



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

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

**2022**

# **Half-Yearly Financial Report**

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# 1

## **ATTESTATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEARLY FINANCIAL REPORT**

"I certify that to my knowledge, the condensed consolidated interim financial statements for the six months ended June 30, 2022, have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the net assets, financial position and financial performance of the Company and of all companies included in the scope of consolidation. I equally certify that to my knowledge, the attached half-yearly activity report faithfully represents the significant events that have occurred during the first six months of the financial year and their impact on the consolidated financial statements, as well as the main transactions that have taken place with related parties, and provide a description of the principal risks and uncertainties associated with the remaining six months of the financial year".

Christophe Gurtner, Chairman and CEO

Signed in Ivry-sur-Seine, on September 16, 2022

# 2

## HALF-YEARLY BUSINESS REPORT

## 2.1 Key performance indicators

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

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

### Definition of EBITDA and adjusted EBITDA

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

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

in € thousands	First half-year 2022	First half-year 2021
<b>Current operating income</b>	<b>(12,178)</b>	<b>(10,154)</b>
- Amortisation and impairment of intangible assets	(1,475)	(980)
- Amortisation of rights of use on property, plant and equipment	(598)	(620)
- Amortisation and impairment of property, plant and equipment	(1,215)	(571)
- Net impairment of assets	(690)	124
<b>EBITDA</b>	<b>(8,200)</b>	<b>(8,107)</b>
- Share-based compensation expenses	(1,976)	(247)
- Employer's contributions for share-based compensation	(26)	0
<b>Adjusted EBITDA <sup>(a)</sup></b>	<b>(6,198)</b>	<b>(7,860)</b>

a) Adjusted EBITDA corresponds to EBITDA restated for share-based compensation expenses ("IFRS 2" expense) and employer contributions. The "IFRS 2 expense" was €(1,976) thousand in the first half of 2022 compared to €(247) thousand in the first half of 2021. Employer contributions for share-based compensation amounted to €(26) thousand in the first half of 2022 (zero in the first half of 2021). For the first half of 2021, according to this new definition, adjusted EBITDA would have amounted to €(7,860) thousand.

## 2.2 Analysis of first-half activity and results

### 2.2.1 Outlook and trends

In the second half of 2022, Forsee Power will focus on launching its production site in the United States with the objective of reaching a production capacity of 3 GWh by 2027 and continuing to develop its commercial partnerships as well as its R&D work in order to expand its product and service offering.

The Group announces forecast revenues to exceed €100 million in 2022 and also confirms its financial objectives for 2027, namely to achieve revenues of around €600 million and EBITDA and adjusted EBITDA margins both above 15%.

Forsee Power will remain vigilant about the uncertainties related to the COVID-19 crisis, particularly in China where the Group operates one of its four production sites, the impacts linked to the conflict in Ukraine, the impact on logistics between Asia and Europe, the increase in the price of raw materials and the pressure on the supply of certain electronic components.

## 2.2.2 Significant events during the period

### 2.2.2.1 Business performance

- Order to power 420 Wrightbus buses with ZEN SLIM battery systems: 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.
- Launched deliveries of 5,000 GO 10 batteries to Omega Seiki Mobility in India for their RAGE+ electric 3-wheelers;
- Renewal of the partnership with IVECO for the supply of batteries for electric buses;
- Order to equip 20 Ballard Motive Solutions hydrogen fuel cell refuse collection vehicles;
- 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.

### 2.2.2.2 Industrial development

- **Establishment of the North American headquarters and a *gigafactory* in Columbus, Ohio**

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 the Group to adapt the product offering to the local market, build production lines and recruit a local team of 150 employees.

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

Forsee Power inaugurated its production plant in Chasseneuil-du-Poitou for smart battery systems for heavy vehicles.

### 2.2.2.3 Innovation and new product development:

- Launch of PULSE 0.5, an ultra-high power battery for 48V off-highway hybrid systems
- Forsee Power obtains DNV certification for its Pulse 2.5 marine battery system
- 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 650V and 800V engines with a single battery format.

### 2.2.2.4 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.

### **2.2.2.5 Dispute with Unu GmbH**

#### ***The referral procedure in Paris:***

In a ruling dated March 18, 2022, the judge in summary proceedings of the Paris Commercial Court ruled that it had no jurisdiction regarding the request by Unu GmbH to replace the legal expert appointed in April 2021. The supervisory judge decided to retain the current legal expert and to appoint a legal co-expert. The next legal experts' panel meeting is scheduled for September 2022.

#### ***The trial proceedings:***

The court remanded the case to September 28, 2022 for a procedural hearing. The Company expects the Court to stay proceedings until the expert report is filed.

#### ***The referral procedure in Lyon:***

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

This expert appraisal is intended to determine the cause of the fire which is unknown.

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.

For more details regarding the ongoing litigation proceedings with Unu GmbH, please refer to note 7.11 of the half-yearly financial statements, in section 3.1 of this document, as well as paragraph 2.3 of this half-yearly financial report.

### **2.2.2.6 Impact from 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, linked to the geopolitical situation in Ukraine and in the energy sector, exist, but the Group is not directly exposed to them.

### **2.2.2.7 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.

However, this situation did not result in a significant disruption over the first half of 2022, as the production site in China continued to operate as usual, without any particular problem.

### **2.2.2.8 Uncertainties related to the current political and economic context**

The current political and economic context may create uncertainties over the Group's business activities (i.e., inflation, increases in prices of some raw materials and energy, disruption of the supply chain, shortage of electronic components, etc.). However, the Group is closely monitoring the potential increase in its structural costs (prices of raw materials, increases in wages and in the supply chain), and generally includes in the contracts with its customers a price adjustment clause to limit its exposition to the fluctuation of raw material prices.

## **2.2.3 Business commentary**

The following information regarding the financial position and results of Forsee Power should be read in conjunction with the Group's interim consolidated financial statements as of June 30, 2022, included in this document, which are prepared according to the standard IAS 34 related to the interim financial reporting.



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

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

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

### 2.2.3.1 Key figures

in € thousands	First half-year 2022	First half-year 2021	Change	Change (as a %)
<b>Revenues</b>	<b>49,727</b>	<b>37,171</b>	+ 12,556	+ 34%
Of which Heavy Vehicles (HeV)	38,474	29,573	+ 8,901	+ 30%
Of which Light Vehicles and Industrial Tech (LeV & Ind Tech)	11,253	7,597	+ 3,656	+ 48%
<b>EBITDA <sup>(a)</sup></b>	<b>(8,200)</b>	(8,107)	- 93	- 1%
EBITDA margin	<b>(16) %</b>	(22) %		
<b>Adjusted EBITDA <sup>(b)</sup></b>	<b>(6,198)</b>	(7,860)	+ 1,662	+ 21%
Adjusted EBITDA margin	<b>(12) %</b>	(21) %		
<b>Current operating income</b>	<b>(12,178)</b>	<b>(10,154)</b>	- 2,024	- 20%
<b>Operating income</b>	<b>(12,178)</b>	<b>(10,154)</b>	- 2,024	- 20%
<b>Net financial income (expense)</b>	<b>2,504</b>	<b>(6,377)</b>	+ 8,881	+ 139%
<b>Net income of the consolidated group</b>	<b>(9,834)</b>	<b>(16,769)</b>	<b>+ 6,935</b>	<b>41%</b>

a) The EBITDA indicator corresponds to operating income before amortisation and impairment of intangible assets, amortisation of rights of use on property, plant and equipment, depreciation and impairment of property, plant and equipment and net impairment of assets. This indicator is detailed in section 2.1 of this document.

b) In addition to EBITDA, the Group tracks adjusted EBITDA. This alternative performance indicator corresponds to EBITDA restated for share-based compensation expenses. The Group considers that these expenses do not reflect its current operating performance, particularly for equity-settled compensation plans, which have no direct impact on cash. The definition and calculation of this indicator is detailed in section 2.1 of this document.

In the first half of 2022, Forsee Power recorded a robust sales performance in an environment of major pressure on supplies, with consolidated revenues of €49,727 thousand, up by 34%, mainly due to:

- a strong recovery in activity in the heavy vehicle market (+30%) and a continued strong activity in the light vehicle market (+48%)
- a positive impact, in terms of revenue, related to the integration of Holiwatt's activity in July 21<sup>st</sup>, 2021 (+€397 thousand; +1%)

At constant perimeter<sup>1</sup>, Group's revenue would have been €49,330 thousand for the first half of 2022.

<sup>1</sup> Constant perimeter means that the contribution of Holiwatt, a company acquired on July 21<sup>st</sup>, 2021, is not considered.

The Group's adjusted EBITDA increased from €(7,860) thousand for the first half of 2021 to €(6,198) thousand for the first half of 2022, despite a negative impact of €(1,481) thousand related to the integration of Holiwatt in July 21<sup>st</sup>, 2021.

At constant perimeter<sup>1</sup>, the Group's adjusted EBITDA would have been €(4,717) thousand for the first half of 2022, representing 10% of the Group's revenue at constant perimeter.

In this context, the adjusted EBITDA margin has increased from (21)% for the first half of 2021 to (12)% for the first half of 2022. This increase can be explained as follows:

- the improvement in the gross margin (+€3,341 thousand) due to the volume effect and productivity;
- the integration of the net operating costs of the Holiwatt business (-€1,481 thousand);

Operating income for the first half of 2022 came to €(12,178) thousand. It was down from the operating income of €(10,154) thousand for the first half of 2021. Operating income is analysed below in paragraph 2.2.5 of this document.

Following its IPO in November 2021, Forsee Power has significant liquidity. The Group has also continued to successfully implement actions to extend its suppliers' payment terms and to use its "deconsolidating" factoring contracts to optimise its working capital requirements (WCR).

The working capital requirement represents 62% of the revenue for the first half of 2022, against 50% for the first half of 2021. This increase of €12,022 thousand is mainly explained by a higher level of inventories (+€11,081 thousand). The Group's strong growth in terms of revenues for the second quarter 2022 compared to the second quarter 2021 (+52%) indeed required a resizing of inventories. Additionally, the occasional lack of several components at the end of the first half of 2022 did not allow to finalize the production of certain battery systems, leading to an increase in the inventoried work in progress.

Changes in the other components of WCR (clients, suppliers, other current assets and other current liabilities) remain relatively constant within this context of high growth (+€941 thousand), as the Group uses "deconsolidating" factoring contracts with its clients and implements actions to continuously extend its suppliers' payment terms.

Capex (excluding the impact of IFRS 16, excluding intangible assets) as a percentage of revenue, remain stable at 4%, i.e., €1,988 thousand over the first half of 2022 compared with €1,449 thousand over the first half of 2021 (6%).

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

#### **2.2.4 Segment presentation**

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

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

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

## 2.2.5 Results of operations

### Revenues

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

in € thousands	First half-year 2022	First half-year 2021	Change
France			
<i>Heavy Vehicles (HeV)</i>	22,288	27,529	– 5,241
<i>Light Vehicles and Industrial Tech (LeV &amp; Ind Tech)</i>	3,488	2,415	+ 1,073
<b>Total</b>	<b>25,775</b>	<b>29,945</b>	<b>– 4,170</b>
As a %	51,8%	80,6%	
Europe			
<i>Heavy Vehicles (HeV)</i>	15,950	1,996	+ 13,954
<i>Light Vehicles and Industrial Tech (LeV &amp; Ind Tech)</i>	1,937	1,753	+ 184
<b>Total</b>	<b>17,887</b>	<b>3,749</b>	<b>14,138</b>
As a %	36,0%	10,1%	
Asia			
<i>Heavy Vehicles (HeV)</i>	88		+ 88
<i>Light Vehicles and Industrial Tech (LeV &amp; Ind Tech)</i>	4,499	2,597	+ 1,902
<b>Total</b>	<b>4,587</b>	<b>2,597</b>	<b>1 990</b>
As a %	9,2%	7,0%	
United States			
<i>Heavy Vehicles (HeV)</i>	146		+ 146
<i>Light Vehicles and Industrial Tech (LeV &amp; Ind Tech)</i>	1,329	832	+ 497
<b>Total</b>	<b>1,475</b>	<b>832</b>	<b>643</b>
As a %	3,0%	2,2%	
Rest of the world			
<i>Heavy Vehicles (HeV)</i>	3	48	– 45
<i>Light Vehicles and Industrial Tech (LeV &amp; Ind Tech)</i>			0
<b>Total</b>	<b>3</b>	<b>48</b>	<b>– 45</b>
As a %	0,0%	0,1%	
<b>TOTAL</b>	<b>49,727</b>	<b>37,171</b>	<b>12,556</b>
<i>Heavy Vehicles (HeV)</i>	38,474	29,573	+ 8,901
<i>Light Vehicles and Industrial Tech (LeV &amp; Ind Tech)</i>	11,253	7,597	+ 3,656

The Group's consolidated revenues amounted to €49,727 thousand in the first half of 2022 compared with €37,171 thousand in the first half of 2021, an increase of +€12,556 thousand or 34%. The growth recorded in the first half of 2022 is mainly explained by the strong recovery in activity in the heavy vehicle market (+30%) and continued strong activity in the light vehicle segment (+48%). During this period, Forsee Power continued to benefit from its position as a leader in smart battery systems for high value-added segments. At

the same time, in a context of pressure on the supply of certain electronic components, the Company has maintained its efforts in terms of flexibility in order to meet the strong demand from the electromobility market.

