directors ▪ 1Komma5° (DE): Member of the Board of Directors ▪ Dance (DE): 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

	▪ 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	▪ 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

Kosuke Nakajima, Director

Business address:

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

Age: 48

Nationality: Japanese

Date of appointment: 2021

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

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

14,285,900

Summary of key areas of expertise and experience:

Kosuke Nakajima has 25 years of experience at Mitsui & Co. Ltd., one of the largest investment and trading companies in the fields of mineral and metal resources as well as batteries (especially for electric vehicles).

Main activities outside the Company:

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

Biography:

Kosuke Nakajima is a graduate of Civil engineering degree from Waseda University, Japan. He joined Mitsui & Co., Ltd. in 1997. He has more than 25 years of experience at Mitsui & Co., Ltd., one of the largest investment and trading companies in the fields of mineral and metal resources as well as batteries (especially for electric vehicles). He held various positions at the company before becoming General Manager of the battery solutions department.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors ▪ Mitsui & Co. Ltd: General Manager of Battery Solutions Department ▪ ToKai 2 GmbH: Member of the Board of Directors ▪ Director of The Mobility House AG (Zurich)	▪ Member of the Company's Supervisory Board ▪ CAETANOBUS – FABRICACAO DE CARROCARIAS, S.A.: Member of the Board of Directors ▪ Atieva, Inc.: Member of the Board of Directors ▪ Mitsui Bussan Automotive Inc.: Member of the Board of Directors ▪ AZAPA Co., Ltd.: Member of the Board of Directors

Pierre Lahutte, director

Business address:

B13 CHALET JANUS

05100 MONTGENEVRE

Age: 51

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):

21,000

Summary of key areas of expertise and experience:

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

Main activities outside the Company:

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.

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 ▪ AMILU SAS: Chairman ▪ Member of the Sterne Group Strategic Board on behalf of Tikehau Capital	▪ FORSEE POWER: Member of the Supervisory Board ▪ NAVYA (listed company): Interim Chairman of the Management Board from 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, director

Business address:

EUCO Rail AG

Alpenstrasse 12

6300 Zug, Switzerland

Age: 56

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:

1,000

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. 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, where he held several positions, and subsequently held various management positions in the infrastructure division of Daimler Benz Industries, including in general management, before joining Siemens AG. He completed several assignments culminating in the role of Managing Director of the infrastructure division of Siemens AG. From 2005 to 2009, he held international positions in the United States, including in Cincinnati and Atlanta, as Managing Director and as Business Unit Manager, followed by more than 15 years as Executive Vice-President of Siemens AG and subsequently Siemens Mobility GmbH. He has extensive knowledge and expertise in various industries, including railways, electric cars, electric trucks, electric construction equipment, electric aircraft, wind energy, infrastructure and industrial applications. He is also a member of the Board of Directors of ZongXi Siemens Motor JV Beijing CN and ZDRE Siemens Gearbox JV Taijuan CN, a member of the Supervisory Board of CNA e.V. Railway Technology, Nuremberg, a member of the Industrial Committee of "*Verband Deutscher Verkehrsunternehmen*" (Association of German Transport Companies) and a member of various committees of the International Association of Public Transport.

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	▪ CNA e.V Bahntechnik, Nuremberg (Germany): Member of the Supervisory Board

	▪ EUCO Rail AG (Switzerland): Founding President	▪ 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: 53

Nationality: French

Date of appointment: 2021

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

Number of Company shares held:

0

Summary of key areas of expertise and experience:

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:

Chairmanand CEO of SIGNIFY France
Independent director

Biography:

Isabelle Tribotté, 53, 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 ▪ CROUZET: Member of the Supervisory Board	▪ BPI Consultant - SME accelerator programme

Sylvie Bernard-Curie, independent director

Business address:

40 rue de Tocqueville

75017 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:

1,200

Summary of key areas of expertise and experience:

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

Main activities outside the Company:

Founding partner of 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 ▪ A.life: Chief Executive Officer ▪ Priora Conseil: President, Executive Coach ▪ Liberal psychologist	▪ None

Corinne Jouanny, independent director

Business address:

Capgemini Engineering
43 rue Boissière
75116 Paris

Age: 57

Nationality: French

Date of appointment: 2021

Expiry date of the term of office: Annual ordinary shareholders' meeting to approve the financial statements for 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 has been Executive Vice-President in charge of the Portfolio and industrial centres of excellence for the Capgemini Engineering Global Business Line. She is also an independent director of Balyo.

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 ▪ Capgemini Engineering: Executive Vice-President ▪ Balyo: Independent director ▪ Altran Lab: Chief Executive Officer	▪ None

Sonia Trocmé-Le Page, independent director

Business address:

Nantucket Capital, 128 rue La Boétie, 75008 Paris

Age: 55

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	▪ SofiOuest: member of the investment committee

	- 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 Without corporate office: - Generali Impact Investment (GII Fund): advisor to the Investment Committee - RogerVoice: non-voting member of the Strategy 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: 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:

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 on human resources strategy

Biography:

A graduate of the Grenoble School of Management, a chartered accountant and statutory auditor, she had a very extensive career at Deloitte from 1991 to 2020 in customer services (as an auditor for listed groups, then as an intrapreneur in digital learning and finally as a senior partner in human capital consulting), in human resources transformation (for employees and partners) and in governance (successively as Chief of Staff to the Chairman, member of the Executive Committee, then as a director and finally as Vice-Chair of the Board of Directors). She has moderated or contributed to many international committees involved in human resources development and had three years of experience in the UK. Since late 2020, she has been a member of the Advisory Board of Septodont (a global player in the dental pharmaceutical industry) and a member of the Supervisory Board, member of the Investment Committee and Chairwoman of the Remuneration Committee of Creadev (an evergreen investment company operating globally and backed by the Mulliez Family Association). In addition, she supports a number of managers in their transformation strategy (particularly in the areas of management, human resources and ESG). She is a member of the French Institute of Directors. (IFA).

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 ▪ Creadev: Member of the Investment Committee ▪ Creadev: Chairwoman of the Remuneration Committee	▪ Deloitte France: Vice-Chair of the Board of Directors, member of the Audit Committee and the Strategy Committee.

Florence Didier-Noaro, independent director

Business address:

1 boulevard Hippolyte Marques, 94200 Ivry-sur-Seine

Age: 57

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:

2,500

Summary of key areas of expertise and experience:

Corporate social responsibility, financial and non-financial reporting, sustainable finance, financial and non-financial audit

Main activities outside the Company:

Founder and CEO of Innwise

Biography:

Began her career in 1989 at Deloitte as a financial auditor. Appointed partner at Deloitte France in 2001, she was in charge of the Quality and Professional Risks Division and then the service line dedicated to IFRS projects and public offerings, monitoring and implementing international accounting standards and specific due diligence for planned public offerings. In 2007 she joined Deloitte Conseil to support projects for the implementation of consolidation reporting systems. In 2013 she joined Deloitte France's sustainable development audit and consulting business, and subsequently headed this division. Since 2018, she has been founding CEO of Innwise, a sustainable strategy consulting firm. Florence Didier-Noaro is a graduate of NEOMA Business School and the Executive Master Trajectoires Dirigeants programme at Sciences Po Paris.

POSITIONS AND OFFICES HELD AS OF THE DATE OF THE DOCUMENT	POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
▪ Member of the Company's Board of Directors ▪ Founder and CEO of Innwise, a sustainable strategy consulting firm ▪ Member of the 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	▪ Member of the Investment Committee of Blue like an Orange Capital US LLC

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

6.1.1.4 Ethics of Board members

The provisions in this respect are set out in the internal rules of the Board of Directors adopted on October 15, 2021, 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 shareholders' meetings;
- ensure that he/she has all necessary information on the agenda of Board meetings before making any decision.

6.1.1.5 No convictions

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

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 the company.

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

In particular, the Board:

- sets the Company's business policies and, in particular, its strategy, and ensures that they are implemented. Subject to the powers expressly attributed to the shareholders' meetings and within the limit of the corporate purpose, the Board may address any question concerning the Company's operations and shall settle the matters within its purview through its deliberations,
- appoints the Chairman of the Board, the Chief Executive Officer and the Deputy Chief Executive Officers, and sets their compensation,
- 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 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 will regularly put the succession plan for the current executives and possibly for a number of key persons on its agenda. In this respect, the Appointments and Remuneration Committee addressed this issue during financial year 2022. In collaboration with the Company's management, one or more succession plans may be drawn up in the future.

In the 2022 financial year, the Board of Directors met six times, with an average attendance and representation rate of approximately 91%.

The meetings of the Board of Directors held during the 2022 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 2021,
- Review and approval of the financial statements and half-yearly financial report,
- Review of financial information and forecasts,
- Terms of compensation of the Chairman and Chief Executive Officer for the 2022 financial year,
- Granting of incentive instruments to the Company's executives and key employees,
- Review of the Company’s strategic objectives and acquisitions,
- 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 and will therefore organise, at the request of the Directors, training tailored to their needs in the performance of their duties on the Board, if they deem it necessary.

During the 2022 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, etc.),*
- *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. The Appointments and Remuneration Committee will offer the directors appropriate training sessions, starting in 2023.

As such, the Company applies recommendation no. 5 of the Middlenext Code, which provides for a three-year training plan tailored to the Company's specific requirements, intended for "Board members", whether or not they are employees, and taking into account the qualifications acquired through experience.

Every year, the Board of Directors will review the progress of the training plan and report 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, the Chairman responds to any requests from the members of the Board of Directors for additional information.

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

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

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 it adopted on October 15, 2021, and updated a first time on April 6, 2022, and again on September 14, 2022, by the Company's Board of Directors, which specify:

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

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

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

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

The Chair of the Audit and Risk Committee is appointed from among the independent directors, after a specific evaluation by the Board of Directors further to a proposal from the Appointments and Remuneration Committee. 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 shareholders' meeting and reviewing the terms of their compensation;
- monitoring the statutory auditors' independence and the performance of their duties;
- periodically reviewing the status of major disputes;

- regularly reporting to the Board of Directors on the performance of its duties and reporting on the results of the financial statements audit assignment, the manner in which this assignment contributed to the integrity of the financial information and the role it played in this process, and promptly informing it of any difficulties encountered; and
- in general, providing any advice and making any appropriate recommendations in the above-mentioned areas.

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

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

Appointments and Remuneration Committee

Composition

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

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

The Appointments and Remuneration Committee is made up of Sylvie Bernard-Curie (as Chair of the Appointments and Remuneration Committee), Matthieu Bonamy and 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:
    - the desirable balance of the composition of the Board of Directors in light of the composition of and changes in the Company's shareholder structure,

  - the desired number of independent members,
  - the proportion of men and women required by applicable regulations,
  - the appropriateness of renewing terms of office, and
  - the integrity, competence, experience and independence of each candidate;

- organising a procedure for selecting future independent members and carrying out its own studies of potential candidates before approaching them;

- ensuring that structures and procedures are in place to ensure that good governance practices are applied in the Company;

- preparing a list of Board members who may be recommended for appointment to a Board committee; and

- implementing the Board of Directors' assessment procedure,

In terms of compensation:

- reviewing the main objectives proposed by management for the compensation of the Company's main non-executive directors, including free share plans and share subscription or purchase option plans;

- reviewing the main objectives proposed by management for any free share plan to be implemented for the benefit of the Company's employees;

- making recommendations and proposals to the Board of Directors concerning:

  (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. The composition of the CSR Committee may be modified by the Board of Directors and, in any event, must be modified in the event of a change in the general composition of the Board of Directors.