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 36% of sales (compared with 10% in the first half of 2021).

**The Heavy Vehicles (HeV) segment** represents 77% of the Group's revenues in the first half of 2022 compared with 80% in the first half of 2021.

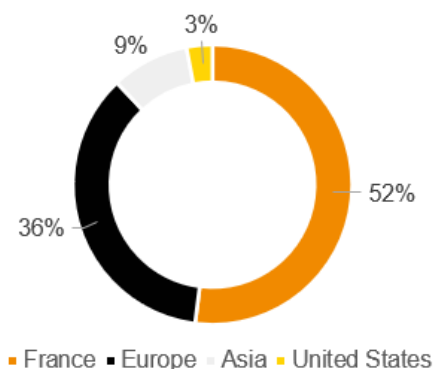
Revenues for this segment were €38,474 thousand in the first half of 2022, up +€8,901 thousand or +30% compared with the first half of 2021. This growth is mainly explained with the start of deliveries to the client Bamford Bus in the United-Kingdom related to a global order to equip 420 buses with battery systems ZEN SLIM.

To be noted that growth on this segment over the second quarter 2022 displayed a 56% increase compared with the second quarter 2021, which reflects an important acceleration of the bus activity.

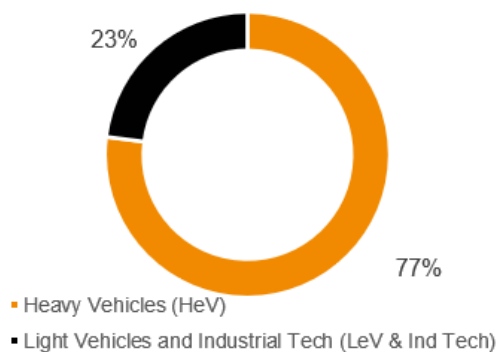
**The Light Vehicles and Industrial Tech (LeV & Ind Tech) segment** accounted for 23% of the Group's revenues in the first half of 2022, compared with 20% in the first half of 2021.

Revenues for this segment were €11,253 thousand, an increase of +€3,656 thousand or 48% compared with the first half of 2021. This increase mainly reflects the Group's sustained growth in the two-wheelers' market.

**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.

	First half-year				
	2022		2021		
	€	% of	€	% of	%
	thousands	revenues	thousands	revenues	change
<b>Revenues</b>	<b>49,727</b>	-	<b>37,171</b>	-	+ 34%
Other operating income and expenses	(366)	- 1%	(177)	0%	- 107%
External services and purchases consumed	(41,384)	- 83%	(33,212)	- 89%	- 25%
Personnel costs	(15,442)	- 31%	(10,593)	- 28%	- 46%
Taxes and duties	(361)	- 1%	(471)	- 1%	+ 23%
Depreciation and amortisation	(3,288)	- 7%	(2,171)	- 6%	- 51%
Provisions and impairment	(1,064)	- 2%	(700)	- 2%	- 52%
<b>Current operating income (EBIT)</b>	<b>(12,178)</b>	<b>- 24%</b>	<b>(10,154)</b>	<b>- 27%</b>	<b>- 20%</b>

- **Revenues**

Refer to the analysis above.

- **Other operating income and expenses**

Other operating income and expenses decreased and represented an expense of €(366) thousand for the half year ended June 30, 2022, compared with €(177) thousand for the half year ended June 30, 2021, i.e. a decrease of - €189 thousand.

- **External services and purchases consumed**

The breakdown of the item is as follows:

in € thousands	First half-year 2022	First half-year 2021
Purchases consumed, including foreign exchange gains and losses on purchases	(36,008)	(28,877)
Fees, external services	(1,917)	(1,772)
Leases, maintenance and insurance	(793)	(499)
Transport, travel and conference expenses	(1,381)	(965)
Study and research costs	(689)	(648)
Post and telecommunications expenses	(114)	(133)
Subcontracting	(365)	(269)
Other	(117)	(48)
<b>External services and purchases consumed</b>	<b>(41,384)</b>	<b>(33,212)</b>

The increase in external services and purchases consumed of -€8,172 thousand, i.e. +25%, in the first half of 2022 compared with the first half of 2021, is mainly due to:

- the increase in purchases consumed of +€7,131 thousand (+25 % compared with the first half of 2021), mainly due to the increase in activity; and
- the increase in transport, travel and entertainment expenses for +€416 thousand mainly due to the increase in activity and the lifting of COVID-19 health restrictions.

The cost of battery cells depends in part on the prices and availability of raw materials such as lithium, nickel, cobalt and/or other metals. The costs of these raw materials have risen due to higher production costs and

increased demand in the electric vehicle market.

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

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

- **Personnel costs**

The +€4,849 thousand increase in personnel costs is explained as follows:

- an increase in activity for an amount of +€3,094 thousand, including the takeover of the workforce of the former Holiwatt acquired in July 2021;
- an increase in share-based payment costs for an amount of +€1,729 thousand, related to the recognition over time of the expense for stock options and free shares that form part of agreed-upon plans.

- **Taxes and duties**

Taxes, duties and similar payments were stable (€(110) thousand between the first half of 2022 and the first half of 2021) and amounted to €(361) thousand as of June 30, 2022.

- **Non-current operating income**

There were no non-current operating items recorded in the first half of 2022 and 2021.

- **Net depreciation, amortisation and impairment**

The item breaks down as follows:

in € thousands	First half-year 2022	First half-year 2021
Amortisation and impairment of intangible assets	(1,475)	(980)
Amortisation of rights of use on property, plant and equipment	(598)	(620)
Amortisation and impairment of property, plant and equipment	(1,215)	(571)
Provisions for risks and charges	(374)	(824)
Net impairment of inventories and receivables	(690)	124
<b>Net charges</b>	<b>(4,352)</b>	<b>(2,872)</b>

The item increased from €(2,872) thousand in the first half of 2021 to €(4,352) thousand in the first half of 2022. Its contribution as a percentage of revenues increased, at 9% of revenues in the first half of 2022 compared with 8% in the first half of 2021.

Fixed assets and provisions are discussed in the comments on the balance sheet in section 2.3 of this document.

### **Operating income (expense)**

Given the factors presented above, the Group's operating income represented an expense of €(12,178) thousand in the first half of 2022 compared with €(10,154) thousand in the first half of 2021, a deterioration of €(2,024) thousand.

## **Net financial income**

The €1,710 thousand decrease in the cost of gross financial debt to €(1,441) thousand as of June 30, 2022, compared with €(3,151) thousand as of June 30, 2021, is mainly due to the global debt reduction implemented by the Group during the second semester of 2021.

The other components of the net financial result represent a net amount of +€3,944 thousand for the first half of 2022, compared to €(3,266) thousand for the first half of 2021. This variation is mainly due to the change in the fair value of the derivatives related to the EIB warrants.

## **Tax expense**

The tax expense was €(161) thousand as of June 30, 2022 compared with €(238) thousand as of June 30, 2021. Theoretical tax income was €2,418 thousand as of June 30, 2022, compared with €4,133 thousand as of June 30, 2021. The change in the tax expense results from the change in deferred taxes.

The differences (i.e., tax income of €2,580 thousand as of June 30, 2022 and €4,371 thousand as of June 30, 2021) between the theoretical tax expense and the tax expense result mainly from the impact of the change in the tax expense concerning tax losses not recognized in the balance sheet (€3,097 thousand as of June 30, 2022 and €3,284 thousand as of June 30, 2021), derivatives on financial instruments (€(976) thousand as of June 30, 2022 and €785 thousand as of June 30, 2021), and share-based payments (€494 thousand as of June 30, 2022 and €66 thousand as of June 30, 2021).

Details of the tax expense are provided in note 8.9 to the half-yearly financial statements in chapter 3 of this document.

## **Net income**

Given the factors set out above, the net result of the consolidated group represents a loss of €(9,834) thousand at June 30, 2022 compared with a loss of €(16,769) thousand at June 30, 2021, i.e., an improvement of + €6,935 thousand.



## 2.3 Comments on the main balance sheet items

in € thousands	30.06.2022	31.12.2021	Change	Change (as a %)
<b>Non-current assets</b>	<b>47,177</b>	<b>41,738</b>	<b>+ 5,439</b>	<b>+ 13%</b>
Of which intangible assets <sup>(a)</sup>	15,550	14,892	+ 658	+ 4%
Of which property, plant and equipment <sup>(b)</sup>	19,610	18,643	+ 967	+ 5%
Of which non-current financial assets <sup>(c)</sup>	4,932	5,588	- 656	- 12%
<b>Current assets</b>	<b>110,502</b>	<b>124,859</b>	<b>- 14,357</b>	<b>- 11%</b>
Of which other current assets <sup>(d)</sup>	12,252	15,101	- 2,849	- 19%
Of which cash and cash equivalents <sup>(e)</sup>	46,477	70,770	- 24,293	- 34%
<b>Total assets</b>	<b>157,679</b>	<b>166,598</b>	<b>-8,919</b>	<b>-5%</b>
<b>Equity <sup>(f)</sup></b>	<b>61,271</b>	<b>69,224</b>	<b>- 7,953</b>	<b>- 11%</b>
<b>Liabilities <sup>(g)</sup></b>	<b>96,408</b>	<b>97,374</b>	<b>- 966</b>	<b>- 1%</b>
Of which loans from the EIB	20,935	20,351	+ 584	+ 2%
Of which Atout loan from BPI	3,750	4,375	- 625	- 14%
Of which State-guaranteed loans	18,688	18,400	+ 288	+ 2%
Of which rights of use liabilities	9,568	9,315	+ 253	+ 3%
Of which related-party liabilities	324	331	- 7	- 2%
Of which derivative financial instruments <sup>(h)</sup>	3,068	6,972	- 3,904	- 56%
Of which provisions for risks and charges <sup>(i)</sup>	5,699	5,316	+ 383	+ 7%
Of which trade payables <sup>(j)</sup>	14,525	13,599	+ 926	+ 7%
Of which other liabilities <sup>(k)</sup>	18,489	17,629	+ 860	+ 5%
<b>Total liabilities</b>	<b>157,679</b>	<b>166,598</b>	<b>-8,919</b>	<b>- 5%</b>

- a) The increase in this item is mainly due to the capitalisation of research and development costs. Non-capitalized research and development costs amount to €1,723 thousand as of June 30, 2022, compared with €3,932 thousand as of December 31, 2021. Intangible assets are detailed in Note 7.2 to the half-yearly financial statements - section 3.1 of this document
- b) Property, plant and equipment are detailed in Note 7.3 to the consolidated financial statements - section 3.1 of this document.
- c) Other non-current financial assets consist mainly of a cash pledge (€4,332 thousand at the end of June 2022 compared to €3,973 thousand at the end of December 2021). The Group had a first demand payment guarantee of USD 7,000 thousand from a banking institution in favour of a foreign supplier until December 31, 2021. This first demand payment guarantee was secured by a cash pledge in the amount of USD 4,500 thousand (€4,332 thousand at June, 30 2022). The maturity of the cash pledge has been extended to December 31, 2022. 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. The maturity of the cash collateral has been extended to December 31, 2022.
- d) The decrease in this item is due to the reduction of advances and deposits paid for an amount of €(4,200) thousand (see Note 7.8 of the half-yearly financial statements - section 3.1 of this document), partially offset by the increase in tax receivables for an amount of €1,125 thousand
- e) As of June 30, 2022, cash and cash equivalents consisted of demand deposits mainly in euros and US dollars. Cash flows are analysed in paragraph 2.4.
- f) Movements affecting the Group's equity in HY 2021 and HY 2022 are detailed in the consolidated statement of changes in equity and the related note (see section 3.1 "Consolidated statement of changes in equity").
- g) Borrowings and debts are detailed in section 2.5 and in Note 7.13 of section 3.1 of this document.
- h) See Note 7.14 « Derivatives on financial instruments » of the present document for more explanation on the variation.
- i) They consist mainly of the provision for:
- after-sales service, intended to cover the risk of future after-sales service costs arising from Forsee Power's liability for products sold (€3,985 thousand in the first half of 2022 compared with €3,279 thousand as of end-December 2021);
  - recycling, set aside to cover the estimated future costs of recycling battery systems sold, for which the Group has a take-back and recycling commitment in the event that customers return batteries (€1,005 thousand in the first half of 2022 compared with €709 thousand as of end-December 2021). And ;
  - the provision set aside in respect of the dispute with Unu GmbH, for €486 thousand as of June 30, 2022 (€651 as of end-December 2021).
- j) 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.
- k) The non-current portion amounted to €5,469 thousand in the first half of 2022 (€3,683 thousand as of end-December 2021) and the current portion was €13,020 thousand in the first half of 2022 (€13,946 thousand as of end-December 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 half-yearly financial statements in section 3.1 of this document.



## 2.4 Group consolidated cash flows

in € thousands	First half-year 2022	First half-year 2021 <sup>(a)</sup>	Change
Cash flow from operating activities	(15,217)	953	– 16,170
Cash flow from investing activities	(5,724)	(4,515)	– 1,209
Cash flow from financing activities	(3,460)	(3,553)	+ 93
Change in cash and cash equivalents	<b>(24,369)</b>	<b>(7,078)</b>	<b>– 17,291</b>

a) The change in the presentation applied to the financial statements as of June 30, 2021 are presented in Note 5.3 of the consolidated half-yearly financial statements presented in section 3.1 of this document.

- **Cash flow from operating activities**

in € thousands	First half-year 2022	First half-year 2021 <sup>(a)</sup>	Change
Self-financing capacity before net cost of financial debt and taxes <sup>(b)</sup>	(7,221)	(6,298)	– 923
Tax expense paid (income received) <sup>(c)</sup>	900	(1)	+ 901
Change in working capital requirement <sup>(d)</sup>	(8,898)	7,252	– 16,150
<b>Cash flow from operating activities</b>	<b>(15,217)</b>	<b>953</b>	<b>– 16,170</b>

a) The change in the presentation applied to the financial statements as of June 30, 2021 are presented in Note 5.3 of the consolidated half-yearly financial statements presented in section 3.1 of this document.

b) The decrease in self-financing capacity is mainly explained by the integration of Holiwatt.

c) In the first half of 2022, this flow mainly corresponds to the 2018 net CIR receivable received in the amount of €725 thousand. See the consolidated cash flow statement and notes 7.8 and 9.2 to the Group's half-yearly financial statements in section 3.1 of this document.

d) The change in working capital requirements for the first semester 2022 is mainly linked to the increase in inventories. See the consolidated cash flow statement and Note 9.2 to the Group's half-yearly financial statements in section 3.1 of this document. These inventories had then been reduced during the first semester 2021, following the end of the COVID-19 crisis and the upturn in activity.

The increase in the cash requirement from operating activities (+€16,170 thousand) is directly attributable to the deterioration in the change in working capital requirement of €(16,150) thousand explained in the table above.

- **Cash flow from investing activities**

in € thousands	First half-year 2022	First half-year 2021 <sup>(a)</sup>	Change
Acquisition of fixed assets (net of liabilities and advances paid) <sup>(b)</sup>	(3,168)	(4,861)	+ 1,693
Investment grant for an R&D project	0	337	– 337
Assets managed under liquidity contract	(267)	0	– 267
Realised gains (losses) on liquidity contract	4	0	+ 4
Proceeds from financial assets	0	8	– 8
Acquisition of NEOt Capital shares from Mitsubishi Corporation <sup>(c)</sup>	(2,292)	0	– 2,292
<b>Cash flow from investing activities</b>	<b>(5,724)</b>	<b>(4,515)</b>	<b>– 1,209</b>

a) The change in the presentation applied to the financial statements as of June 30, 2021 are presented in note 5.3 of the consolidated half-yearly financial statements presented in section 3.1 of this document.

b) 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 half-yearly financial statements - section 3.1 of this document).

c) The acquisition of NEOt shares is described in note 3.2.2.1 to the consolidated half-yearly financial statements in section 3.1 of this document.

Cash flow from investing activities declined mainly due to the acquisition of NEOt Capital shares from Mitsubishi Corporation.

- **Cash flow from financing activities**

in € thousands	First half-year 2022	First half-year 2021 <sup>(a)</sup>	Change
Payment of IPO issue expenses <sup>(b)</sup>	(1,230)	(250)	– 980
Subscription to warrant C BSA issue	0	4	– 4
Change in other financial liabilities	(18)	10	– 28
New borrowings <sup>(c)</sup>	(0)	21,500	– 21,500
Repayment of borrowings <sup>(d)</sup>	(625)	(20,000)	+ 19,375
Debt repayments on leased real estate	(558)	(444)	– 114
Factoring financing <sup>(e)</sup>	0	(1,381)	+ 1,381
Payment of EIB loan issuance costs	0	(108)	+ 108
Change in financial liabilities with related parties	(6)	278	– 284
Financial expenses paid	(1,023)	(3,162)	+ 2,139
<b>Cash flow from financing activities</b>	<b>(3,460)</b>	<b>(3,553)</b>	<b>+ 93</b>

a) The change in the presentation applied to the financial statements as of June 30, 2021 are presented in note 5.3 of the consolidated half-yearly financial statements presented in section 3.1 of this document.

b) The disbursement of IPO issue costs for an amount of €1,230 thousand corresponds to the payment made during the first semester 2022 of residual amounts provisioned in the financial statements as of December 31<sup>st</sup>, 2021.

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

d) See the financial debt analysis in paragraph 2.5 of this document.

e) See the financial debt analysis in paragraph 2.5 of this document.

Cash flow from financing activities remained stable due to (i) the decrease in repayments of existing loans and (ii) the decrease in new borrowings.

## 2.5 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 3.1 of this document.

in € thousands	December 31, 2021	Issuance	Repayments	Loan issuance costs	Interest on zero rate loans	Reclassification	Currency translation effects	Effective interest method impact	Net change	Conversion to capital	Fair value	Loan issuance IFRS 16	June 30, 2022
EIB loans	20,351										584		20,935
BPI Atout loan	4,375		(625)			(1,250)							2,500
BPI state-guaranteed loan	5,000					(1,250)							3,750
BNP State-guaranteed loan	6,746				136	(1,875)							5,007
HSBC State-guaranteed loan	6,654				152	(1,866)							4,940
Right-of-use liability - non-current	8,437					(838)	2					871	8,472
Deposits and guarantees received	20												20
Related party liabilities	331		(6)										324
<b>Long-term financial debt</b>	<b>51,915</b>	<b>(0)</b>	<b>(631)</b>		<b>288</b>	<b>(7,079)</b>	<b>2</b>				<b>584</b>	<b>871</b>	<b>45,949</b>
BPI Atout loan						1,250							1,250
BPI state-guaranteed loan						1,250							1,250
BNP State-guaranteed loan						1,875							1,875
HSBC State-guaranteed loan						1,866							1,866
Accrued interest on financial liabilities	863	1,176	(959)				0						1,081
Right-of-use liability - current	878		(558)			774	2						1,096
Accrued interest not yet due	18								(18)				
Bank overdrafts (cash liability)	0								75				75
<b>Short-term financial debt</b>	<b>1,759</b>	<b>1,176</b>	<b>(1,517)</b>			<b>7,015</b>	<b>2</b>		<b>57</b>				<b>8,492</b>
<b>Gross financial debt</b>	<b>53,673</b>	<b>1,176</b>	<b>(2,148)</b>		<b>288</b>	<b>(64)</b>	<b>4</b>		<b>57</b>		<b>584</b>	<b>871</b>	<b>54,441</b>
<i>Of which</i>													
<i>Current</i>	1,759	1,176	(1,517)			7,015	2		57				8,492
<i>Non-current</i>	51,913		(631)		288	(7,079)	2				584	871	45,949

### • EIB loans

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

It was accompanied by 6,857 EIB Warrant A BSA issued on March 15, 2018, leading in the event of exercise to the issuance of 858,290 ordinary shares against 854,000 ordinary shares previously.

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

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

The financial derivatives on the EIB loans (EIB Warrant A BSA and EIB Warrant CBSA) are presented below in paragraph 2.5.2 as well as in note 7.14 to the consolidated financial statements in section 3.1 of this document.

The EIB financing is detailed in note 7.13 to the consolidated financial statements in section 3.1 of this document.

- **Other bank financing**

The Company had received €25.0 million in bank financing through:

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

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

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

- **Factoring**

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

Receivables assigned without recourse (HSBC contract) and which are no longer presented in the balance sheet amount to €3,594 thousand as of June 30, 2022 (€4,067 thousand as of December 31, 2021);

Under the factoring contract included in a client's reverse factoring programme, the Group has as of June 30, 2022 discounted with Banco Santander €6,251 thousand of receivables with a maturity date later than June 30, 2022 (€629 thousand as of December 31, 2021).

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

- **Right-of-use liability**

The right-of-use liability amounted to €9,568 thousand in the first half of 2022 and €9,315 thousand as of December 31, 2021.

## 2.5.1 Schedule of financial debts

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

## 2.5.2 Derivatives on financial instruments

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

in € thousands	Date of issue	Expiry date	Number of BSA instruments	Number of shares subscribed if the BSA are exercised	June 30, 2022
Warrant A BSA for EIB	March 18, 2018	March 15, 2028	6,857	858,290	2,101
Warrant C BSA for EIB	June 4, 2021	June 4, 2041	3,500	388,325	967
<b>Total</b>			<b>10,357</b>	<b>1,246,615<sup>(1)</sup></b>	<b>3,068</b>

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

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

## 2.6 Capital expenditure

### 2.6.1 Main investments realised

The total amount of investments made by the Group amounted to €5,724 thousand in the first half of 2022 compared with €4,515 thousand in the first half of 2021.

### 2.6.2 Main ongoing investments

Acquisitions of fixed assets totalled €1,988 thousand in the first half of 2022, compared with €1,449 thousand in the first half of 2021.

These investments mainly concerned:

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

Acquisitions of intangible assets are mainly related to the capitalisation of R&D costs and totalled €2,140 thousand in the first half of 2022, compared with €2,089 thousand in the first half of 2021.

As part of the takeover of the assets attached to the Holiwatt autonomous business, 2022 has been devoted

to reviving sales and accelerating the development of customer projects, but based solely on the existing "product" portfolio.

### **2.6.3 Main future investments**

Future capital expenditure will mainly consist of increasing the Group's production capacity, with the aim of bringing it to 10 GWh by 2027. 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 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.

Finally, the Group plans to launch projects for the development of new products. To this end, according to its forecasts, the Group will initially have to finance its recovery plan with €9 million over the first 24 months, and then to support growth with another €9 million over the following 24 months, in order to bring this division to operational and financial balance.

## **2.7 Subsequent events**

- **Recapitalisation of NEO Capital**

The funds relating to the capital increase approved by the collective and unanimous decision of the shareholders on June 30, 2022 of NEO Capital, were fully paid up on July 9, 2022 for a total amount of €3,210 thousand.

Forsee Power subscribed for €1,243 thousand of which €1,058 thousand in cash and €185 thousand by conversion of a receivable.

Forsee Power's shareholding in NEO Capital is 50% following the collective and unanimous decision of the shareholders on June 30, 2022.

- **Signing of a real estate lease in the United States**

On July 25, 2022, Forsee Power signed a lease agreement for a 12,820 m<sup>2</sup> 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.

The industrial building is scheduled to be taken over on November 1, 2022, after the owner has carried out fitting-out and compliance work.

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.

## **2.8 Main transactions with related parties**

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

## **2.9 Main risks and uncertainties for the remaining six months**

The main risks and uncertainties to which the Company believes it is exposed as of the date of this half-yearly financial report are detailed in chapter 3 "Risk Factors" of the universal registration document, published on June 22, 2022. The Group does not anticipate any changes in its risks that may have an impact on the second half of the 2022 financial year.