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

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

Duties

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

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

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

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

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 Compensation 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), 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.

6.1.2.6 Assessment of the Board's work

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

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

A self-assessment process was conducted to assess the Board’s functioning during the 2022 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 and thus assess its work at the last Board meeting of the 2022 financial year, which was held on December 14. This constructive assessment has already led to the implementation of improvements in the organisation of the boards for better governance.

6.1.2.7 Board review of negative votes at shareholders' meetings

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

Note that since the Company changed its corporate form into that of a *société anonyme* (limited company) on October 15, 2021, only one shareholders' meeting has been held, on June 24, 2022. In order to prepare for the shareholder meeting called to approve the financial statements for the financial year ended December 31, 2022, the Board of Directors took an interest in negative votes cast at the meeting to amend the draft resolutions accordingly.

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	Shareholders' meeting to approve the financial statements for the year ending December 31, 2023

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

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

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

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

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

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. The latter provides 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 entrusts 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 are outside the scope of a director's activity. To date, no variable remuneration is due.

  In addition, Pierre Lahutte was also in the past a member of the Board of Directors of NAVYA, a client of NeoT Capital (a subsidiary of Forsee Power).

  In this respect, Pierre Lahutte has undertaken, in accordance with his obligations under the internal rules of the Board of Directors, to 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.

As of the date of this report, there is no service agreement binding the members of the Board of Directors and general management to the Company, with the exception of the agreements listed in section 6.5 of this document.

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

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

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

In addition, the lead director is responsible for raising awareness among directors of conflicts of interest. He/she reviews with the Chairman of the Board, 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 his 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 reviews known conflicts of interest at least once a year. As of the date of this report, to the best of the Company's knowledge, there are no restrictions accepted by the members of the Board of Directors concerning the sale of their stake in the Company's share capital, with the exception of:

- the rules relating to the prevention of insider trading;
- lock-up undertakings applicable to the shares granted free of charge 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 the Article L.22-10-10 2° of the French Commercial Code the Company implements the principles of equity and gender balance at each level of the Company's hierarchy.

<u>Diversity policy applied to Board of Directors members</u>

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

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

The directors are currently between 48 and 59 years old, with an average age of 54.85.

Given the Company's recent IPO, the Appointments and Remuneration Committee has not yet given its opinion on the diversity of skills within the Board of Directors. The terms of office of all the directors will expire at the close of the Company’s shareholder meeting called to approve the financial statements for the year ending December 31, 2023. It is therefore planned that the Appointments and Remuneration Committee will rule on this point by the end of the second half of 2023 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 of office in accordance with the recommendations of the Middlenext Code.

Gender balance on the Executive Committee

The representation of women on the Executive Committee is 8.33%. 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, 2022, women accounted for 39% of the Group's total workforce and 23% of management positions, as defined in Chapter 5, paragraphs 5.3.2 and 5.1.1.

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 (33 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 compensation, pension and special benefits, etc. In the case of variable compensation, the assessment of the achievement of performance targets takes into account financial and non-financial quantitative criteria as well as qualitative criteria.
- **Balance between the components of compensation**: each component of the compensation must be justified and in line with the Company's interests.
- **Benchmark**: this compensation must be assessed, insofar as possible, within the context of a business sector and the benchmark market and in proportion to the Company's situation, while paying attention to its inflationary effect.
- **Consistency**: the executive corporate officer's compensation must be determined in a manner consistent with that of the Company's other executives and employees.
- **Clarity**: the rules must be simple and transparent. The performance criteria used to establish the variable component of the compensation or, where applicable, to grant options or free shares must be related to the Company's performance, correspond to its objectives, and be demanding, explainable and, as far as possible, sustainable. They must be detailed without, however, calling into question the confidentiality that may be justified for certain information.

- **Measurement**: the determination of compensation and grants of options or free shares must achieve a fair balance and take into account the Company's general interest, market practices and executive performance.
- **Transparency**: In accordance with the law, companies whose shares are admitted to trading on a regulated market disclose all the components of corporate officers' compensation in the corporate governance report. In the case of variable compensation, the weighting of the various criteria is disclosed to the shareholders.

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

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

The corporate governance report was reviewed by the Appointments and Remuneration Committee on March 16, 2023. The Appointments and Compensation 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 05, 2023.

In accordance with applicable legal and regulatory requirements, the compensation policy for corporate officers must include: (i) information on all corporate officers and (ii) specific information for each category of corporate officers.

The following table presents information on the compensation policy applied to all corporate officers in accordance with Article R.22-10-14 I of the French Commercial Code:

Criteria defined in Article R.22-10-14 I of the French Commercial Code	
Respect for the corporate interest, contribution to the Company's business strategy and sustainability	The Appointments and Remuneration Committee takes into account the Company's projected level of profitability in drawing up its compensation policy, with a significant variable component.
Decision-making process for its determination, review and implementation, including measures to avoid or manage conflicts of interest and, if applicable, the role of the Remuneration Committee or other relevant committees	The Appointments and Remuneration Committee prepares a compensation policy based on the Company's maturity and a benchmark study of comparable companies. The Board of Directors decides on the compensation policy based on the recommendations of the Appointments and Remuneration Committee and submits this policy to the shareholders' meeting for approval. To protect against any risk of conflicts of interest when preparing the compensation policy, the corporate officers involved do not take part in the vote on any resolutions concerning them.

Consideration of the compensation and employment conditions of the Company's employees in the process of determining and reviewing the compensation policy	The Appointments and Remuneration Committee ensures that the compensation policy implemented is not disproportionate, particularly with regard to equity criteria. The Appointments and Remuneration Committee intends to review the compensation policy at least once a year in order to take into account employees' compensation and employment conditions.
Methods of assessing the fulfilment of the performance criteria for variable compensation and share-based compensation for corporate officers	The variable compensation of corporate officers is determined based on objective criteria. The Appointments and Remuneration Committee endeavours to contact the Company's other specialised committees and/or competent bodies in order to obtain the evidence needed to determine whether or not the corporate officer in question has met these performance criteria. The Appointments and Remuneration Committee will report on this assessment to the Board of Directors so that it can approve the variable compensation of corporate officers.
Criteria for distributing the fixed annual amount allocated to directors by the shareholders' meeting	In accordance with the decisions of the shareholders' meeting of June 24, 2022, it was decided to allocate an annual allowance of €450,000 for the 2022 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 2022 financial year, and the proposed allocation of the amount allocated among the directors for the 2023 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 2022 financial year are renewed for the 2023 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 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 2022

General principles and criteria for the distribution of the amount allocated by the shareholders' meeting to the members of the Board of Directors

In accordance with the resolution approved by the shareholders at the combined shareholders' meeting of June 24, 2022, the annual allowance for the compensation of the members of the Board of Directors was set at €450,000.

Only independent directors receive compensation, which includes a fixed component and a variable component, the amount of which depends on their actual participation in Board meetings. Independent directors who are members of the Board's committees also receive variable compensation in this respect based on their actual participation in the meetings of said committees. Independent directors who chair Board committees also receive a fixed compensation.

This compensation policy applies to all independent members of the Board of Directors. The Board of Directors may also remunerate non-voting directors by deduction from the amount of compensation allocated by the shareholders' meeting to the directors, it being specified that as of the date of this report no non-voting director had been appointed by the Company's Board of Directors and/or shareholders' meeting.

Compensation policy for the 2022 financial year

The Board of Directors decided that the compensation allowance allocated to the members of the Board of Directors, set at €450,000 gross per year by the Combined General Meeting of the Company held on June 24, 2022, should be distributed among the members of the Board of Directors who qualify as independent, as follows:

- a gross annual amount of €20,000 is allocated to each member of the Board of Directors who qualifies as independent under the Board's internal rules, in respect of his/her duties as director,

- a gross lump sum of €2,500 is allocated to each member of the Board of Directors who qualifies as independent in accordance with the Board's internal rules, per meeting of the Board of Directors if the member in question actually participates, up to an overall annual limit of €20,000 gross per member,

- a gross annual amount of €10,000 is allocated to the Chair of the Appointments and Remuneration Committee, provided that he/she qualifies as independent under the Board's internal rules, in respect of his/her duties as Chair of the Audit and Risk Committee,

- a gross lump sum of €2,000 is allocated to each member of the Appointments and Remuneration Committee, provided that he/she qualifies as independent under the Board's internal rules, per meeting of the Appointments and Remuneration Committee if the member in question actually participates, up to an overall annual limit of €12,000 gross per member,

- a gross annual amount of €12,000 is allocated to the Chair of the Audit and Risk Committee, provided that he/she qualifies as independent under the Board's internal rules, in respect of his/her duties as Chair of the Audit and Risk Committee,

- a gross lump sum of €2,500 is allocated to each member of the Audit and Risk Committee, provided that he/she qualifies as independent under the Board's internal rules, per meeting of the Audit and Risk Committee if the member in question actually participates, up to an overall annual limit of €15,000 gross per member,

- a gross annual amount of €10,000 is allocated to the Chair of the CSR Committee, provided that he/she qualifies as independent under the Board's internal rules, in respect of his/her duties as Chair of the CSR Committee,

- a gross lump sum of €2,000 is allocated to each member of the CSR Committee, provided that he/she qualifies as independent under the Board's internal rules, per meeting of the CSR Committee if the member in question actually participates, up to an overall annual limit of €8,000 gross per member,

- a gross lump sum of €2,000 is allocated to each member of the Strategy Committee, provided that he/she qualifies as independent under the Board's internal rules, for each meeting of the Strategy Committee if the member in question actually participates, up to an overall annual limit of €10,000 gross per member,

- an annual gross amount of €4,000 in specific compensation for the lead director,

- a gross lump sum of €2,000 is awarded to the lead director, per committee meeting (excluding committees of which the lead director is already a member) which he/she actually attends, up to an overall annual limit of €4,000 gross.

6.2.5.2.2 Components of compensation paid or granted for the 2022 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 2021 financial year**	**Amounts paid during the 2021 financial year**	**Amounts granted for the 2022 financial year**	**Amounts paid during the 2022 financial year**[1]
Eurazeo Investment Manager (formerly known as IDInvest Partners), Director, represented by Matthieu Bonamy				
Compensation for the activity	-	-	-	-
Other compensation	-	-	-	-
Total	-	-	-	-
Kosuke Nakajima, Director				
Compensation for the activity	-	-	-	-
Other compensation	-	-	-	-
Total	-	-	-	-
Bpifrance Investissement, Director, represented by Eric Lecomte				
Compensation for the activity	-	-	-	-
Other compensation	-	-	-	-
Total	-	-	-	-
Ballard Power Systems Inc., Director, represented by Nicolas Pocard				
Compensation for the activity	-	-	-	-
Other compensation	-	-	-	-
Total	-	-	-	-
Pierre Lahutte, director				
Compensation for the activity	-	-	-	-
Other compensation	€120,000[2]	€120,000[2]	€120,000[2]	€120,000[2]
Total	**€120,000**[2]	**€120,000**[2]	**€120,000**[2]	**€120,000**[2]
Joerg Ernst, director				

Non-executive corporate officers	Amounts granted for the 2021 financial year	Amounts paid during the 2021 financial year	Amounts granted for the 2022 financial year	Amounts paid during the 2022 financial year(1)
Compensation for the activity	€7,500	-	€40,000	€7,500
Other compensation	-	-		
Total	€7,500	-	€40,000	€7,500
Isabelle Tribotté, Director				
Compensation for the activity	€7,500	-	€40,000	€15,000
Other compensation	-	-		
Total	€7,500	-	€40,000	€15,000
Sylvie Bernard-Curie				
Compensation for the activity	€7,500	-	€64,500	€15,000
Other compensation	-	-		
Total	€7,500	-	€64,500	€15,000
Corinne Jouanny				
Compensation for the activity	€7,500	-	€40,000	€15,000
Other compensation	-	-		
Total	€7,500	-	€40,000	€15,000
Sonia Trocmé-Le Page				
Compensation for the activity	€7,500	-	€62,500	€15,000
Other compensation	-	-		
Total	€7,500	-	€62,500	€15,000
Véronique Staat				
Compensation for the activity	€7,500	-	€62,500	€15,000
Other compensation	-	-		
Total	€7,500	-	€62,500	€15,000
Florence Didier-Noaro				
Compensation for the activity	€7,500	-	€60,500	€15,000

Non-executive corporate officers	**Amounts granted for the 2021 financial year**	**Amounts paid during the 2021 financial year**	**Amounts granted for the 2022 financial year**	**Amounts paid during the 2022 financial year**(1)
Other compensation	-	-		
Total	€7,500	-	€60,500	€15,000
Total remuneration received by the Directors in respect of their directorship(3)	€52,500	-	€370,000	€97,500
TOTAL	€172,500(4)	€120,000(4)	€490,000(4)	€217,500(4)

(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 this report). As this remuneration is independent of Mr. Pierre Lahutte's duties as a director of the Company, it is not part of the remuneration package decided by the shareholders and allocated to the directors and is therefore not subject to the ex-post vote of the shareholders.

(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 meeting of shareholders which is allocated to the directors for the performance of their duties. In accordance with the procedures applicable to regulated agreements, the agreement concluded with AMILU is nevertheless subject to prior authorization by the Board of Directors and is submitted to the vote of the General Meeting.

Non-executive corporate officers receive no other compensation from the Company or from Group companies.

The total amount of compensation paid to the directors during the 2022 financial year in their capacity as directors was therefore €97,500.

The total amount of compensation granted to the directors for the performance of their duties as directors for the 2022 financial year therefore amounted to €370,000 and represents approximately 82% of the total allowance authorised by the shareholders.

The variable portion of the compensation awarded to the directors for the 2022 financial year represents: €194,000, or 52% of the total compensation awarded to the directors for the 2022 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 shareholders' meeting of June 23, 2023, called to approve the financial statements for the year ended December 31, 2022, as part of the overall ex-post vote.

6.2.5.2.3 Compensation policy for non-executive corporate officers for 2023

After consulting with the Appointments and Remuneration Committee, the Board of Directors submits to the shareholders' meeting for approval an annual amount to be allocated to the directors in accordance with the rules described below. The Board of Directors decided to submit for shareholder approval the allocation of a maximum annual allowance of €456,000 gross, to be distributed among the independent members of the Board of Directors. This proposal is in line with the annual allowance approved by the Company's shareholder meeting held in 2022.

The rules governing the distribution of this allowance among the directors remain unchanged (except for the slight increase of certain ceilings).

The Board of Directors intends, subject to approval by the shareholders' meeting, for said allowance to be split between a fixed component and a variable component (on the basis of directors' attendance at meetings).

- Approximately 31% of the allowance would be distributed among members who qualify as independent under the Board's internal rules, in respect of their position as members of the Board of Directors,
- Approximately 8% of the allowance would be distributed among the chairs of the specialised committees who qualify as independent and the lead director, in accordance with the Board's internal rules.
- Approximately 61% of the allowance would be distributed among directors who qualify as independent under the Board's internal rules, based on the number of times the members have actually attended meetings of the Board of Directors or the committee to which they belong.

Accordingly, the Board of Directors proposes that for the 2023 financial year the gross annual allowance of €456,000 be distributed as follows:

- a gross annual amount of €20,000 is allocated to each member of the Board of Directors who qualifies as independent under the Board's internal rules, in respect of his/her duties as director,

- a gross lump sum of €2,500 is allocated to each member of the Board of Directors who qualifies as independent in accordance with the Board's internal rules, per meeting of the Board of Directors if the member in question actually participates, up to an overall annual limit of €20,000 gross per member,

- a gross annual amount of €10,000 is allocated to the Chair of the Appointments and Remuneration Committee, provided that he/she qualifies as independent under the Board's internal rules, in respect of his/her duties as Chair of the Audit and Risk Committee,

- a gross lump sum of €2,000 is allocated to each member of the Appointments and Remuneration Committee, provided that he/she qualifies as independent under the Board's internal rules, per meeting of the Appointments and Remuneration Committee if the member in question actually participates, up to an overall annual limit of €12,000 gross per member,

- a gross annual amount of €12,000 is allocated to the Chair of the Audit and Risk Committee, provided that he/she qualifies as independent under the Board's internal rules, in respect of his/her duties as Chair of the Audit and Risk Committee,

- a gross lump sum of €2,500 is allocated to each member of the Audit and Risk Committee, provided that he/she qualifies as independent under the Board's internal rules, per meeting of the Audit and Risk Committee if the member in question actually participates, up to an overall annual limit of €15,000 gross per member,

- a gross annual amount of €10,000 is allocated to the Chair of the CSR Committee, provided that he/she qualifies as independent under the Board's internal rules, in respect of his/her duties as Chair of the CSR Committee,

- a gross lump sum of €2,000 is allocated to each member of the CSR Committee, provided that he/she qualifies as independent under the Board's internal rules, per meeting of the CSR Committee if the member in question actually participates, up to an overall annual limit of €8,000 gross per member,

- a gross lump sum of €2,000 is allocated to each member of the Strategy Committee, provided that he/she qualifies as independent under the Board's internal rules, for each meeting of the Strategy Committee if the member in question actually participates, up to an overall annual limit of €10,000 gross per member,

- an annual gross amount of €8,000 in specific compensation for the lead director,

- a lump sum of €6,000 gross is awarded to the lead director, in proportion to the time spent in committee meetings (excluding committees of which the lead director is already a member).

A large part of the allowance is variable and allocated on the basis of the number of meetings attended by directors who qualify as independent, partly to encourage members of the Board of Directors to attend meetings.

In accordance with Article L.22-10-8 II of the French Commercial Code, the 2023 compensation policy for members of the Board of Directors must be the subject of a draft resolution submitted for approval to the shareholders' meeting of June 23, 2023, called to approve the financial statements for the 2022 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 2022 financial year

Christophe Gurtner was appointed director by a decision of the shareholders' meeting of October 15, 2021, the date on which the Company changed its corporate form into that of a limited company (*société anonyme*) with a Board of Directors and was appointed Chairman and Chief Executive Officer of the Company for the duration of his directorship by a decision of the Board of Directors of the same date. Prior to the date of the Company's conversion, Christophe Gurtner had been Chairman of the *société par actions simplifiée* (simplified limited company) since his appointment on April 26, 2013, by the shareholders' meeting.

In respect of his role as Chief Executive Officer of the Company, Christophe Gurtner's fixed and variable compensation is determined in accordance with the principles summarised below.

The fixed compensation of Christophe Gurtner that the Board of Directors has decided to grant for 2022 is in line with the compensation paid to him for previous years.

In order to allow more time to reflect on the quantification and qualification of performance objectives, the Board of Directors decided not to award, for 2022, incentive instruments (such as performance shares or share subscription options), but only a bonus.

6.2.5.3.2 Fixed, variable and exceptional components of total compensation and benefits of any kind paid during the 2022 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 6, 2022, 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, 2022, would be composed as follows:

- Fixed gross annual compensation of €240,000 per year.
- Variable compensation consisting of a bonus payment amounting to 50% of his fixed annual compensation, subject to the achievement of objectives.
- 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 5, 2023, 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 €72,721 gross, in accordance with the criteria set out below:

		Percentage of the indicator in case of 100% achievement of the target	Rate of achievement of the criterion	Variable compensation awarded to Christophe Gurtner
Financial criteria	Achievement of revenues	10%	100%	€12,000 gross
	Achievement of firm orders by December 31, 2022 (for 2023)	10%	96%	€11,521 gross
	Achievement of adjusted EBITDA(1)	20%	100%	€24,000 gross
	Cash position	20%	0%	€0 gross
Non-financial criteria	Achievement of CSR criteria (*frequency rate(2), severity rate(2), gender equality index, EcoVadis(2) and employee satisfaction rate*)	30%	50%	€18,000 gross
	Launch of the US industrial site	10%	60%	€7,200 gross
TOTAL				€72,721 gross

(1) For further details on the definition and calculation of this aggregate, the reader is invited to refer to section 2.1.3 of this document.

(2) The objectives set for these criteria were achieved, including an Ecovadis score of 65/100. For further details, please refer to sections 5.7.1 and 5.7.2 of this document.

In accordance with the compensation policy, the Chairman and Chief Executive Officer does not receive any compensation related to his directorship.

In accordance with Article L.22-10-34 I and II of the French Commercial Code, the compensation items set out above must be the subject of a draft resolution submitted for approval to the shareholders' meeting of June 24, 2022, called to approve the financial statements for the 2021 financial year, under the overall and individual ex-post votes. The payment of the variable or exceptional portion, whatever its form or nature, will be subject to a positive individual ex-post vote of the shareholders.