**3**

**Consolidated financial  
statements as of June 30,  
2022**

### 3.1 Consolidated financial statements as of June 30, 2022

#### Consolidated statement of financial position

in € thousands	Notes	June 30, 2022	December 31, 2021
<b>Non-current assets</b>		<b>47,177</b>	<b>41,738</b>
Goodwill	7.1	1,523	1,523
Intangible assets	7.2	15,550	14,892
Property, plant and equipment	7.3	19,610	18,643
Non-current financial assets	7.4	4,932	5,588
Equity-accounted investments	7.5	4,377	0
Other long-term assets	7.8	957	720
Deferred tax assets	7.19	229	373
<b>Current assets</b>		<b>110,502</b>	<b>124,859</b>
Inventories and work in progress	7.6	35,495	28,417
Trade receivables	7.7	16,278	10,571
Other current assets	7.8	12,252	15,101
Current financial assets	7.4	0	0
Cash and cash equivalents	7.9	46,477	70,770
<b>Total assets</b>		<b>157,679</b>	<b>166,598</b>
<b>Equity</b>		<b>61,271</b>	<b>69,224</b>
<b>Equity attributable to the owners of the parent Company</b>		<b>61,271</b>	<b>69,224</b>
Issued share capital	7.10.1	5,321	5,321
Issue premiums	7.10.1	132,949	132,949
Translation reserves	7.10.5	(20)	(196)
Reserves	7.10	(67,144)	(30,754)
Net income	7.10	(9,834)	(38,097)
<b>Non-controlling interests</b>		<b>0</b>	<b>0</b>
<b>Liabilities</b>		<b>96,408</b>	<b>97,374</b>
<b>Non-current liabilities</b>		<b>60,371</b>	<b>68,070</b>
Non-current financial liabilities	7.13	45,949	51,913
Employee benefits	7.12	181	181
Provisions for risks and charges	7.11	5,699	5,316
Other non-current liabilities	7.18	5,469	3,683
Derivative financial instruments	7.14	3,069	6,972
Deferred tax liabilities	7.19	5	5
<b>Current liabilities</b>		<b>36,037</b>	<b>29,304</b>
Current financial liabilities	7.13	8,492	1,759
Provisions for risks and charges	7.11	0	0
Trade payables	7.17	14,525	13,599
Other current liabilities	7.18	13,020	13,946
<b>Total liabilities</b>		<b>157,679</b>	<b>166,598</b>



## Consolidated income statement

in € thousands	Notes	June 30, 2022	June 30, 2021
<b>Revenues</b>	8.1	<b>49,727</b>	<b>37,171</b>
Other operating income and expenses	8.2	(366)	(177)
External services and purchases consumed	8.3	(41,384)	(33,212)
Payroll costs	8.4	(15,442)	(10,593)
Taxes and duties	8.5	(361)	(471)
Depreciation	8.6	(3,288)	(2,171)
Net depreciation	8.6	(690)	124
Net provisions	8.6	(374)	(824)
<b>Current operating income</b>		<b>(12,178)</b>	<b>(10,154)</b>
<b>Non-current operating income</b>	8.7		
<b>Operating income</b>		<b>(12,178)</b>	<b>(10,154)</b>
Financial income	8.8	2	
Cost of gross financial debt	8.8	(1,441)	(3,151)
Other net financial income and expenses	8.8	3,944	(3,226)
<b>Net financial income</b>	8.8	<b>2,504</b>	<b>(6,377)</b>
Share of profit (loss) from equity accounted investments	7.5		
<b>Income before tax</b>		<b>(9,673)</b>	<b>(16,531)</b>
Income tax	8.9	(161)	(238)
<b>Consolidated net income</b>		<b>(9,834)</b>	<b>(16,769)</b>
<i>Of which share attributable to owners of the parent company</i>		(9,834)	(16,769)
<i>Of which minority interests</i>			
<b>Earnings per share</b>	7.10.6	<b>(0.18) €</b>	<b>(0.56) €</b>

## Statement of other comprehensive income

in € thousands	Notes	June 30, 2022	June 30, 2021
<b>Consolidated net income (A)</b>		<b>(9,834)</b>	<b>(16,769)</b>
<b>Other comprehensive income</b>			
Translation adjustments for the period	7.10.5	176	(113)
Translation adjustment on non-monetary assets at the date of change of functional currency	5.3		(26)
Change in value of foreign currency cash flow hedges	7.16.3		
Tax effects			
<b>Total gains and losses recognized in equity and transferable to the income statement</b>		<b>176</b>	<b>(139)</b>
Change in actuarial gains and losses on defined benefit plans	7.12.2		
Change in the fair value of financial instruments not held for trading			
Tax effects			
<b>Total gains and losses recognized in equity that cannot be transferred to the income statement</b>			
<b>Total gains and losses recognized in equity, net of tax (B)</b>		<b>176</b>	<b>(139)</b>
<b>Comprehensive income (A) + (B)</b>		<b>(9,658)</b>	<b>(16,908)</b>
<i>Of which share attributable to owners of the parent company</i>		<i>(9,658)</i>	<i>(16,908)</i>
<i>Of which minority interests</i>			

## Consolidated statement of cash flows

in € thousands	Notes	June 30, 2022	June 30, 2021 <sup>(1)</sup>
Operating income		(12,178)	(10,154)
<i>Elimination of calculated and other cash flow items</i>			
Depreciation, amortisation and provisions	9.1	3,662	2,996
(Gain)/Loss on disposal	9.4	50	193
Share-based payments	7.10.3.2	1,976	247
Prepaid expenses recognized on leased assets		0	(117)
CIR income charged to operating expenses	2	(732)	
Reversals of shares of grants presented in the income statement, and other calculated items		0	538
<b>Cash flow from operations before cost of net financial debt and tax</b>		<b>(7,221)</b>	<b>(6,298)</b>
<b>Change in grants</b>		<b>0</b>	<b>0</b>
Change in corporate tax receivables and payables (excl. research tax credit — CIR)	7.8 & 9.2	175	(1)
CIR tax receivable collected	7.8 & 9.2	726	
<b>Tax income collected/(tax expense paid)</b>		<b>900</b>	<b>(1)</b>
Inventories	9.2	(6,797)	3,999
Trade receivables	9.2	(5,661)	1,130
Other receivables	9.2	2,910	1,443
Trade payables	9.2	699	415
Other liabilities	9.2	(49)	264
<b>Change in working capital requirement</b>		<b>(8,898)</b>	<b>7,252</b>
<b>Cash flow from operating activities (A)</b>		<b>(15,217)</b>	<b>953</b>
Acquisition of fixed assets (net of liabilities and advances paid)	9.3	(3,168)	(4,861)
Investment grant for an R&D project	7.2	0	337
Pledge on cash	7.4	0	0
Assets managed under liquidity agreement	7.4	(267)	0
Realised gains (losses) on liquidity agreement	7.4	4	0
Disposal of fixed assets (net of receivables)	9.5	0	0
Proceeds from financial assets	7.4	0	8
Acquisition of NEoT Capital shares from Mitsubishi Corporation	5.1 & 9.6	(2,292)	
<b>Cash flow from investing activities (B)</b>		<b>(5,724)</b>	<b>(4,515)</b>
Payment of IPO issue expenses	7.17	(1,230)	(250)
Subscription to BSA warrant C issue	7.10	0	4
Change in other financial liabilities	7.13	(18)	10
Debt issues	7.13	(0)	21,500
Short-term credit line for WCR financing	7.13	0	0
Loan repayments	7.13	(625)	(20,000)
Debt repayments on leased real estate	7.13	(558)	(444)
Factoring financing	7.13	0	(1,381)
Payment of EIB loan issuance costs	7.13	0	(108)
Change in financial liabilities with related parties	7.13	(6)	278
Financial expenses paid	8.8	(1,023)	(3,162)
<b>Cash flow from financing activities (C)</b>		<b>(3,460)</b>	<b>(3,553)</b>
Impact of currency translation rates		34	38
<b>Change in cash (A) + (B) + (C)</b>		<b>(24,369)</b>	<b>(7,078)</b>
Net cash at beginning of period	7.9	70,770	11,273
Net cash at end of period	7.9	46,402	4,195
<b>Change in net cash</b>		<b>(24,369)</b>	<b>(7,078)</b>

(1) The change in presentation applied to the consolidated statement of cash flows as of June 30, 2021 is detailed in Note 5.3.

## Consolidated statement of changes in equity

in € thousands	Notes	Issued share capital	Share premium	Translati on reserves	Reserve on share-based payments	Treasury shares	Other reserves and comprehensive income	Total attributable to owners of the parent company	Non-controlling interests	Equity
Equity as of December 31, 2021		5,321	132,949	(196)	6,232	(167)	(74,916)	69,224		69,224
Share-based payments	7.10.3.2				1,976			1,976		1,976
Comprehensive income				176			(9,834)	(9,658)		(9,658)
Change in treasury shares held under liquidity contract	7.10.4					(85)		(85)		(85)
Gains or losses on disposals of treasury shares and change in fair value of treasury shares held	7.4					(183)		(183)		(183)
Equity as of June 30, 2022		5,321	132,949	(20)	8,208	(434)	(84,751)	61,271		61,271
Equity as of December 31, 2020		2,999	991	(2)	733		(37,655)	(32,935)		(32,935)
Subscription to the BSA EIB warrant C issue	7.14		4					4		4
Share-based payments	7.10.3.2			(0)	247			247		247
Expired stock options	7.10.3.2				(56)		56			
Comprehensive income				(139)			(16,769)	(16,908)		(16,908)
Change of functional currency				193			(193)			
Equity as of June 30, 2021		2,999	994	52	924		(54,560)	(49,593)		(49,593)

## Summary of the notes to the consolidated financial statements in IFRS

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## 1. Presentation of the Forsee Power Group

Forsee Power SA, referred to as "Forsee Power Group" or "Group", is a French *société anonyme* (public limited company) created in February 2007 and registered in the Créteil Trade and Companies Register under number 494 605 488.

Forsee Power S.A.'s registered office is located at 1 Boulevard Hippolyte Marquès in 94200 IVRY-SUR-SEINE.

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

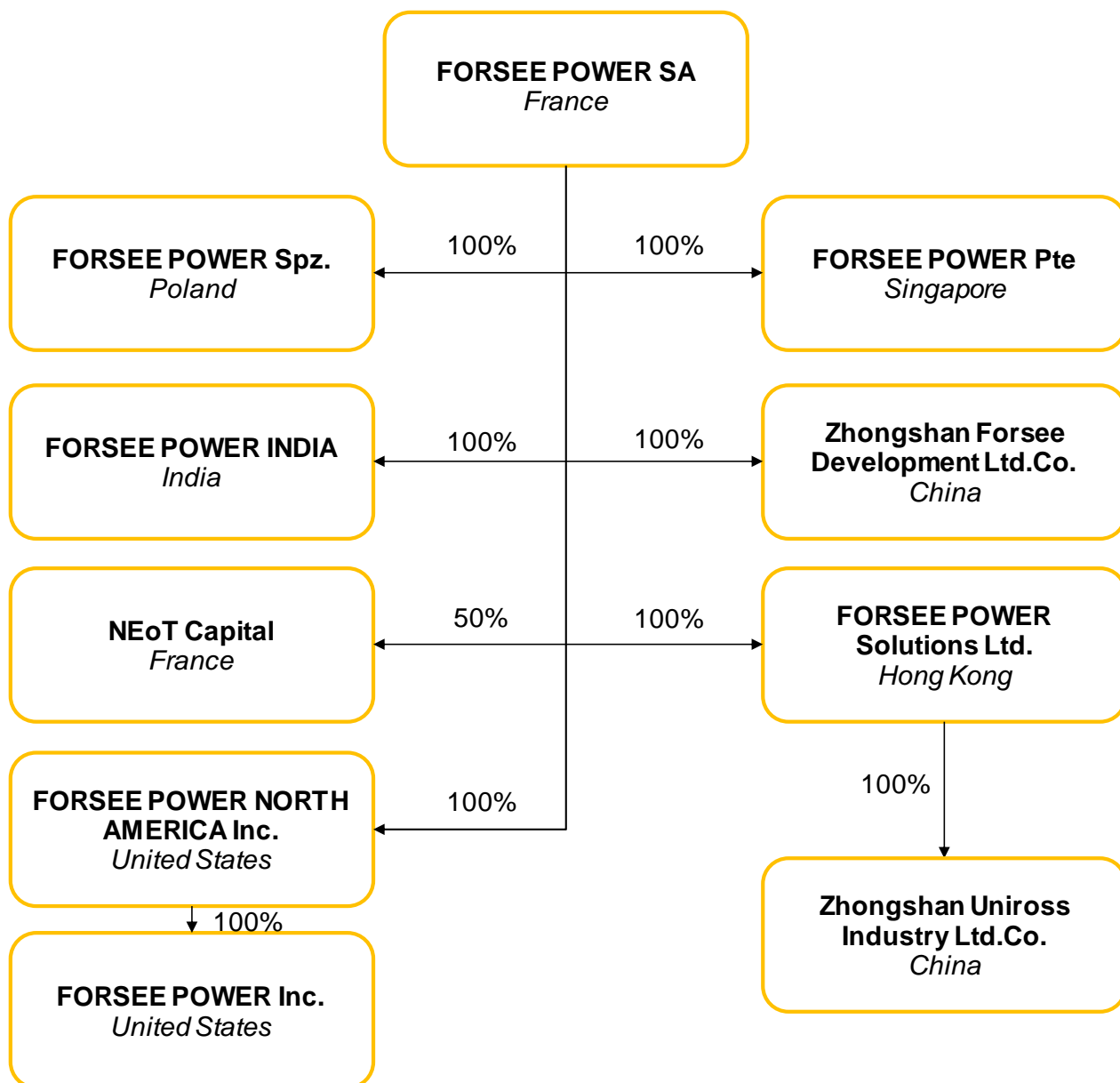
- In the field of autonomy and mobility (bicycles, scooters, rolling stock, medical facilities, home automation, professional tooling and more);
- In electric transport (buses, trucks, trams, shipping and rail transport, marine and offshore) and storage of electricity (residential, commercial and industrial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

The Group was formed through several acquisitions: Uniross Batteries (formerly Alcatel Saft) in 2011, Ersé in 2012 and Dow Kokam France (formerly Société de Véhicules Electriques - SVE) in 2013.

The consolidated financial statements have been prepared in accordance with IFRS and were approved by the Board of Directors of Forsee Power S.A. on September 14<sup>th</sup>, 2022.

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

Group organization chart as of June 30, 2022



## 2. Main events

The key events for the period ended June 30, 2022, are as follows:

- **Order to power 420 Wrightbus buses with ZEN SLIM battery systems**  
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.
- **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 650V and 800V engines with a single battery format.
- **Inauguration of the Chasseneuil-du-Poitou mass production plant**  
Forsee Power inaugurated its production plant in Chasseneuil-du-Poitou for smart battery systems for heavy vehicles.
- **Implementation 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 local market, build production lines and recruit a local team of 150 employees.
- **Implementation of the strategy of offering a complete range of products and services by increasing its stake in NEE Capital**  
On May 31 and June 30, 2022, Forsee Power increased its stake in NEE 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.
- **Research tax credit**  
The payment for the 2018 research tax credit (CIR) was received on June 20, 2022, for an amount of €725 thousand.
- **Dispute with Unu GmbH**  
Details of the dispute with Unu GmbH are provided in Note 7.11.  
The main developments for the period are as follows.

### ***The referral procedure in Paris:***

In a ruling dated March 18, 2022, the judge in summary proceedings of the Paris Commercial Court ruled that it had no jurisdiction regarding the request by Unu GmbH to replace the legal expert appointed in April 2021.

The supervisory judge decided to retain the current legal expert and to appoint a legal co-expert. The next legal experts' panel meeting is scheduled for September 2022.

### ***The trial proceedings:***

The court remanded the case to September 28, 2022, for a procedural hearing. The Company expects the Court to stay proceedings until the expert report is filed.

### ***The referral procedure in Lyon:***

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

This expert appraisal is intended to determine the cause of the fire which is unknown.



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.

- **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.

However, this situation did not result in a significant disruption over the first half of 2022, as the production site in China continued to operate as usual, without any particular problem.

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

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

The current political and economic context may create uncertainties over the Group's business activities (i.e., inflation, increases in prices of some raw materials and energy, disruption of the supply chain, shortage of electronic components, etc.). However, the Group is closely monitoring the potential increase in its structural costs (prices of raw materials, increases in wages and in the supply chain), and generally includes in the contracts with its customers a price adjustment clause to limit its exposition to the fluctuation of raw material prices.

### 3. Accounting standards, consolidation methods, valuation methods and rules

#### 3.1 Basis of preparation of the interim condensed consolidated financial statements

##### 3.1.1 Accounting standards

The accounting policies used in the preparation of the interim condensed consolidated financial statements comply with IFRS (International Financial Reporting Standards) as published by the IASB (International Accounting Standard Board) and adopted by the European Union as of June 30, 2022. This standard incorporates international accounting standards (IAS and IFRS) and Standard Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations.

These standards and interpretations are applied consistently over the periods presented.

The consolidated financial statements presented at June 30, 2022 are interim condensed consolidated financial statements in accordance with IAS 34 relating to interim financial reporting. In accordance with IAS 34, only a selection of significant explanatory notes is included in these condensed financial statements as of June 30, 2022. These notes do not contain all the information required for the complete annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021 and included in the Universal Registration Document (URD) registered by the AMF on June 20, 2022 under number R.22-027.

The Group applied the standards and interpretations published by the IASB and adopted by the European Union whose application is mandatory as from January 1<sup>st</sup>, 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 standards and interpretations did not have an impact on the financial statements as of June 30, 2022.

The Group has not early adopted the standards and interpretations published by the IASB and adopted by the European Union but whose application is not mandatory as of June 30, 2022, such as the amendments to IAS 1 relating to the disclosure of significant accounting principles and policies and the amendment to IAS

8 relating to accounting estimates. In a first analysis, the Group does not expect the application of these standards and interpretations to have a significant effect on its overall results and financial position.

The standards and interpretations published by the IASB but not yet adopted by the European Union will only enter into force as from this adoption and are therefore not applied by the Group as of June 30, 2022. The standards and interpretations likely to affect the Group are the amendments to IAS 1 relating to the presentation of current and non-current liabilities and the amendment to IAS 12 relating to assets and liabilities arising 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.

### **3.1.2 Significant accounting estimates and judgments used by Management for the June 30, 2022 interim condensed consolidated 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 contingent assets and contingent liabilities.

The estimates and underlying assumptions are established according to the information available when the financial statements were prepared. These estimates may be reviewed if circumstances on which they were based change or as a result of new information. Actual future results may differ from these estimates. Management is required to revise these estimates based on past experience and its view of the market. When an estimate is revised, it does not constitute a correction of an error.

In the process of preparing the interim condensed consolidated financial statements, the accounting estimates that require the use of assumptions from Management are identical to those described in the consolidated financial statements for the year ended December 31, 2021.

Only the following assumptions have changed significantly as of June 30, 2022:

#### *(a) Customer credit risk*

Management carried out a detailed review of trade receivables due as of June 30, 2022 and made an impairment on a case-by-case basis.

No material risk of non-payment of outstanding trade receivables was identified, except for an outstanding relating to a customer of the newly developed activity in India. The maximum net exposure of the outstanding trade receivable is estimated at €2.5 million as of June 30, 2022, for which Management has estimated a credit risk of €250 thousand. Management, with the help of its advisors, is considering the use of settlement agreements in light of the initial contractual provisions.

These factors do not reflect the level of expected credit losses on other customer portfolios, the amount of which is not material and is not recognised as of June 30, 2022.

In the absence of applicable standards or interpretations, the Group uses accounting principles that will provide relevant and reliable information so that the financial statements present an accurate view of the Group's financial position, financial performance and cash flows.

As of June 30, 2022, no judgments were made, except for the estimates presented above, that required specific treatment in the process of applying the accounting policies.

### **3.1.3 Going concern**

The consolidated financial statements as of June 30, 2022 have been prepared on a going concern basis taking into account the following items:

- The level of available cash as of June 30, 2022, which amounts to €46.4 million, mainly consisting of funds obtained from the cash capital increase resulting from the €100 million Initial Public Offering (IPO) on November 3, 2021;

- The outlook for cash flows related to the Group's activities over the 12 coming months and;
- The financing secured over the next 12 months (see Note 7.15.2)

The Forsee Power Group has an order book that gives it good visibility on its sales for the coming months. It also receives new orders every week from its main customers, which supplement its order book.

Lastly, as of June 30, 2022 the Group has several instruments for financing its business activity, including:

- The two 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 has not been drawn yet as of June 30, 2022.

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

- In addition, the Group has several factoring programmes.
- The €100 million proceeds raised in November 2021 were used during the period to finance the activity for an amount of €7.2 million, the working capital requirement for an amount of €8.9 million and investments for an amount of €5.7 million, according to the needs determined at the time of the initial public offering (IPO).

## 3.2 Consolidation principles

The consolidation methods used to prepare the consolidated interim financial statements for the six months ended June 30, 2022 are identical to those used to prepare the annual consolidated financial statements for the year ended December 31, 2021, except for the following points:

### 3.2.1 Closing date and interim financial statements of consolidated companies

These consolidated financial statements have been prepared on the basis of the individual financial statements of the subsidiaries of Forsee Power SA. All these financial statements cover a period of 6 months and were drawn up on June 30, 2022, except for Forsee Power India Private Ltd, which closed on March 31, 2022 and for which an interim financial statement as of June 30, 2022 has been established.

The financial statements used for comparative information are those as of December 31, 2021 for the statement of financial position and those as of June 30, 2021 for the income statement and cash flows statement, which cover a period of 12 months.

The interim financial statements of the consolidated companies for the periods presented have been prepared in accordance with the Group's accounting policies and valuation methods. They have been restated to bring them into line with the accounting policies and the IFRS framework used to prepare the consolidated financial statements.

### 3.2.2 Consolidation methods

#### 3.2.2.1 Investment in NEoT Capital

Since 2016, the Group has had a 15% stake in NEoT Capital, a company dedicated to financing 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 proportions.

In order to strengthen the implementation of the Group's strategy of offering a complete range of products and services to 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 shareholders taken on June 30, 2022 by Forsee Power and its partner EDF, leading to the recapitalisation of NEoT Capital.

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, 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 as of June 30, 2022.

### **3.3 Accounting methods and valuation rules**

The accounting methods and valuation rules used to prepare the consolidated interim financial statements for the six months ended June 30, 2022 are identical to those used to prepare the annual consolidated financial statements for the year ended December 31, 2021.

#### 4. INFORMATION ON THE SCOPE OF CONSOLIDATION

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

Company	Location	Currency	June 30, 2022			December 31, 2021		
			% 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%	Equity method	15%	15%	NC
9 - Forsee Power North America Inc.	US	USD	100%	100%	FC			
10 - Forsee Power Inc.	US	USD	100%	100%	FC			

As of June 30, 2022, the scope of consolidation retained by the Group's parent company (1) includes eight fully consolidated companies and one company which is consolidated using the equity method.

The newly incorporated companies in the United States have no significant operations, assets or liabilities as of June 30, 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 U51909DL2020 FTC365683 in the New Delhi Trade and Companies Register;
- (7) Forsee Power PTE Ltd, a company under Singapore law whose registered office is located at 1 Georges Street, n°10-01, One Georges Street, Singapore (049145), and registered under number 201838879C in the Singapore Trade and Companies Register;
- (8) NEoT Capital, a French simplified joint stock company (*société par actions simplifiée*), 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, 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, 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 equity interests are fully consolidated as of June 30, 2022, with the exception of the investment in NEoT Capital which is consolidated using the equity method.

## 5. INFORMATION ABOUT COMPARABILITY OF THE FINANCIAL STATEMENTS

### 5.1 Change in the scope of consolidation for the period

The changes in the scope of consolidation for the first half of 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 to 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 shareholders taken on June 30, 2022 by Forsee Power and its partner EDF, leading to the recapitalisation of NEoT Capital for €3,210 thousand, including €2,500 thousand in cash.

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, 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 as of 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 Forsee Power Inc., a company registered in the state of Ohio. This operating company is intended to receive the research and development, production and marketing activities for the Group's deployment on the American continent.

### 5.2 Changes in the scope of consolidation in the previous period

There was no change in the scope of consolidation of the companies in the period to June 30, 2021.

However, the Group acquired the business activity, assets and part of the workforce of the company Holiwatt (formerly Centum Adetel Transportation), a specialist in rail energy storage and fast-charging systems, for an amount of €700 thousand by a ruling of the Commercial Court of Lyon dated 21 July 2021. This acquisition concerns a business acquisition and has been treated in accordance with IFRS 3, which requires the identifiable assets and liabilities acquired to be measured at fair value. The most significant identifiable assets and liabilities acquired are patents for €1,008 thousand, inventories for €128 thousand and social security liabilities for €297 thousand. This acquisition resulted in the recognition of a goodwill of €28 thousand presented in other operating income.