As a reminder, the variable remuneration policy for the 2022 financial year for Mr Christophe Gurtner, established in 2021, is shown below:

Criteria - Variable compensation				
	Nature of the performance indicator	**Weighting**	**Objective**	**Trigger threshold**
			Financial criteria	
1	Revenues	10%	Achievement of 2022 budgeted revenues Objective set on a like-for-like basis (excluding currency effects and external growth not provided for in the budget)	Triggered if 90% of the objective is achieved. Achievement of 90% of the objective gives the right to receive 50% of the value, then the linear value until 100% of the objective is achieved to receive 100% of the value.
2	"Firm orders" as of 31/12/2022	10%	Firm orders placed for an amount equal to 2/3 of the revenues in the 2023 budget approved by the Board of Directors	Triggered if 90% of the objective is achieved. Achievement of 90% of the objective gives the right to receive 50% of the value, then the linear value until 100% of the objective is achieved to receive 100% of the value.
3	Adjusted EBITDA	20%	Achievement of adjusted EBITDA in the 2022 budget Objective set on a like-for-like basis (excluding currency effects and external growth not provided for in the budget)	Triggered for 100% of the value if 100% of the objective is achieved
4	Cash position	20%	Achievement of the amount of cash in the 2022 budget Objective set on a like-for-like basis (excluding currency effects and external growth not provided for in the budget)	Triggered for 100% of the value if 100% of the objective is achieved
			Non-financial criteria	
5	ESG criteria including social criterion	30%	**Health and safety of human resources** (assessment of accident severity rate and frequency) **Gender equality** (80-85% achievement of the gender equality index) **ETI Finance rating** (attainment of an "exemplary" level) **Employee satisfaction survey to be set up** (assessment of response rate, satisfaction rate or on certain criteria related to the year's action plan)	Weighting according to criteria achieved
6	USA - Launch of the industrial site	10%	Setting up reverse planning and measurement of KPIs	Weighting according to criteria achieved
		100%		

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, 2021, and December 31, 2022. It should be noted that Mr. Christophe Gurtner was Chairman of the company incorporated as a *société par actions simplifiée* (simplified limited company) before its corporate form was changed into that of a *société anonyme* (limited company), as approved at the combined shareholders' meeting of October 15, 2021.

Consequently, the items relating to his compensation for the year 2021 as a corporate officer presented below include the compensation in respect of his office as Chairman, prior to the Company's conversion into a *société anonyme.*

Table 1: Summary of compensation of each executive corporate officer (Middlenext nomenclature)

	2021 financial year		**2022 financial year**	
Mr. Christophe Gurtner, Chairman of the Company since April 26, 2013, and Chairman and Chief Executive Officer as of the completion of the transformation	**Amounts granted**	**Amounts paid**	**Amounts granted**	**Amounts paid**
Fixed remuneration	€241,500	€227,500	€240,000	€240,300
Annual variable remuneration	€60,375	€37,800	€72,721	€60,375
Remuneration for the mandate of "member of the board”		-		
Stock options	€4,121,530(1)	-		
Allocation of free shares	€216,123(2)	-	€1,024,479(2)	
Benefits in kind(3)	€3,425	€3,425	€3,229	€3,229
Total	**€4,642,953**	**€268,725**	**€1,340,429**	**€303,904**

(1) Prior to the Company's IPO, stock options were granted by decision of the Company's Chairman on August 12, 2021, with the authorization of the Company's General Meeting of Shareholders and Supervisory Board.

(2) Corresponds to the amounts recognized in 2021 and 2022 in accordance with IFRS 2, in respect of the 282,616 AGAs 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 AGAs amounts to € 2,048,958 (see note 7.9.3.3 to the consolidated financial statements for the year ended December 31, 2021). It should be noted that the 282,616 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.

(3) The benefit in kind corresponds to the provision of a company car.

The total variable compensation paid during the 2022 financial year, in respect of the 2021 financial year, i.e. €60,375, thus represents 100% of the target variable compensation.

Table 1: Summary of compensation and options and shares granted to each executive corporate officer (AMF nomenclature)

	2021 financial year	2022 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	€305,300(1)	€315,950(4)
Valuation of multi-year variable remuneration awarded during the financial year		
Valuation of options granted during the financial year	€4,121,530(2)	
Valuation of free shares granted	€216,123(3)	€1,024,479(3)
Total	**€4,642,953**	**€1,340,429**

(1) Includes benefits in kind granted in the amount of 3,425 euros.
(2) Prior to the Company's IPO, stock options were granted by decision of the Company's Chairman on August 12, 2021, with the authorization of the Company's General Meeting of Shareholders and Supervisory Board.
(3) Corresponds to the amounts recognized in 2021 and 2022 in accordance with IFRS 2, in respect of the 282,616 AGAs 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 AGAs amounts to € 2,048,958 (see note 7.9.3.3 to the consolidated financial statements for the year ended December 31, 2021 It should be noted that the 282,616 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.
(4) Includes benefits in kind granted of €3,229.

Table 2: Summary of compensation of each executive corporate officer (AMF nomenclature)

	2021 financial year		2022 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	€241,500	€227,500	€240,000	€240,000
Annual variable remuneration(3)	€60,375	€37,800	€72,721	€60,375
Multi-year variable remuneration				
Exceptional remuneration				€300(4)
Remuneration for the activity				
Benefits in kind	€3,425	€3,425	€3,229	€3,229
Total	**€305,300**	**€268,725**	**€315,950**	**€303,904**

(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) Corresponds to the value-sharing bonus paid to all employees.

Table 11 (AMF nomenclature)

The following table provides details on the terms and conditions of compensation and other benefits granted to executive corporate officers.

Executive corporate officers	Employment contract		Supplementary pension plan		Allowances or benefits due or likely to be due as a result of termination or change of position		Compensation relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Christophe Gurtner, Chairman of the Company since April 26, 2013 and Chairman and Chief Executive Officer as of the completion of the conversion		X		X		X		X
Term of office start date:	April 26, 2013 (appointment as Chairman of the Company in its form as a *société par actions simplifiée*) and October 15, 2021 (appointment as Chief Executive Officer in its form as a *société anonyme*)							
Term of office end date:	At the end of the annual shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2023.							

6.2.5.4 Compensation policy for the Executive Corporate Officer in respect of the 2023 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 2023 financial year

In accordance with Article L.22-10-8 II of the French Commercial Code, the compensation policy for the Chairman and Chief Executive Officer must be the subject of a draft resolution submitted for approval to the shareholders' meeting of June 23, 2023, called to approve the financial statements for the 2022 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 2023 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 2023 to grant a:

- **Fixed gross annual compensation of €270,000 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.
- **Variable compensation (cash) in the form of payment of a bonus of up to 55% of the amount of his fixed annual compensation (i.e. a maximum of €148,500 gross)**, subject to the achievement of the objectives set out below:

Quantitative objectives for 80% (i.e. maximum €118,800)

	Nature	Percentage of the indicator in case of 100% achievement of the objective
Financial criteria	Revenues	10%
	Achievement of firm orders as of December 31, 2023 (for 2024)	10%
	Achievement of an adjusted EBITDA	20%
	Cash position as of December 31, 2023	20%
Non-financial criteria	Achievement of ESG criteria including people criteria *Frequency rate < 6* *Severity rate < 0,05* *Professional equality index > or = to 85* *EcoVadis > or = to 75 %* *Employee satisfaction rate > 65%*	30%
	Implementation of the factory in the USA	10%

Qualitative objectives for 20% (i.e. maximum €29,700)

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 2023.

(i) **Exceptional variable compensation, in the form of a bonus payment of up to 60,000 euros gross.**

The Board of Directors, on the recommendation of the Appointments and Remuneration Committee, may decide to grant additional exceptional variable compensation to the Chairman and Chief Executive Officer in the event of special circumstances justifying it that could not be foreseen in advance. These special circumstances may be characterized by their importance for the Company, the involvement they require, the difficulties they present or the completion of one or more major or structuring operations for the Company.

The payment of this remuneration may reach a maximum amount of €60,000, must be motivated by one or more exceptional events, the realization of which will be effective and noted by factual indicators. The payment of this remuneration could only take place after approval by the Ordinary General Meeting of shareholders deciding on the remuneration for the financial year concerned ("say on pay ex post").

In addition, the Chairman and Chief Executive Officer of the Company will continue to receive a company car as a benefit in kind.

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 2022 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, 2022.

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, 2022.

Table 8: History of grants of share subscription options (AMF nomenclature)

Date of meeting	Plan 1	Plan 2[1]
Date of the extraordinary shareholders' meeting	December 20 and 21, 2018	August 5, 2021
Date of Chairman's decisions (award)	April 2, 2019 January 28, 2020 November 13, 2020	August 12, 2021
Total number of shares that may be subscribed or purchased, including the number that may be subscribed or purchased by corporate officers and employees[2]	1,713,700	1,500,000
of which total number of stock options granted to the Company's Chairman and Chief Executive Officer	225,000	1,500,000

Starting point for the exercise of options	Exercisable since the admission of the Company's shares to the Euronext regulated market	After two years following the date of grant, except in the case of specific events provided for in the Plan regulations allowing for early exercise(3)
Expiry date	December 20, 2033	August 5, 2036
Subscription or purchase price(2)	€3.40 for options already granted	€6.50
Conditions of exercise (when the plan has more than one tranche)	-	- Tranche 1: 1,000,000 SO exercisable in the event of conversion of convertible bonds defined in Plan 2 - Tranche 2: 500,000 SO exercisable in the event of conversion of convertible bonds and completion of an acquisition defined in Plan 2
Number of shares subscribed as of the date of this document	0	0
Aggregate number of share subscription or purchase options cancelled or lapsed(2)	75,000	0
Share subscription or purchase options already granted as of the date of this document(2)	855,000	1,500,000
Remaining share subscription or purchase options to be granted as of the date of this document	0	0

(1) *Note also that no option has been awarded under the share subscription option plan approved by the Company's shareholders' meeting of July 22, 2020, which has been replaced by Plan 2.*
(2) *The number of share subscription options and the exercise price of these options have been adjusted to reflect the stock split approved by the Company's combined shareholders' meeting held on October 15, 2021.*
(3) *The Plan n°2 share subscription options will be exercisable prior to the two-year lock-in period in the event of (i) a change of control of the Company or (ii) a sale of 100% of the Company.*

In accordance with the decisions of the Company's Shareholders' Meeting of December 20 and 21, 2018, the Chairman decided on April 2, 2019, that Mr. Christophe Gurtner must hold in registered form, until the date of termination of his duties, 10 shares resulting from the exercise of stock options under Plan No. 1 mentioned above. This number is to be adjusted to 1,000 shares as a result of the stock split decided by the Company's Combined General Meeting held on October 15, 2021.

In accordance with the decisions of the Company's General Meeting of August 5, 2021, the Chairman decided on August 12, 2021, that Mr. Christophe Gurtner must hold in registered form, until the date of termination of his duties, 10 shares resulting from the exercise of stock options under Plan No. 2 mentioned above. This number is to be adjusted to 1,000 shares as a result of the stock split decided by the Company's Combined General Meeting held on October 15, 2021.