### 5.3 Changes in accounting presentation and methods

Since December 31, 2021, the consolidated statement of cash flows is presented using the indirect method based on aggregate operating income. This change in the presentation of the consolidated cash flow statement is based, on the one hand, on an improvement in the reading of this financial statement based on one of the key indicators (operating income) monitored by Management, and on the other hand, on a reduction in the presentation of "eliminations and adjustments relating to calculated items and items relating to other cash flows" which are mentioned in the cash flow from operations section. Management wishes to focus on the presentation of cash inflows and outflows of transactions occurring in the periods presented.

The previous consolidated financial statements as of June 30, 2021 presented the consolidated statement of cash flows using the indirect method based on aggregate net income.

There are no other changes in presentation or accounting policies during the period compared with the published financial statements for the year ended December 31, 2021.

The accounting presentation and accounting methods are applied consistently over the periods presented.

#### **5.4 Seasonality**

The Forsee Power business does not show any significant seasonal variation.



## 6. INFORMATION BY BUSINESS SEGMENT AND GEOGRAPHICAL AREA

Management has defined the business segments on the basis of the reporting which it analyses on a regular basis to make decisions regarding the allocation of resources to the segments and the assessment of their performance.

The Chairman and Chief Executive Officer (CEO) and the Executive Committee of Forsee Power are the Group's main operational decision-makers.

The Group's reporting has two business segments called:

- "Light Vehicles and Industrial Tech" (LeV & Ind Tech): covers the light electric mobility market as well as other electric applications (e-scooters, 2- to 4-wheeled light vehicles, e-bikes, medical equipment, Internet of Things, home automation, robotics and professional tooling);
- "Heavy Vehicles" (HeV): covers the market for solutions adapted to the development of vehicles with electric or hybrid engines for various means of transport (buses, commercial and "last-mile" vehicles, trams, trains, trucks and marine) and the market for stationary storage (residential, commercial and industrial).

### 6.1 Information by business segment

Information by business segment is tracked in internal management reporting at the revenue level only.

Information on income by business segment, including operating income, is not currently monitored by Management due to the limitations of the internal information system in allocating costs by business segment. The presentation of net income information by business segment limited solely to the presentation of revenues complies with IFRS 8, given the absence of any other more detailed internal management reporting available.

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	June 30, 2022
<b>Total revenues</b>	<b>11,253</b>	<b>38,474</b>	<b>49,727</b>
<i>Breakdown in %</i>	<i>22.6%</i>	<i>77.4%</i>	<i>100%</i>

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	June 30, 2021
<b>Total revenues</b>	<b>7,597</b>	<b>29,573</b>	<b>37,171</b>
<i>Breakdown in %</i>	<i>20,4%</i>	<i>79,6%</i>	<i>100%</i>

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)			June 30, 2022
	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	Inter-sector and other	
Non-current segment assets	7,861	36,146	3,171	47,177
Current segment assets	17,466	38,614	54,422	110,502
Non-current segment liabilities	1,523	(13,972)	(47,922)	(60,371)
Current segment liabilities	(12,583)	(12,416)	(11,038)	(36,037)
<b>Total</b>	<b>14,266</b>	<b>48,372</b>	<b>(1,367)</b>	<b>61,271</b>
Capitalization of R&D costs	115	2,279		2,394
Acquisition of assets	49	4,386	198	4,633
Other non-current investment expenses	-	-		-
<b>Total</b>	<b>164</b>	<b>6,665</b>	<b>198</b>	<b>7,027</b>

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)			December 31, 2021
	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	Inter-sector and other	
Non-current segment assets	8,941	31,186	1,611	41,738
Current segment assets	23,038	26,122	75,699	124,859
Non-current segment liabilities	(6,858)	(9,384)	(51,828)	(68,070)
Current segment liabilities	(12,054)	(6,538)	(10,711)	(29,303)
<b>Total</b>	<b>13,067</b>	<b>41,386</b>	<b>14,771</b>	<b>69,224</b>
Capitalization of R&D costs		4,106		4,106
Acquisition of assets	1,320		3,935	5,255
Other non-current investment expenses				
<b>Total</b>	<b>1,320</b>	<b>4,106</b>	<b>3,935</b>	<b>9,361</b>

Revenues from customers who individually represent more than 10% of revenues are €34.7 million for the HeV (Heavy Vehicles) segment as of June 30, 2022. Revenues from customers in the LeV & Ind Tech (Light Vehicles and industrial tech) segment individually represent less than 10% of revenues as of June 30, 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 €27.3 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	June 30, 2022		June 30, 2021	
			% of revenues		% of revenues
Client 1	HeV	21,023	42.3%	21,709	58.4%
Client 2	HeV	13,652	27.5%	5,602	15.1%
<b>Total</b>		<b>34,675</b>	<b>69.7%</b>	<b>27,310</b>	<b>73.5%</b>

The orientations planned since 2021 by the Management allow to mitigate the degree of dependence on these customers.

## 6.2 Information by geographical area

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	June 30, 2022	Breakdown in %
France	3,488	22,288	25,775	51.8%
Europe	1,937	15,950	17,887	36.0%
Asia	4,499	88	4,587	9.2%
North America	1,329	146	1,475	3.0%
Rest of the world		3	3	0.0%
<b>Total revenues</b>	<b>11,253</b>	<b>38,474</b>	<b>49,727</b>	<b>100%</b>

in € thousands	Light Vehicles and Industrial Tech (LeV & Ind Tech)	Heavy Vehicles (HeV)	June 30, 2021	Breakdown in %
France	2,415	27,529	29,945	80.6%
Europe	1,753	1,996	3,749	10.1%
Asia	2,597		2,597	7.0%
North America	832		832	2.2%
Rest of the world		48	48	0.1%
<b>Total revenues</b>	<b>7,597</b>	<b>29,573</b>	<b>37,171</b>	<b>100%</b>

in € thousands	June 30, 2022	December 31, 2021
France	46,668	40,890
Europe	326	34
Asia	183	814
North America	0	0
Rest of the world	0	0
<b>Total non-current assets</b>	<b>47,178</b>	<b>41,738</b>

in € thousands	June 30, 2022	December 31, 2021
France	3,297	8,041
Europe	43	13
Asia	886	1,307
North America	0	0
Rest of the world	0	0
<b>Total investments</b>	<b>4,226</b>	<b>9,361</b>

## 7. INFORMATION RELATING TO ITEMS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 7.1 Goodwill

Goodwill is presented in note 7.1 to the consolidated financial statements as of December 31, 2021 and is broken down into the following CGUs:

in € thousands	June 30, 2022	December 31, 2021
Goodwill from Ersé activities in Poland (2012)	219	219
<b>Goodwill Light Vehicles and Industrial Tech CGU</b>	<b>219</b>	<b>219</b>
Goodwill from Dow Kokam activities (2013)	1,304	1,304
<b>Goodwill Heavy Vehicles CGU</b>	<b>1,304</b>	<b>1,304</b>
<b>Total</b>	<b>1,523</b>	<b>1,523</b>

No indication of impairment was identified as of June 30, 2022 for these two CGUs.

### 7.2 Intangible assets

in € thousands	December 31, 2021	Acquisition Holiwatt	Additions	Decrease Reversals	Reclassificatio n	Currency translation effects	Grant given for R&D financing	June 30, 2022
<b>Gross intangible assets</b>								
Development costs	13,489				475		0	13,964
Ongoing development costs	4,833		2,394		(798)			6,429
Software and patents	2,748		9		53		0	2,810
Other intangible assets	209		40			4		253
Intangible assets in progress	164		(303)		271		(0)	132
<b>Total</b>	<b>21,444</b>		<b>2,140</b>		<b>(0)</b>	<b>4</b>	<b>(0)</b>	<b>23,588</b>
<b>Depreciation, amortization and impairment</b>								
Development costs	(4,920)		(1,271)				0	(6,191)
Software	(1,499)		(185)					(1,684)
Other intangible assets	(133)		(28)			(3)		(164)
<b>Total</b>	<b>(6,552)</b>		<b>(1,484)</b>			<b>(3)</b>	<b>0</b>	<b>(8,038)</b>
<b>Net intangible assets</b>	<b>14,892</b>		<b>656</b>		<b>(0)</b>	<b>1</b>	<b>(0)</b>	<b>15,550</b>

No indication of impairment of intangible assets has been identified as of June 30, 2022.

Non-capitalized research and development costs amount to €1,723 thousand as of June 30, 2022.

## 7.3 Property, plant and equipment

in € thousands	December 31, 2021	Acquisition Holiwatt	Additions	Decrease Reversals	Reclassification	Currency translation effects	New leases IFRS 16	June 30, 2022
<b>Gross property, plant and equipment</b>								
Buildings	171		4			2	0	176
Right to use for real estate	11,059				(69)	20	737	11,748
Technical installations, equipment and tools	8,707		628	(61)	3,271	31		12,577
Other property, plant and equipment	3,714		117	(36)	1,344	20		5,159
Rights of use on other property, plant and equipment	160			(38)	(11)	(1)	387	497
Property, plant and equipment in progress	4,192		1,240	(9)	(3,617)	2		1,808
Advance payments on tangible assets	1,109				(999)			110
<b>Total</b>	<b>29,112</b>		<b>1,988</b>	<b>(144)</b>	<b>(79)</b>	<b>74</b>	<b>1,124</b>	<b>32,075</b>
<b>Depreciation, amortization and impairment</b>								
Buildings	(20)		(15)			0		(36)
Right to use for real estate	(3,109)		(522)		11	(17)	(70)	(3,708)
Technical installations, equipment and tools	(5,526)		(927)	35		(12)		(6,430)
Other property, plant and equipment	(1,741)		(319)	21		(7)		(2,045)
Rights of use on other property, plant and equipment	(73)		(76)	38	7	0	(144)	(247)
<b>Total</b>	<b>(10,469)</b>		<b>(1,859)</b>	<b>94</b>	<b>18</b>	<b>(35)</b>	<b>(215)</b>	<b>(12,465)</b>
<b>Net property, plant and equipment</b>	<b>18,643</b>		<b>130</b>	<b>(50)</b>	<b>(61)</b>	<b>39</b>	<b>909</b>	<b>19,610</b>

No indication of impairment of property, plant and equipment has been identified as of June 30, 2022.

## 7.4 Financial assets

in € thousands	December 31, 2021	First-time consolidation of NEoT	Additions	Decrease Reversals	Reclassification	Currency translation effects	Other	June 30, 2022
<b>Financial assets</b>								
Financial instruments not held for trading (1)	842	(842)	(0)			(0)		0
Other fixed assets	5				(5)	0		
Assets and securities held under liquidity contract (2)	333		357	(624)	0		(1)	65
Guarantee deposits and sureties paid	435		98			3		535
Pledge on cash (3)	3,973		(0)			359		4,332
<b>Total</b>	<b>5,588</b>	<b>(842)</b>	<b>1,079</b>	<b>(1,098)</b>	<b>(135)</b>	<b>385</b>	<b>105</b>	<b>4,932</b>
<i>Of which</i>								
<i>Current</i>								
<i>Non current</i>	5,588	(842)	1,079	(1,098)	(135)	385	105	4,932

1) Financial instruments not held for trading purposes correspond to the non-consolidated shares of NEoT Capital, owned at 15% by the Company until May 31, 2022

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

The breakdown and changes in the liquidity contract over the first semester of 2022 are as follows:

in € thousands	Number of shares	June 30, 2022	December 31, 2021
<b>Total liquidity portion presented in Financial assets at opening</b>	<b>27,067</b>	<b>333</b>	
Assets made available for subscription to the liquidity contract		0	500
Purchase of Forsee Power shares	158,866	(624)	(243)
Sale of Forsee Power shares	(90,839)	357	77
<b>Total liquidity portion presented in Financial assets at closing</b>		<b>65</b>	<b>333</b>
Forsee Power shares held under liquidity contract	95,094	271	164
Change in fair value		(33)	(11)
<b>Total portion of shares held presented as a deduction from equity</b>		<b>238</b>	<b>153</b>
<b>Total Liquidity contract</b>		<b>303</b>	<b>486</b>

- 3) Cash pledge of \$4,500 thousand (i.e., €4,332 thousand as of June 30, 2022) for the Documentary SBLC from November 2020 with a maturity of December 31, 2021 with a foreign cells supplier. The maturity of the cash pledge has been extended to December 31, 2022.

The discounting effect on non-current non-interest-bearing financial assets is valued at €(11) thousand as of June 30, 2022, based on the Euribor rate for the maturity of the non-current financial assets (6-month Euribor for the cash pledge of \$4,500 thousand). This discounting effect has not been recognised in the consolidated financial statements for the period ended June 30, 2022, as it is not considered material.

## 7.5 Stakes in equity-accounted companies

The item “Equity-accounted investments” 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 3.2.2.1).

In the first half of 2022, Forsee Power increased its stake in NEoT Capital in order to accelerate the implementation of the Group’s strategy to offer a complete range of products and services related to battery systems.

Changes in the NEoT Capital stake over the first half of 2022 were as follows:

in € thousands	NEoT CAPITAL
Stake as of January 1, 2022	842
Acquisition on May 31, 2022 of the shares owned by Mitsubishi Corporation	2,292
Increase in capital in cash following the collective decision of shareholders on June 30, 2022	1,058
Increase in capital by conversion of receivables following the collective decision of shareholders on June 30, 2022	185
<b>Stake as of January 30, 2022</b>	<b>4,377</b>

The summary financial statements as of June 30, 2022 in the associate NEO T Capital, 50% owned by Forsee Power, are as follows:

	<b>NEoT CAPITAL</b>
<b>in € thousands</b>	<b>June 30, 2022</b>
Non current assets	137
Subscribed capital, called but not paid (1)	2,500
Trade receivables	1,072
Other receivables	228
Cash and cash equivalents	139
<b>Total assets (A)</b>	<b>4,077</b>
Financial liabilities	799
Provisions for risks and charges	14
Trade payables	422
Other liabilities	1,346
<b>Total liabilities (B)</b>	<b>2,581</b>
<b>Equity (A) - (B)</b>	<b>1,496</b>
<b>Share of equity owned (50%)</b>	<b>748</b>
<b>Goodwill</b>	<b>3,629</b>
<b>Total investment accounted for using the equity method</b>	<b>4,377</b>

- (1) Collective and unanimous decision of the shareholders voted on June 30, 2022 to recapitalise NEO T Capital in the amount of €3,210 thousand, including €2,500 thousand in cash. The funds of €2,500 thousand have been subscribed as of June 30, 2022, of which €1,058 thousand for Forsee Power. Forsee Power's shareholding in NEO T Capital is 50% following the collective and unanimous decision of the shareholders on June 30, 2022.

The share of profit or loss of the equity-accounted investment in NEO T Capital was nil as of June 30, 2022.

There is no impairment to be recognised as of June 30, 2022 on the NEO T Capital investment with respect to the value used in the transaction to buy back the shares of the partner Mitsubishi in March 2022 and the value used to recapitalise NEO T Capital as of June 30, 2022.

## 7.6 Inventories and work in progress

in € thousands	June 30, 2022	December 31, 2021
Raw materials and other supplies	19,078	19,247
Work in progress	5,821	1,611
Goods and finished products	15,241	11,896
Impairment of inventories	(4,644)	(4,337)
<b>Net inventories</b>	<b>35,495</b>	<b>28,417</b>

There are no pledged inventories as of June 30, 2022.

The gross value of the inventory as of June 30, 2022 amounts to €40.1 million, for an impairment amount of €4.6 million.

## 7.7 Trade receivables

in € thousands	June 30, 2022	December 31, 2021
Trade receivables	16,629	10,616
Impairment of trade receivables	(351)	(45)
<b>Trade receivables</b>	<b>16,278</b>	<b>10,571</b>

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

- The amount of receivables assigned without recourse (HSBC contract) and which are no longer presented in the balance sheet is €3,594 thousand as of June 30, 2022 (€4,067 thousand as of December 31, 2021);
- Under the factoring agreement included in a customer's reverse factoring programme, as of June 30, 2022 the Group has discounted €6,251 thousand of receivables with a maturity date later than June 30, 2022 with Banco Santander (€629 thousand as of December 31, 2021).

As of June 30, 2022, Management has identified an individual credit risk on a customer relating to the newly developed activity in India. This early non-payment risk is estimated as of June 30, 2022 on a total exposed outstandings amount of €2.5 million, i.e. an estimated credit loss of €250 thousand, and recognised in the first half of 2022. Forsee Power, with the help of its advisors, is considering the use of settlement agreements given the initial contractual provisions. These factors do not reflect the level of expected credit losses on other customer portfolios, the amount of which is not material and is not recognised as of June 30, 2022

The schedule of trade receivables is as follows:

in € thousands	June 30, 2022	December 31, 2021
<b>Trade receivables</b>	<b>16,629</b>	<b>10,616</b>
Not yet due	6,388	5,238
Past due	10,242	5,378

Past due receivables as of June 30, 2022 do not present any particular risk of non-recovery.



## 7.8 Other assets

in € thousands	June 30, 2022	December 31, 2021
Trade payables - Advances and deposits paid	3,921	8,121
Social security receivables	42	15
Tax receivables	3,125	2,000
Shareholder loans	359	183
Miscellaneous debtors (1)	1,547	2,093
Prepaid expenses (2)	1,893	949
Impairment of other current assets	(30)	(30)
<b>Other receivables presented in WCR</b>	<b>10,857</b>	<b>13,331</b>
Trade receivables- Advances paid on fixed assets	0	0
Corporate income tax receivables (3)	2,352	2,491
<b>Other assets</b>	<b>13,210</b>	<b>15,821</b>
<i>Of which</i>		
<i>Current</i>	12,252	15,101
<i>Non current</i>	957	720

- 1) Of which €1,432 thousand as of June 30, 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);
- 2) Of which €954 thousand in lease liabilities as of June 30, 2022 compared to €690 thousand as of December 31, 2021;
- 3) Of which €2,323 thousand as of June 30, 2022 in research tax credit (CIR) receivables relating to the 2019 financial year in the amount of €841 thousand, the 2020 financial year in the amount of €670 thousand, and the 2021 financial year in the amount of €812 thousand. The payment for the 2018 research tax credit (CIR) was received on June 2022, for an amount of €725 thousand.

## 7.9 Cash

in € thousands	June 30, 2022	December 31, 2021
Cash equivalents	0	0
Cash	46,477	70,770
<b>Cash and cash equivalents</b>	<b>46,477</b>	<b>70,770</b>
Cash and cash equivalents	46,477	70,770
Bank overdrafts	75	0
<b>Net cash</b>	<b>46,402</b>	<b>70,770</b>

Cash and cash equivalents as of June 30, 2022 consist of demand deposits in euros (€), US dollars (\$), and Yuan renminbi (RMB).

The balances for the previous period are as follows:

<b>in € thousands</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Cash equivalents	0	0
Cash	4,195	11,273
<b>Cash and cash equivalents</b>	<b>4,195</b>	<b>11,273</b>
Cash and cash equivalents	4,195	11,273
Bank overdrafts	0	0
<b>Net cash</b>	<b>4,195</b>	<b>11,273</b>

## 7.10 Equity

### 7.10.1 Share capital and issue premium

The number of Forsee Power SA shares outstanding as of June 30, 2022 is 53,210,003 at a par value of € 0.10, representing a total share capital of €5,321,000.

Share capital did not change over the first half of 2022.

### 7.10.2 Dividends

Forsee Power SA did not pay any dividend over the first half of 2022 for the financial year ended December 31, 2021.

### 7.10.3 Share-based payments

#### 7.10.3.1 Share subscription warrants

Share subscription warrants (BSA) issued by Forsee Power are presented in Note 7.9.3.2 to the consolidated financial statements as of December 31, 2021.

With regard to the terms and conditions of the BSA EIB Warrant A and the BSA EIB Warrant B, the number of ordinary shares 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:

- 6,857 BSA EIB Warrant A now giving access to 858,290 ordinary shares (AO), against 854,000 previously;
- 3,500 BSA EIB Warrant B now giving access to 388,325 ordinary shares (AO), against 386,400 previously.

#### 7.10.3.2 Stock-Options and free shares

The table below shows the stock options (SO) and free shares as of June 30, 2022:

	Grant date	Number of stock options granted	Number of cancelled SOs	Number of SOs outstanding	Number of shares subscribed upon exercise of SOs	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
<b>Total Stock-Options (SO)</b>		<b>2,355,000</b>	<b>(75,000)</b>	<b>2,280,000</b>	<b>2,280,000</b>		

- (1) Grants under the 2018 Stock Option Plan (SO 2018) authorized by the shareholders' meeting of December 18, 2018. These 2018 SOs include a vesting period set at 4 years with a presence requirement ending between April 2, 2023 and November 13, 2024. The grants were made to the Chairman, members of the Management Board and employees considered key to the company Forsee Power SA.
- (2) 1,500,000 stock options (SO 2021) giving access to 1,500,000 ordinary shares were granted on August 12, 2021 to the Chairman of the Board of Directors as compensation for services rendered. These 1,500,000 SO include "off-market" performance conditions (conversion of the OC5 and finalization of the acquisition of the Holiwatt assets) which were exercised on September 27 and 28, 2021. These 1,500,000 stock options include an initial blocking period of 2 years ending on August 12, 2023 and can be exercised over a period of between the 2nd year and the 15th year following the date of grant. The Management has estimated at the date of grant an expected exercise schedule for these 1,500,000 options, which 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.

	Grant date	Number of free shares granted	Number of cancelled free shares	Number of free shares outstanding	Number of shares subscribed upon exercise of free shares	Vesting period	Maturity
Free shares (2021 free share grant) (1) (3)	September 14, 2021	382,000	0	382,000	382,000	1 year	14 September 2022
Free shares (2021 free share grant R) (2)	October 15, 2021	282,616	0	282,616	282,616	2 years	15 October 2023
<b>Total free shares</b>		<b>664,616</b>	<b>0</b>	<b>664,616</b>	<b>664,616</b>		

- (1) The Board of Directors awarded 382,000 free shares (2021 free share grants) on September 14, 2021 to members of the Executive Committee and to employees considered as key to Forsee Power SA. These 2021 free share grants have a vesting period of one year with an attendance requirement ending on September 14, 2022.
- (2) On October 15, 2021, the Board of Directors, acting on a delegation of authority from the shareholders' meeting of the same day, decided to grant the Chairman of the Board of Directors, in addition to his compensation for the 2021 financial year, a maximum of 1,000,000 free shares and/or stock options, to be definitively allocated by June 30, 2022. On April 6, 2022, the Board of Directors finally definitively allocated a number of 282,616 free shares (2021 free shares grant R) following the recommendation of the Appointments and Remuneration Committee on April 1, 2022. This allocation of 282,616 free share grants as part of the Chairman's 2021 variable compensation is subject to a two-year attendance requirement ending on October 15, 2023, followed by an obligation to retain the shares subscribed for a limited period. The expense relating to these 282,616 bonus shares has been recognized in the financial statements for the year ended December 31, 2021, pro rata to the beneficiary's attendance requirement.
- At its meeting of June 24, 2022, the ordinary general meeting approved the definitive grant of 282,616 free shares in respect of the remuneration for the 2021 financial year.
- (3) The number of bonus shares has been adjusted following the division by 100 of the nominal value of the shares of Forsee Power SA decided by the Extraordinary General Meeting of October 15, 2021.

The expense recognized over the first semester 2022 and for the year ended December 31, 2021 presented for share-based transactions is as follows:

in € thousands	June 30, 2022	December 31, 2021
<b>Costs recognized in specific reserves at the beginning of the period</b>	<b>6,232</b>	<b>733</b>
Expenses recognized in the income statement for the period (services rendered)	1,976	5,556
Cancellation of past costs of options that lapsed during the period (forfeiture related to the continuous employment condition)	0	(56)
Reversal of costs of grants exercised during the period (vested related to the exercise of the option)	0	0
<b>Specific reserve costs at the end of the period</b>	<b>8,208</b>	<b>6,232</b>
Expenses to be recognized in future years	2,322	4,298
<b>Total probable cost of grants estimated at the closing date</b>	<b>10,529</b>	<b>10,529</b>

The expense recognized in the income statement for the first semester 2022 and for the year ended December 31, 2021 breaks down as follows:

in € thousands	June 30, 2022	December 31, 2021
Stock-Options (SO 2018)	232	483
Stock-Options (SO 2021)	0	4,122
Free shares (2021 free share grant)	1,231	735
Free shares (2021 R free share grant)	512	216
<b>Total</b>	<b>1,976</b>	<b>5,556</b>

The expense recorded for the period ended June 30, 2021 amounts to €247 thousand and is only related to the stock-option plan “SO 2018”.