Table 9: Share subscription or purchase options granted to the top ten employees who are not corporate officers, and options exercised by them (AMF nomenclature)

No share subscription or purchase options were granted to or exercised by the Company's employees who are not corporate officers during the 2022 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)

Name of executive officer	Number and date of plan	Number of shares granted during the year	Valuation of shares according to the method used for the consolidated financial statements	Acquisition date	Availability date	Conditions (at December 31, 2021)(3)
Christophe Gurtner	Plan n°2 Authorized by the Shareholders' Meeting of October 15, 2021	282,616(1)	€1,024,479(1) (2)	Acquisition period ending on October 15, 2023	Retention period ending October 15, 2024 It is specified that 20% of the free shares definitively acquired must be held in registered form by Mr. Christophe Gurtner until the termination of his duties.	• Attainment of a turnover at least equal to 71,3 M€ (Without VAT) • Achievement of an average share price based on the last 30 trading days that is at least equal to the initial public offering price of the Company • Establishment of a roadmap by the CSR Committee and obtaining, by the same date, an EcoVadis CSR evaluation (at least 60%) and a CSR rating by Ethifinance (at least "Advance+")

(1) It is recalled that 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 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) Corresponds to the amounts recognized in 2022 in accordance with IFRS 2, in respect of the 282,616 AGAs 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).

(3) The performance criteria set were a condition for the decision to grant free shares under Plan No. 2.

Table 7: Free shares that became available during the financial year for each executive corporate officer (AMF nomenclature)

No free shares have been granted to any of the Company's corporate officers that would have become available during the financial year ended December 31, 2022.

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
Total number of free shares granted, including the number granted to	382,000(1)	346,616(2)
M. Christophe Gurtner	*0*	282,616(2)
Date of acquisition of the shares	1 year from the date of grant, i.e. September 14, 2022	(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, 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(3) (ii) 1 year from the vesting date, i.e. September 14, 2024, for the free shares granted to employees
Number of shares subscribed	362,000	0
Cumulative number of shares cancelled or lapsed	20,000	0
Remaining free shares at the date of this document	/	253,384

(1) The number of free shares under Plan 1 has been adjusted to reflect the stock split approved by the Company's combined shareholders' meeting held on October 15, 2021.

(2) 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 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.

(3) *In accordance with the recommendations of the Appointments and Compensation Committee, at least 20% of the definitively acquired free shares must be held in registered form by Mr. Christophe Gurtner until he ceases to perform his operational duties within one of the companies of the Forsee Power Group.*

6.2.5.6 Equity ratios

In accordance with paragraphs 6 and 7 of I of Article L.22-10-9 of the French Commercial Code, the Company must present the ratios between the level of compensation of the Chairman and Chief Executive Officer and, on the one hand, the average compensation on a full-time equivalent basis for employees other than corporate officers, and, on the other hand, the median compensation on a full-time equivalent basis for employees other than corporate officers; as well as the annual change over the last five financial years in the compensation of the Chairman and Chief Executive Officer, the Company's performance, the average compensation on a full-time equivalent basis for employees other than executives, and the aforementioned ratios.

The ratios were calculated on the basis of the median and average compensation (including any bonuses) paid to employees of the Company, the only French company in the Group that has employees in France. The ratios were therefore calculated on the basis of all the Group's employees in France.

The following methodological elements should be highlighted:

- The scope takes into account the entire French payroll;
- The compensation presented includes fixed and variable components and exceptional compensation on a gross basis;
- The compensation indicated for each financial year N is (i) the amount of compensation paid and, where applicable, (ii) with respect to free shares and/or stock options, the amounts of compensation granted that has been valued in accordance with IFRS 2.
- The performance criteria are given each time for financial year N-1, the year in which they were assessed to determine the variable portions paid during financial year N.

Equity ratio per financial year	2018	2019	2020	2021	2022
Compensation of the corporate officer (in €)	€315,170.80	€334,750.56	€376,246	€4,740,512.56(1)(2)	€1,462,518.08(2)
Change in the compensation of the corporate officer (in %)	38.1%	5.8%	11.0%	92.1%	-69.1%
Average employee compensation	€47,954.12	€45,078.45	€41,849.10	€48,681.30	€41,441.26
Change in average employee compensation (in %)	0.98%	-6.38%	-7.72%	14.03%	-14.87%
Ratio in relation to average employee compensation (in %)	6.57	7.43	8.99	97.38	35.29
Change in the ratio compared to the previous financial year (in %)	59.9%	13.0%	21.1%	983.1%	-63.8%
Median employee compensation	€18,531.66	€24,914.97	€27,348.61	€32,242.86	€34,846.97
Change in median employee compensation (in %)	-52.73%	25.62%	8.90%	15.18%	8.08%

Ratio in relation to median employee compensation (in %)	17.01	13.44	13.76	147.03	41.97
Evolution of the minimum wage	€17,981.64	€18,254.64	€18,473.04	€18,759.63	€19,743.97
Change from previous year (in %)	1.21%	1.50%	1.18%	1.53%	5.25%
Ratio in relation to the minimum wage of the reference year	17.53	18.34	20.37	252.70	74.07

(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)	2018 financial year	2019 financial year	2020 financial year(1)	2021 financial year	2022 financial year
Revenues	23,157	50,342	62,060	**72,423**	**111,018**
EBITDA (2)	(21,798)	(25,350)	(12,694)	**(21,050)**	**(17,424)**
Adjusted EBITDA (3)	(21,798)	(25,618)	(12,037)	**(14,351)**	**(13,901)**

(1) *The comparative consolidated financial statements at December 31, 2020 have been restated in relation to the published consolidated financial statements at December 31, 2020. These restatements are detailed in note 5.4 to the consolidated financial statements - Section presented in section 4.3 of this document.*

(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 shareholders' meetings

6.3.1 Convening and meeting of shareholder's meeting

In accordance with Article 21 of the Company's articles of association, shareholders' meeting are convened and held under the conditions and in the forms provided for by the law and regulations in force.

When the Company wishes to call a meeting by electronic means instead of by post, it must first obtain the consent of the relevant shareholders, who shall provide their email addresses.

Meetings shall be held at the registered office or at any other place specified in the notice of meeting.

The right to attend shareholders' meetings is governed by the legal and regulatory provisions in force (i.e., as of the date of the articles of association, the right to attend meetings is subject to the shares being registered in an account in the name of the shareholder or of the intermediary registered on his/her/its behalf by midnight (Paris time) on the second business day preceding the meeting, either in the registered securities accounts kept by the Company or in the bearer securities accounts kept by the authorised intermediary).

If a shareholder does not personally attend the meeting, he/she/it may choose one of the following three options for any meeting subject to the conditions provided for by law and regulations:

- appoint a proxy under the conditions authorised by law and regulations,
- vote by correspondence, or
- send a proxy to the Company without voting indication.

Under the conditions provided for by the law and regulations in force, the Board of Directors may organise shareholder participation and voting at shareholders' meetings by videoconference or by telecommunication means that allow them to be identified. If the Board of Directors decides to exercise this right for a given meeting, this decision shall be mentioned in the notice of meeting and/or meeting invitation. Shareholders participating in meetings by videoconference or by any of the other means of telecommunication referred to above, at the discretion of the Board of Directors, shall be deemed to be present for the calculation of quorum and majority.

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 shareholders' meeting shall be chaired by the person convening the meeting. Failing this, the shareholders' meeting appoints its own chairman.

The functions of scrutineers are performed by the two members of the meeting present who have the largest number of votes, and who accept these functions. The committee appoints the secretary, who need not be a shareholder.

An attendance sheet shall be kept at each meeting in accordance with the law.

Shareholders' meetings meet and have the powers defined by the law and the regulations in force.

Copies or excerpts of the minutes of the meeting shall be validly certified by the Chairman of the Board of Directors, by a director performing the duties of Chief Executive Officer or by the secretary of the meeting.
Ordinary and extraordinary shareholders' meetings exercise their respective powers under the conditions provided for by law.

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 from the second anniversary of the admission of the Company's shares to trading on the regulated market of Euronext in Paris, and
  - in addition to the disclosure of threshold crossings expressly provided for by legal and regulatory provisions, the articles of association provide for an obligation to disclose any crossing of the thresholds of 3% of shareholding or voting rights.

- 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: None
- 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

- **Collaboration Agreement entered into with Ballard Power Systems Inc.**

  The Company entered into a “Collaboration Agreement” with Ballard Power Systems Inc. dated December 14, 2022.

  Ballard Power Systems Inc., represented by Nicolas Pocard, is a member of the Board of Directors of Forsee Power.

  The purpose of this agreement is to establish a framework for the proposed strategic partnership for the joint development of integrated battery and fuel cell systems and powertrain solutions, consisting of hybrid energy system solutions combining batteries and fuel cells, optimised for performance and cost (the "Integrated Solutions").

Each party to the contract remains fully liable for its own costs and expenses incurred in performing its obligations under the contract for the implementation of Integrated Solutions.

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.**

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).

Mitsui & Co., Ltd. is a shareholder of Forsee Power with more than 10% of voting rights and Kosuke Nakajima, a member of the Company's Board of Directors, is General Manager of the battery solutions department at Mitsui & Co., Ltd.

Under this agreement, Mitsui & Co, Ltd. is responsible for assisting Forsee Power in:

- business development, sales and marketing activities on behalf of Forsee Power, as its exclusive agent in Japan,
- business development activities in specific territories others than Japan (the "**Territories**") and specific sectors (the "**Sectors**") referred to in the appendix to the agreement, 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 and Mitsui & Co., Ltd.'s assignments 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; 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 authorisation does not exclude the possibility for Mitsui & Co. Ltd. of collaborating directly with other companies and suppliers in Japan, the Territories and/or the Sectors; 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, the Territories and/or the Sectors.

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, the Territories and/or the Sectors. Moreover, Mitsui & Co. Ltd. has the right to obtain from the Company a monthly report indicating all orders, sales and payments from Japan, the Territories and/or the Sectors.

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%

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. bears all travel expenses for the promotion and sale of the Company's products in Japan.

Term of the agreement:

The Cooperation Agreement (as revised on June 17, 2022) is effective as of October 1, 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.

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 57,000 euros during the financial year ended.

- ***S*ervice Agreement entered into with Mitsui & Co. India PVT. Ltd**

Forsee Power India Private Limited, a subsidiary of Forsee Power, entered into a Service Agreement with Mitsui & Co. India PVT. Ltd, dated 16 April 2021, which was recast on 6 June 2022. Mitsui & Co. India PVT. Ltd. is a subsidiary of Mitsui & Co., Ltd. which is itself a shareholder of Forsee Power with more than 10% of the voting rights and Mr. Kosuke Nakajima, a member of the Company's Board of Directors, is General Manager of the battery solutions department at Mitsui & Co., Ltd.

The purpose of this agreement is to enable Forsee Power India Private Limited to expand its business in India with the assistance of Mitsui & Co. India PVT. Ltd., in particular in sales, marketing and customer acquisition in India, in return for a fixed fee of INR 2,000,000 (Indian rupees), excluding taxes. It should be noted that the increase in the fixed remuneration is linked to the fact that one of the Directors of Forsee Power India, an employee of Mitsui, exceeded the scope of intervention initially planned.

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

- assist the sales and marketing departments of Forsee Power India Private Limited, including with expansion in India;
- search in order to recommend and acquire new customers for Forsee Power India Private Limited, particularly in the automotive, marine, railway, agri-food, industrial, mining, construction and robotics sectors;
- provide information and data on the Indian market relating to electric vehicle mobility and conduct market studies on the marketing and sales possibilities companies specialising in electric vehicles/Original Equipment Manufacturer (OEMs) in the Indian market, at the express request of Forsee Power India Private Limited;
- support Forsee Power India Private Limited with companies specialising in electric vehicles/OEMs in India, to see how the activities of Forsee Power India Private Limited could fit in with their electrification and to discuss potential business opportunities with them;
- provide suggestions and advice if necessary / at the request of Forsee Power India Private Limited to improve the operation of the Forsee Power India Private Limited plant located in Pune;
- support Forsee Power India Private Limited in the management functions;
- provide support for due diligence and internal approval processes related to new business opportunities sought by Forsee Power India Private Limited;

- maintain existing relationships and develop new relationships and networks with Indian industry, including customers and OEMs, for the expansion of Forsee Power India Private Limited's business in India;
- provide necessary advice and assistance to Forsee Power India Private Limited to comply 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, joint venture partners and business partners of Forsee Power India Private Limited;
- provide administrative support such as visa applications, travel and hotel bookings, etc. to designated personnel of Forsee Power India Private Limited;
- at the request of Forsee Power India Private Limited and in accordance with business requirements, arrange and attend meetings with Forsee Power India Private Limited, the business partners of Forsee Power India Private Limited or any potential business partner.

Duration of the agreement:

This service agreement took effect from April 1st, 2022 and remained in force until 31 March 2023. Thereafter, the agreement will be renewed automatically on an annual basis, unless terminated early.

- ***Service Agreement entered into with Mitsui & Co. Ltd***

Forsee Power entered into a Service Agreement with Mitsui & Co., Ltd., on 7 April 2022. Mitsui & Co., Ltd. is a shareholder of Forsee Power with more than 10% of voting rights and Mr Kosuke Nakajima, a member of the Company's Board of Directors, is General Manager of the battery solutions department at Mitsui & Co., Ltd.

The purpose of this agreement is for the Company 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. for the electrification of its transport trucks.

In consideration of the performance of the tasks as defined in the agreement, the Company will invoice Mitsui & Co., Ltd. on the basis of a fixed price of €15,000.

The Company will be solely liable for all costs and expenses incurred in performing the services, subject however to any costs and expenses of the Company that Mitsui might have previously agreed to bear.

Duration of the agreement:

The agreement took effect on April 7, 2022 and will expire upon completion by the Company of the services forming the object of the agreement.

- ***Service Agreement entered into with Mitsui & Co. Ltd***

Forsee Power entered into a Service Agreement with Mitsui & Co., Ltd., on 1st July 2022. Mitsui & Co., Ltd. is a shareholder of Forsee Power with more than 10% of voting rights and Mr Kosuke Nakajima, a member of the Company's Board of Directors, is General Manager of the battery solutions department at Mitsui & Co., Ltd.

The purpose of this agreement is for the Company 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 THIESS Pty. Ltd for the electrification of its transport trucks.

In consideration of the performance of the tasks as defined in the agreement, the Company will invoice Mitsui & Co., Ltd. on the basis of a fixed price of €15,000.

The Company will be solely liable for all costs and expenses incurred in performing the services, subject however to any costs and expenses of the Company that Mitsui might have previously agreed to bear.

Duration of the agreement:

The agreement took effect on July 1st, 2022, and will expire upon completion by the Company of the services forming the object of the agreement.

- ***Service Agreement entered into with MITSUI BUSSAN AUTOMOTIVE INC.***

Forsee Power entered into a Service Agreement with Mitsui & CO., Ltd., dated 6 June 2022. 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 Company's Board of Directors, 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. It is also specified that the purpose of the contract is first and foremost to port a system engineer to the Japanese market. This person is in charge of helping to define the technical needs in relation to Forsee Power's customers, installing Forsee Power's products with these customers and organising after-sales interventions if necessary.

Mitsui Bussan Automotive is also providing technical support in the search for machinery and equipment in Japan to prepare for the establishment of a Forsee Power subsidiary in the country.

In return for the performance of the tasks defined in the agreement, Mitsui Bussan Automotive Inc. will invoice the Company on the basis of a fixed price of €100,000 per year (€25,000 per quarter). If the Company fails to pay, in whole or in part, the success fee due to Mitsui & Co. Ltd. on the due date, it shall be required to pay it, by way of damages, late-payment interest at the rate of 2.6% per annum, calculated from the due date of said payment until the effective date of payment.

Duration of the agreement:

The said contract, which came into force on March 1er, 2022 until 28 February 2023, will be tacitly renewed for a period of twelve months from March 1er, 2023, thereby renewing the said contract (unless the contract is previously terminated under the conditions stipulated therein).

- ***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, 2022, to October 23, 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 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 €129,584.45 exclusive of tax (including €9,584.45 in expenses) to the Company during the financial year ended.

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., on 27 September 2021 (the "**Collaboration Agreement**"). 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 Company's Board of Directors, is General Manager of the battery solutions department at Mitsui & Co., Ltd

The purpose of this agreement is to establish a framework for the business collaboration established between Forsee Power and Mitsui & Co., Ltd. The financial terms and conditions in consideration of the services rendered by Mitsui & Co., Ltd. will be discussed on a case-by-case basis for each project, taking into account the financial impact on the Forsee Power Group.

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:

- exchange information on the battery market;
- introduce new business contacts and new business opportunities to each other;
- identify opportunities for commercial collaboration in the field of mobility, in particular as part of the "battery as a service" offer, battery monitoring and battery energy consumption forecasts
- promote new projects, in particular in terms of battery financing or leasing, battery exchange, in particular for specific sites such as airports, mines, ports, etc.

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* or the *Service Agreement* (described in section 6.5.1 above), Mitsui & Co. Ltd. may notify the Company of this opportunity. If this New Sector is of interest to the Company the Company (if this New Sector is not of interest to the Company, it shall not be obliged to accept this opportunity) 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 the *Service Agreement* 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 the *Service Agreement*, Mitsui & Co. Ltd. may notify the Company of 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 the *Service Agreement* 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.

o 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.

<u>Duration of the agreement:</u>

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, 2022. 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, 2021 to September 30, 2022 before being tacitly renewed for a further 12 months from October 1st, 2022 to September 30, 2023;

- the aforementioned “Consultancy Agreement” entered into with AMILU continued from October 24, 2021 to October 23, 2022, before being tacitly renewed for a further 12-month period from October 24, 2022 to October 23, 2023.

6.6 Procedure for evaluating current agreements

In accordance with Article L.22-10-12 of the French Commercial Code, at its meeting of April 6, 2022, the Board of Directors adopted a procedure for regularly evaluating whether agreements relating to day-to-day transactions entered into at arm's length referred to in Article L.225-39 of the French Commercial Code actually meet these conditions (the "**Procedure**").

Its purpose is to set out the regulatory framework applicable in France to so-called free and regulated agreements, and to describe the internal process and methodology for the identification, qualification, monitoring and regular control of agreements entered into between the Company and any interested person within the meaning of the applicable regulations.

It should be noted that the procedure is based on the following key principles:

- procedure for identifying agreements covering the identification of agreements with interested persons requiring any person to inform the finance department and the legal department prior to the signing or performance of the draft agreement; in addition, any person directly or indirectly interested in a regulated agreement is required to inform the Board of Directors as soon as they become aware of it;

- procedure for analysing agreements and qualifying them as a "free" agreement, where applicable, which provides that once the finance department and the legal department have been informed of the existence of a potential agreement with an interested person, they shall verify on a case-by-case basis and document together whether the agreement is "prohibited" (in which case it cannot be entered into), and whether the agreement can be considered as "free" within the meaning of the procedure. The finance department and the legal department may draw on the expertise of other departments to assess and qualify the agreement.

A list of free agreements is drawn up before March 31 of each year and is reviewed in detail by the finance department and the legal department to determine whether the original classification of the agreement should be maintained or whether the agreement should be reclassified as a regulated agreement and therefore immediately notified to the Board of Directors.

The list of free agreements is sent annually to the statutory auditors. Every year this list is submitted and if necessary discussed at the Audit and Risk Committee meeting that prepares the approval of the Company's annual financial statements. The Audit and Risk Committee reports annually to the Board of Directors on the due application of the procedure and if necessary proposes an update thereto.

The 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 results of this in-depth analysis of agreements entered into with interested parties, the Company’s management could submit for approval of the Board of Directors at a forthcoming meeting the declassification of some of these agreements currently referred to as “regulated”.

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 (12th resolution)	June 24, 2022	26 months	€1,970,845 €150 million for debt securities(1)	-
Capital increase by issuing ordinary shares and/or any other securities, with cancellation of shareholders' preferential subscription rights and a public offering (other than the offerings referred to in paragraph 1 of Article L.411-2 of the French Monetary and Financial Code) (13th resolution)	June 24, 2022	26 months	€1,970,845 €150 million for debt securities(1)	
Capital increase by issuing ordinary shares and/or any other securities, with cancellation of shareholders' preferential subscription rights, 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 (14th resolution)	June 24, 2022	26 months	€788.338 €150 million for debt securities(1)	-
Increase in the number of securities to be issued in the event of a capital increase with or without preferential subscription rights decided under the aforementioned delegations of authority (15th resolution)	June 24, 2022	26 months	Extension up to 15% of the initial issue(1)	-
Capital increase by issuing ordinary shares or securities giving access to ordinary shares to be issued immediately or in the future by the Company, with cancellation of shareholders' preferential subscription rights in favour of categories of beneficiaries (17th resolution)(2)	June 24, 2022	18 months	€788,338 €150 million for debt securities(1)	-
Capital increase by issuing ordinary shares of the Company or securities giving immediate or future access by any means, to	June 24, 2022	26 months	€788.338 €150 million for debt securities(1)	-

ordinary shares of the Company, as consideration for contributions in kind of equity securities or securities in the event of a takeover bid involving an exchange component initiated by the Company (18th resolution)				
Capital increase by issuing ordinary shares of the Company or securities giving immediate or future access by any means to ordinary shares of the Company, up to a limit of 10% of the share capital, as consideration for contributions in kind of equity securities or securities giving access to the share capital of third-party companies outside a public exchange offer (19th resolution)	June 24, 2022	26 months	10% of the share capital €150 million for debt securities(1)	-
Capital increase by capitalising premiums, reserves, profits or other (21st resolution)	June 24, 2022	26 months	€788,338	-
Authorisation to be granted to the Board of Directors to grant Company share subscription or purchase options (22nd resolution)	October 15, 2021	38 months	5% of the share capital(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)	346,616 AGA

(1) These amounts are not cumulative and are to be deducted from an overall ceiling of (i) €1,970,845, for the overall nominal amount of capital increases, and (ii) €150,000,000, for the maximum overall nominal amount of debt securities (20th resolution – Overall limit on authorisations)

(2) 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

Statutory Auditors' special report on regulated agreements

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2022

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 Collaboration Agreement with Ballard Power Systems Inc.

Persons concerned:

Ballard Power Systems Inc., represented by Mr. Nicolas POCARD, is a director of the Company.

Nature and purpose:

The purpose of this agreement is to establish a framework for a strategic partnership aimed at the joint development of integrated battery and fuel cell systems and powertrain solutions. Said agreement notably sets out the main objectives, tasks and timetable relating to the development of the Integrated Solutions.

Terms:

This agreement replaced the so-called “Memorandum of Understanding” agreement as of December 14, 2022. It was concluded for a period of five years, renewable tacitly unless terminated by one of the parties under the conditions provided for in the contract.

The conclusion of this contract was previously authorized by the Board of Directors of the Company, on December 14, 2022, which noted that this contract allows the Company to develop new technologies with a view to launching new commercial offers.

For financial year 2022, this agreement was effective from December 14, 2022 to December 31, 2022 but had no financial impact on the company's accounts.

6.8.1.2 Service Agreement with Mitsui & CO India PVT. ltd.

Persons concerned:

Mitsui & Co India PVT. Ltd is a subsidiary of Mitsui & Co., Ltd which is itself a shareholder of FORSEE POWER with more than 10% of the voting rights and Mr. Kosuke Nakajima, member of the Board of Directors of the Company, is General Manager of the Battery Solutions Department at Mitsui & Co., Ltd.

Nature and purpose:

This so-called "Service Agreement referred to in paragraph", is intended to allow FORSEE POWER India Private Limited to expand its development in India with the assistance of Mitsui & Co India PVT. Ltd, particularly in sales, marketing, and customer acquisition in India.

Terms:

The contract entered into on June 6, 2022 entered into force on April 1, 2022 for a period of one year expiring on March 31, 2023. It replaced the terms and conditions of the so-called “Service Agreement” which expired on March 31, 2022.

The conclusion of this contract was previously authorized by the Board of Directors of the company, on April 6, 2022, which noted that this contract allows the company to enter the Indian market thanks to the expertise of Mitsui & Co Ltd.

The contract provides for a flat-rate fixed remuneration of INR 2,000,000 (Indian rupees) excluding tax.

For financial year 2022, this agreement was effective from April 1, 2022 to December 31, 2022, but had no financial impact in 2022.

6.8.1.3 Tacit renewal of the Consultancy Agreement with AMILU

Persons concerned:

Mr. Pierre LAHUTTE, is 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 concluded on July 24, 2020 between the Company and AMILU represented by Mr. Pierre LAHUTTE was renewed by tacit agreement on October 24, 2022 until October 23, 2023. It is renewable by tacit agreement for successive periods of 12 months.

It was previously authorized by the company's Board of Directors on April 6, 2022, which held that the continuation of this contract allows the company to refine its strategy and open up to new markets thanks to the work and the connections of the AMILU company.

The contract provides for a fixed monthly remuneration of €10,000 and a variable remuneration for any new commercial contract invoiced annually.

Under this agreement, the company recorded total invoicing by AMILU of €20,000.00, excluding tax, at the end of 2022 in expenses of the period.

6.8.1.4 Service Agreement with Mitsui Bussan Automotive Inc.

Persons concerned:

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, member of the Board of Directors of the Company, is General Manager of the Battery Solutions Department at Mitsui & Co., Ltd.

Nature and Purpose:

The purpose of this agreement is the performance of services by Mitsui Bussan Automotive Inc. such as the provision of technical support for business development and sales activities in Japan, including after-sales services to FORSEE POWER customers located in Japan.

Terms

The so-called "Service agreement" with Mitsui Bussan Automotive Inc, was concluded on June 6, 2022. It entered into force from March 1, 2022 until February 28, 2023 and will be tacitly renewable for a period of twelve months from March 1, 2023, unless the contract is terminated beforehand under the conditions stipulated therein.

The conclusion of this contract was previously authorized by the Company's Board of Directors on April 6, 2022, which noted that this agreement enables the provision of real after-sales services and technical service support to customers of the Company, by subcontracting these services to Mitsui Bussan Automotive Inc.

In consideration for performing the tasks defined in the contract, Mitsui Bussan Automotive Inc. will invoice the Company on the basis of a fixed price of €100,000 per year (€25,000 per quarter).

For financial year 2022, this agreement was effective from March 1, 2022 to December 31, 2022.

An amount of €75,000 was invoiced to the company for the financial year ended December 31, 2022.

6.8.1.5 Service Agreement with Mitsui & Co., Ltd.

The Company entered into a “Service Agreement” with the company Mitsui & CO., Ltd., dated April 7, 2022.

Persons concerned:

Mitsui & Co., Ltd. is a shareholder of FORSEE POWER with more than 10% of the voting rights and Mr. Kosuke Nakajima, member of the Board of Directors of the Company, is General Manager of the battery solutions department at Mitsui & Co., Ltd.

Nature and Purpose:

The purpose of this agreement is for the Company to provide services, such as the performance of an initial pre-feasibility study on the electrification of transport trucks, with a view to Mitsui & Co., Ltd. offering services to MACA Pty Ltd for the electrification of its transport trucks.

Terms:

In consideration for performing the tasks defined in the contract, the Company will invoice Mitsui & Co., Ltd. based on a fixed price of €15,000. The Company will be solely liable for all costs and expenses generated by the performance of the services, subject nevertheless to any costs and expenses of the Company that Mitsui would have previously agreed to bear. The agreement took effect on April 7, 2022 and will expire upon completion by the Company of the services provided for under the contract.

The conclusion of this contract was previously authorized by the Company's Board of Directors on April 6, 2022, which noted that this agreement is part of the strengthening of the Company's global partnership with Mitsui & Co. Ltd and the enlargement of potential prospects.

An amount of €15,000 was invoiced under this agreement for the year ended December 31, 2022.

6.8.1.6 Business Contribution Agreement with Mitsui &Co. ltd

Persons concerned:

Mitsui & Co., Ltd. is a shareholder of FORSEE POWER with more than 10% of the voting rights and Mr. Kosuke Nakajima, member of the Board of Directors of the Company, is General Manager of the battery solutions department at Mitsui & Co., Ltd.

Nature and purpose:

The purpose of this agreement is for the Company to provide services, such as the performance of an initial pre-feasibility study on the electrification of transport trucks, with a view to Mitsui & Co., Ltd. offering services to THIESS Pty. Ltd for the electrification of its transport trucks.

Terms:

In consideration for performing the duties defined in the contract, the Company will invoice Mitsui & Co., Ltd. based on a fixed price of €15,000. The Company will be solely liable for all costs and expenses generated by the performance of the services, subject nevertheless to the costs and expenses of the Company that Mitsui would have previously agreed to bear.

An amount of €7,500 was invoiced under this agreement for the year ended December 31, 2022.

Agreements not previously authorized

Pursuant to Articles L 225-42 and L. 823-12 of the French Commercial Code, we inform you that the following agreement has not been subject to the prior authorization of your Board of Directors.

It is our responsibility to communicate to you the circumstances which explain why the authorization procedure was not followed.

Tacit renewal of the "Business Contribution Agreement" with Mitsui &Co. ltd

Persons concerned:

Mitsui & Co., Ltd. is a shareholder of the Company with more than 10% of the voting rights and Mr. Kosuke Nakajima, member of the Company's Board of Directors, is 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 September 30, 2022, was renewed by tacit agreement for the period October 1, 2022 to September 30, 2023.

The tacit renewal of this agreement was not authorized beforehand by the Board of Directors of the company by simple omission.

An expense of €57,000 was recognized under this agreement in the accounts as of December 31, 2022.

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 Memorandum of understanding with Ballard Power Systems Inc.

Concerned person:

Mr. Nicolas POCARD, representative of Ballard Power Systems Inc and a member of the Board of Directors of FORSEE POWER SA.

Nature and purpose:

The purpose of this agreement is to determine a framework for the planned strategic partnership, aimed at the joint development of integrated battery and fuel cell systems and powertrain solutions, consisting of hybrid energy system solutions combining batteries and fuel cells, optimized in terms of performance and cost (the “Integrated Solutions”).

Execution during the year:

This agreement, signed on October 13, 2021, for a period of six months, continued in effect until December 14, 2022.

Revenues from the sale of Integrated Solutions have been allocated between the two parties according to their proportional contribution to the development of the Integrated Solutions put on the market, as they would be detailed in the collaboration contract entered into at a later date.

This agreement continued in 2022.

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 member of the Company's Board of Directors and 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 Service Agreement with Mitsui & Co. India PVT. ltd.

Persons concerned:

Mitsui & CO India PVT. Ltd, a subsidiary of Mitsui & Co., Ltd., itself a shareholder of FORSEE POWER with more than 10% of the voting rights.

Mr. Kosuke Nakajima, a member of the Company's Board of Directors and General Manager of the Battery Solutions Department at Mitsui & Co., Ltd.

Nature and purpose:

The purpose of this agreement is to enable FORSEE POWER India Private Limited to expand its development in India with the assistance of Mitsui & CO India PVT. Ltd, particularly in sales, marketing and customer acquisition in India.

Execution during the year:

This agreement entered into force on April 1, 2021 until March 31, 2022.

In consideration for the duties performed, Mitsui & CO India PVT. Ltd, receives a fixed remuneration amounting to INR 1,100,000 (Indian Rupees), excluding tax.

Invoicing of INR 1,100,000 was recorded for the 2022 financial year under this agreement.

6.8.2.4 Consultancy Agreement with AMILU from October 24, 2021 to October 23, 2022

Concerned person

Mr. Pierre LAHUTTE is Chairman of AMILU and a member of the Board of Directors of FORSEE POWER.

Nature and purpose

The strategy and development consultancy agreement was concluded on July 24, 2020 and renewed by tacit agreement for the period from October 24, 2020 to October 23, 2021 and from October 24, 2021 to October 23, 2022. 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 tax and a success fee of between 0.5% and 0.1% of the revenue realised by FORSEE POWER on certain contracts which would be concluded by FORSEE POWER.

Terms

The agreement continued in effect until October 23, 2022.

The Company recorded total invoicing by AMILU of €100,000, excluding tax, in expenses of the period.

Paris-La Défense and Sarcelles, April 19, 2023

The Statutory Auditors

French original signed by

Deloitte & Associés

Thierry QUERON

Jean LEBIT

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.

Previously, the Company was incorporated as a *société par actions simplifiée*.

The Company’s contact information is as follows:

Telephone: +33 1 58 91 69 00

Email: contact@forseepower.com

Website: https://www.forseepower.com

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.

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 bonus, 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.

As from the second anniversary of the admission of the Company's shares to trading on the regulated market of Euronext in Paris, 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

None.

7.2 Equity

7.2.1 Share Capital

As of December 31, 2022, the share capital of Forsee Power is set at € 5,357,200 divided into 53,572,003 shares with a par value of ten cents of euro each.

7.2.2 Potential capital

At December 31, 2022, the dilutive instruments are described below:

	BSA	Free Share Grant	Stock-Options 2018	Stock-Options 2021	TOTAL
Total number of shares that may be subscribed upon exercise of BSA, stock options or free shares	1,248,024	346,616	780,000	1,500,000	3,874,640
Potential dilution	2.17%	0.60%	1.36%	2.61%	6.74%

The potentially dilutive effect of these instruments amounts to 6.74% of the share capital at December 31, 2022.

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, 2022, 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 2022 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
AMILU SAS *Legal entity related to Pierre Lahutte Director*	Acquisition	01/02/2022 16/12/2021	€4.90 €6.30	3,000 3,000
AMILU SAS *Legal entity related to Pierre Lahutte, Director*	Acquisition	12/05/2022	€3.10	6,000
Christophe Gurtner *Chairman and Chief Executive Officer*	Acquisition	17/06/2022 20/06/2022 21/06/2022 22/06/2022	€2.45 €2.42 €2.41 €2.45	28,975 2,865 1,070 7,090
Christophe Gurtner *Chairman and Chief Executive Officer*	Grant of free shares	24/06/2022	€ -	282,616
AMILU SAS *Legal entity related to Pierre Lahutte Director*	Acquisition	22/06/2022	€2.45	5,000
AMILU SAS *Legal entity related to Pierre Lahutte Director*	Acquisition	13/06/2022	€2.90	4,000
Aymeric Derville *CTIO*	Grant of free shares [1]	15/09/2022	€ -	32,000

Frédéric Poupau *Vice President, Asia Pacific*	Grant of free shares[1]	15/09/2022	€ -	32,000
Nicolas Cailloux *Vice President, Europe*	Grant of free shares[1]	15/09/2022	€ -	32,000
Raymond Rechdan *Deputy Technical Director, Electronics*	Grant of free shares[1]	15/09/2022	€ -	15,000
Vincent Gautier *Investment and Services Director*	Grant of free shares[1]	15/09/2022	€ -	15,000
Baiyang Cao, *Deputy General Manager - Development*	Grant of free shares[1]	15/09/2022	€ -	15,000
Mathieu Darne *CFO*	Grant of free shares[1]	15/09/2022	€ -	50,000
Julien Cursoux *Purchasing and Supply Chain Director*	Grant of free shares[1]	15/09/2022	€ -	0
Jean Sanson de Sansal *System Department Manager*	Grant of free shares[1]	15/09/2022	€ -	15,000
Fabrice Giocanti-Belmonte *Head of Management Control Europe*	Grant of free shares[1]	15/09/2022	€ -	15,000
Sébastien Rembauville-Nicolle *Vice President Business Development*	Grant of free shares[1]	15/09/2022	€ -	32,000
Sébastien Rembauville-Nicolle *Vice President Business Development*	Acquisition	03/07/2022 07/07/2022 01/08/2022 18/09/2022	€2.51 €3.30 €3.55 €4.20	1,000 770 695 590
Sophie Tricaud *Vice President Corporate affairs*	Grant of free shares[1]	15/09/2022	€ -	32,000

(1) Acquisition of free shares under a plan set up by the Company (Plan of September 14, 2021).

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

As of December 31, 2022, 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, 2022, the Company held 74,081 of its own shares, representing approximately 0.14% of the share capital as of December 31, 2022, 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, 2022: 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 to grant 346,616 free shares under Plan No. 2, as of the date of this document.

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 October 15, 2021

The shareholders’ meeting of June 24, 2022 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 24, 2023.

The maximum unit repurchase price was set by the 10th resolution, adopted by the Company's combined shareholders' meeting on October 15, 2021, at a unit price of €14.50 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, 2021	27,067	-	27,067
Purchases	246,564		246,564
Sales/transfers	(199,550)		(199,550)
Position as of December 31, 2022	**74,081**		**74,081**

Over the full year 2022, 246,564 shares were purchased at an average price of €3.72 per share and 199,550 shares were sold at an average price of €3.67 per share. As of December 31, 2022, the Company directly or indirectly held 74,081 of its own shares, representing a value of €249,452 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 used this delegation and granted all 15,000 options in the plan; the 2021 Stock Option Plan covers the 8,587 stock options not granted under the 2018 Stock Option Plan and the 10,000 stock options not granted under the 2020 Stock Option Plan. As a result of the stock split of the Company's shares decided by the shareholders' meeting of October 15, 2021, as of the date of this document, the 2021 Stock Option Plan 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[57];

(iii) **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. Based on this plan, 346,616 free ordinary shares have been granted.

[57] *It should be noted that of the 382,000 shares granted under AGA Plan No. 1, only 362,000 vested on September 15, 2022, as one of the beneficiaries did not meet the presence criteria on the day the shares vested.*

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:

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 Fund - Sociétés de Projets Industriels	3,296 ordinary shares	32,960	2,109,440	3,031,720	303,172	10
September 28, 2021	Capital increase through 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 without preferential subscription rights	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

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 share capital and voting rights as of December 31, 2022. To the best of the Company's knowledge, this description is based on the information available to it as of December 31, 2022:

Shareholders	Number of shares	% Share capital	% Theoretical voting rights*	% Exercisable voting rights*
Eurazeo Investment Manager	15,222,118	28.41%	28.41%	28.45%
Mitsui & Co, Ltd.	14,285,900	26.67%	26.67%	26.70%
Société de Projets Industriels	5,463,700	10.20%	10.20%	10.21%
Christophe Gurtner	1,900,257	3.55%	3.55%	3.55%
Groupe Industriel Marcel Dassault	2,358,194	4.40%	4.40%	4.41%
Ballard Power system Inc.	5,200,000	9.71%	9.71%	9.72%
Managers	362,000	0.68%	0.68%	0.68%
Free float	8,705,753	16.25%	16.25%	16.27%
Treasury shares	74,081	0.14%	0.14%	-
TOTAL	**53,572,003**	**100 %**	**100%**	**100 %**

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

The table below shows the distribution of the Company's capital on a diluted basis(1):

Shareholders	Number of shares	% Share capital
Eurazeo Investment Manager	15,222,118	26.50%
Mitsui & Co, Ltd.	14,285,900	24.87%
Société de Projets Industriels	5,463,700	9.51%
Christophe Gurtner	3,907,873	6.80%
Groupe Industriel Marcel Dassault	2,358,194	4.11%
Ballard Power system Inc.	5,200,000	9.05%
Free float	8,779,834	15.28%
European Investment Bank(2)	1,248,024	2.17%
Managers	981,000	1.71%
TOTAL	**57,446,643**	**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 346,616 shares allocated free of charge under Plan No. 2 and after exercise of the 10,357 warrants issued to the European Investment Bank.

(2) Shares that may be subscribed upon exercise of the BEIA and BEIC warrants held by the European Investment Bank. It is specified that the number of ordinary shares that may be subscribed upon exercise of these BSAs 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 in connection with the IPO

There is no statutory clause limiting the free negotiability of the shares comprising the Company's share capital. Nevertheless, in the context of its IPO, some of the shareholders and stock options holders had made retention commitments, which have now expired.

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

None.

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, 2020, December 31, 2021 and December 31, 2022 on a non-diluted basis:

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

7.3.6 Control structure

As of December 31, 2022, 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, 2020, 2021 and 2022.

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 hereby certify that the information contained in this Universal Registration Document is, to my knowledge, true and accurate, and does not contain any omission that might alter its meaning.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of all the companies included in the consolidation scope, and that the management report - as detailed in the corresponding cross-reference table in section 8.5 gives a true and fair view of changes in the business, results and financial position of the Company and of all the companies included in the consolidation scope and describes the main risks and uncertainties to which they relate.

Ivry-sur-Seine, April 25, 2023

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	-	6 financial years	General shareholders' meeting of 2023
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 4.3.10.4 of the notes to the consolidated financial statements for the year ended December 31, 2022, 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 2022 universal registration document includes by reference:

- 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.22-0027;

- the consolidated financial statements for the year ended December 31, 2020, prepared in accordance with IFRS as adopted by the European Union, and the related statutory auditors' report presented in sections 18.1.1 and 18.3.1 of the Registration Document approved by the AMF on October 1, 2021, under number I.21-0058.

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 articles of incorporation and 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 I 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
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
5.4	Strategy and objectives	1.1.2

5.5	Dependence of the issuer with regards to patents, licenses, contracts and manufacturing processes	3.1.2 and 3.1.4
5.6	Competitive position of the issuer	1.2.4
5.7	Investments	2.10
5.7.1	Material investments made	2.10.1
5.7.2	Material investments in progress	2.10.2
5.7.3	Information relating to the joint ventures and undertakings likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses	2.10.3
5.7.4	Environmental issues that may affect the use of the tangible fixed assets	2.13
Section 6	**Organizational structure**	
6.1	Brief description of the Group	2.10.4
6.2	List of the significant subsidiaries	2.10.4.2 and 4.3.4
Section 7	**Operating and financial review**	
7.1	Financial position	2.1, 2.3, 2.5 and 2.11
7.2	Operating results	2.3.2 and 2.11.2.2
Section 8	**Capital resources**	
8.1	Issuer’s capital resources	2.4 and 2.7
8.2	Sources and amounts of the cash flows	2.6
8.3	Borrowing requirements and funding structure	2.4 and 2.7
8.4	Restrictions on the use of capital resources	2.8
8.5	Anticipated sources of funds	2.9
Section 9	**Regulatory environment**	
9.1	Description of the regulatory environment and external factors materially influencing the operations	1.5
Section 10	**Trend information**	2.2
Section 11	**Profit forecasts or estimates**	N/A
Section 12	**Administrative, management and supervisory bodies and senior management**	
12.1	Information on the members of the administrative and management bodies	6.1 and 6.2
12.2	Conflicts of interests	6.2.3
Section 13	**Compensation and benefits**	
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, note 3.3.32 and 6.6
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	2.12
18.7	Significant change in the issuer's financial position	2.10.6
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 – 8.5.1
Corporate governance report	Dedicated table – 8.5.4
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)	2.11.7
Research and development activities	1.4
Significant events since the end of the financial year	2.11.1
Company and Group foreseeable trends and outlook	2.2
Significant acquisitions of equity interests in companies which have their registered office in France	2.10.5
Activities of the Company's subsidiaries	1.3.3
Table of the Company's results for the last five years	2.11.3
Information on suppliers and customers payment terms	2.11.4
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	7.2.14
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 – 8.5.3
Vigilance plan	N/A

8.5.4 Cross-reference table for the Non-Financial Performance Statement

Information required	Chapter / Section
2022 Non-Financial Performance Statement	5
Presentation of the business model	5.2.1
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	5.3.2
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	5.4.2, 5.4.4
Results of policies applied by the company or group, including key performance indicators	5.7
Corporate social information (employment, work organisation, health and safety, labour relations, training, equal treatment)	5.5
Environmental information (general environmental policy, pollution, circular economy, climate change)	5.6
Societal information (societal commitments in favour of sustainable development, subcontracting and suppliers, fair practices)	5.3.2, 5.4.1, 5.4.4
Information on anti-corruption and tax evasion	5.4.2
Information on actions in favour of human rights	5.4.4
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.	5.5.1
Collective agreements signed within the company and their impact on the company's business performance as well as employee working conditions	5.5.1
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 organisation 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
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