The expense to be recognized in future years is broken down as follows:

in € thousands	June 30, 2022	December 31, 2021
2022	1,266	3,242
2023	1,009	1,009
2024	47	47
<b>Total</b>	<b>2,322</b>	<b>4,298</b>

The expense to be recognized over the years breaks down as follows according to the plans:

in € thousands	June 30, 2022	December 31, 2021
Stock-Options (SO 2018)	484	716
Stock-Options (SO 2021)	0	0
Free shares (2021 free share grant)	517	1,748
Free shares (2021 R free share grant)	1,321	1,833
<b>Total</b>	<b>2,322</b>	<b>4,298</b>

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

	Grant date	Assumptions used as of June 30, 2022 - at fair value per share according to IFRS 2 (Black & Scholes)				Unit valuation under IFRS 2 (1)	IFRS 2 probable cost in € thousands
		Strike price in € (1)	Risk-free interest rate	Risk premium	Expected volatility		
Stock-Options (SO 2018)	April 02, 2019	3.40 €	-0.44%	10.0%	69.6%	2.39 €	1,432
Stock-Options (SO 2018)	January 28, 2020	3.40 €	-0.59%	10.0%	70.8%	2.40 €	252
Stock-Options (SO 2018)	November 13, 2020	3.40 €	-0.74%	10.0%	80.4%	2.56 €	192
Stock-Options (SO 2021) (2)	August 12, 2021	6.50 €	-0.72%	0.0%	71.7%	2.94 €	4,122
		6.50 €	-0.71%	0.0%	68.5%	2.87 €	
		6.50 €	-0.60%	0.0%	65.7%	3.14 €	
Free shares (2021 free share grant)	September 14, 2021	- €	-0.68%	0.0%	65.9%	6.50 €	2,483
Free shares (2021 R free share grant) (3)	October 15, 2021	- €	-0.67%	0.0%	71.5%	7.25 €	2,049
		- €	-0.58%	0.0%	69.0%	7.25 €	
		- €	-0.38%	0.0%	65.6%	7.25 €	
<b>Total</b>							<b>10,529</b>

(1) 100-fold split of the nominal value of the share decided by the Extraordinary Shareholder meeting of October 15, 2021.

(2) The probable cost of the 1,500,000 Stock Options granted on August 12, 2021 has been estimated on the basis of an expected option exercise schedule between 2023 and 2025.

(3) The probable cost of the 282,616 Free Shares granted on October 15, 2021 has been estimated on the basis of an expected exercise schedule for the options which extends from 2023 to 2025. The valuation of the option takes into account a Forsee Power share value of €7.25 as retained for the capital increase decided by the Combined General Meeting on 15 October 2021.

## 7.10.4 Treasury shares

Treasury shares and liquidity contract with an independent investment services company (Kepler Cheuvreux) are presented in Note 7.9.4 to the consolidated financial statements as of December 31, 2021.

Under this liquidity contract, the Group held 95,094 Forsee Power SA shares at June 30, 2022, representing a value of €238 thousand.

## 7.10.5 Translation reserves

The translation reserve by currency is as follows:

in € thousands		June 30, 2022	December 31, 2021
Hong Kong dollar	HZD	12	19
Yuan renminbi	RMB	(297)	(204)
Zloty	PLZ	8	0
Indian rupee	INR	259	(13)
Singapore dollar	SGD	(2)	0
<b>Translation reserve - Group share</b>		<b>(20)</b>	<b>(196)</b>

## 7.10.6 Earnings per share

	June 30, 2022	June 30, 2021
Consolidated net income	(9,834)	(16,769)
Weighted average number of shares outstanding	53,210,003	29,987,600
<b>Earnings per share</b>	<b>(0.18) €</b>	<b>(0.56) €</b>

The weighted average number of ordinary shares outstanding presented for the comparative period to June 30, 2021 has been adjusted for the reduction in the nominal value of Forsee Power SA shares decided by the Extraordinary General Meeting on October 15, 2021.

Under IAS 33, diluted earnings per share are equal to earnings per share if there is a loss.

## 7.11 Provisions for risks and charges

Changes in the first half of 2022 are as follows:

in € thousands	December 31, 2021	Acquisition Holiwatt	Additions	Reversals	Of which used	Reclassification	Fair value	Currency translation effects	June 30, 2022
Provisions for after-sales warranty and recycling	3,988		1,522	(520)	(520)			0	4,990
Provisions for litigation	1,328		14	(633)	(324)				708
<b>Provisions</b>	<b>5,316</b>		<b>1,536</b>	<b>(1,153)</b>	<b>(844)</b>			<b>0</b>	<b>5,699</b>
<i>Of which</i>									
<i>Current</i>									
<i>Non current</i>	5,316		1,536	(1,153)	(844)			0	5,699

The discounting effect on non-current provisions has been estimated at €(58) thousand as of June 30, 2022. This discounting effect has not been recognised in the consolidated financial statements as of June 30, 2022 as it is not considered material.

The main provisions for risks and charges are detailed below:

- The provision for after-sales service guarantees recognised as of June 30, 2022 amounts to €3,985 thousand (€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 recycling provision of €1,005 thousand as of June 30, 2022 (€709 thousand as of December 31, 2021) was made to cover the estimated future costs of recycling the battery systems sold for which the Group has a recovery and recycling commitment in the event of customers returning the batteries.

This provision is calculated as a function of the number of systems sold affected by the recovery commitment and valued on the basis of the external recycling costs for different types of batteries. The Group regularly updates these external recycling costs in order to take into account improvements in the processing costs in this relatively recent industrial stream.

- The provisions for litigation represent a total of €708 thousand as of June 30, 2022 (€1,328 thousand as of December 31, 2021), and correspond to the valuation of other risks, such as risks of customer penalties, litigation, including disputes with Unu GmbH presented below.

### **Disputes with Unu GmbH:**

#### ***The referral procedure in Paris:***

On March 12, 2021, Unu GmbH filed an application for court-ordered expert assessment with the Paris Commercial Court against Forsee Power and its former insurer, Generali (see Note 7.10 to the consolidated financial statements as of December 31, 2021). Unu GmbH is suing the Company on the basis of product liability and common law contractual liability, alleging that the batteries are defective and do not meet the technical characteristics agreed between the parties under the terms of the supply agreement of July 23, 2016 and its amendment of June 29, 2018. The Company did not object to this request for a court-ordered expert assessment, but stated that it should also cover the scooters produced by Unu GmbH, the characteristics of which do not comply with the initial contractual specifications and are the cause of the battery malfunctions.

Pursuant to an order dated March 31, 2021, the judge in summary proceedings ordered the appointment of a legal expert whose mission was to study both the batteries and the scooters in order to determine the origin of the malfunctions, the associated disorders and therefore the responsibilities. As the initially appointed expert withdrew, the judge in summary proceedings ordered the appointment of a new expert by an order dated April 16, 2021.

The expert heard the various arguments put forward by the parties from May 5, 2021, but has not yet appointed a laboratory to carry out the necessary tests on the batteries and scooters. However, the expert has repeatedly pointed out the difficulties of cooperation with Unu GmbH, which refuses to provide certain key documents for the expert assessment, in particular the test reports for its scooters.

On December 31, 2021, Unu GmbH filed a summary action against Forsee Power before the Paris Commercial Court to replace the legal expert appointed in April 2021, on the grounds that the expert is categorically biased and does not have sufficient competence to carry out the court-ordered expert assessment. On January 26, 2022, the Company responded to these arguments by stating that the judge in summary proceedings did not have jurisdiction and that the case should be brought before

the supervisory judge. The Company also rejected Unu GmbH's arguments regarding the alleged bias or incompetence of the expert.

In a ruling dated March 18, 2022, the judge in summary proceedings of the Paris Commercial Court ruled that it had no jurisdiction. The case was brought before the supervisory judge. It decided to retain the current expert and to appoint a co-expert. The next expert meeting is scheduled for September 2022 with the panel of experts.

#### ***The trial proceedings:***

On November 2, 2021, in spite of the expert assessment in progress, Unu GmbH sued Forsee Power on the same grounds before the Paris Commercial Court ruling as a trial judge, and claimed €15,845 thousand for material losses suffered as well as €50 thousand for non-material losses. The court remanded the case to September 28, 2022 for a procedural hearing. The Company expects the Court to stay proceedings until the final expert report is filed.

#### ***The referral procedure in Lyon:***

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

The circumstances of this fire have not been established, as the fire started, according to the insurer, at the garage door. This 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 will order the extension of the expert assignment on August 1, 2022.

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

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

#### ***Provision retained in the financial statements:***

The provision recorded in the consolidated financial statements for the period ended June 30, 2022 in the amount of €486 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. As of June 30, 2022, a reversal of €165 thousand was made on the provision corresponding to the expenses recognised during the year, mainly expert and legal fees.

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

## **7.12 Post-employment benefits and long-service awards**

### **7.12.1 Defined contribution plan**

An expense of €758 thousand has been recognized as of June 30, 2022 (€1,194 thousand as of December 31, 2021) for defined contribution plans in France.



## 7.12.2 Defined benefit plans

The impact of the increase in the discount rate on the valuation of retirement benefits and long-service awards for French employees is estimated at €(34) thousand as of June 30, 2022. This effect has not been recognised in the financial statements as of June 30, 2022 as it is not considered material.

## 7.13 Borrowings and financial liabilities

in € thousands	December 31, 2021	Issuance	Repayments	Loan issuance costs	Interest on zero rate loans	Reclassification	Currency translation effects	Effective interest method impact	Net change	Conversion to capital	Fair value	Loan issuance IFRS 16	June 30, 2022
EIB loans (1)	20,351										584		20,935
BPI Atout loan (3)	4,375		(625)			(1,250)							2,500
BPI state-guaranteed loan (2)	5,000					(1,250)							3,750
BNP State-guaranteed loan (2)	6,746				136	(1,875)							5,007
HSBC State-guaranteed loan (2)	6,654				152	(1,866)							4,940
Right-of-use liability - non-current	8,437					(838)	2					871	8,472
Deposits and guarantees received	20												20
Related party liabilities	331		(6)										324
<b>Long-term financial debt</b>	<b>51,915</b>	<b>(0)</b>	<b>(631)</b>		<b>288</b>	<b>(7,079)</b>	<b>2</b>				<b>584</b>	<b>871</b>	<b>45,949</b>
BPI Atout loan (3)						1,250							1,250
BPI state-guaranteed loan (2)						1,250							1,250
BNP State-guaranteed loan (2)						1,875							1,875
HSBC State-guaranteed loan (2)						1,866							1,866
Accrued interest on financial liabilities	863	1,176	(959)				0						1,081
Right-of-use liability - current	878		(558)			774	2						1,096
Accrued interest not yet due	18								(18)				
Bank overdrafts (cash liability)	0								75				75
<b>Short-term financial debt</b>	<b>1,759</b>	<b>1,176</b>	<b>(1,517)</b>			<b>7,015</b>	<b>2</b>		<b>57</b>				<b>8,492</b>
<b>Gross financial debt</b>	<b>53,673</b>	<b>1,176</b>	<b>(2,148)</b>		<b>288</b>	<b>(64)</b>	<b>4</b>		<b>57</b>		<b>584</b>	<b>871</b>	<b>54,441</b>
<i>Of which</i>													
<i>Current</i>	1,759	1,176	(1,517)			7,015	2		57				8,492
<i>Non-current</i>	51,913		(631)		288	(7,079)	2				584	871	45,949

### 1) EIB financing

An EIB loan was signed in December 2020 for which tranche A of €21.5 million was disbursed on June 16, 2021 for a period of 5 years. This tranche was accompanied by 3,500 BSA EIB Warrant C issued on June 4, 2021, resulting in the issuance of 388,325 common shares if exercised.

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

### 2) The state guaranteed loans (PGE) with BNP for €7,5 million and HSBC for €7,5 million were granted in June 2020 at 0%, and renegotiated in March 2021 at 0.75% and 0.31% respectively. The PGE with BNP is repaid quarterly from September 4, 2022 until June 4, 2026. The PGE with HSBC is repaid quarterly from September 11, 2022 until June 11, 2025.

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

### 3) In June 2020, Forsee Power took out a €5 million "Atout" loan from the BPI at a rate of 5%. This loan is repaid quarterly over 4 years until June 30, 2025 after a one-year grace period which ended on 31 August 2021.

The Group has not subscribed over the period to currency forward contracts to hedge trade payables and receivables in dollars.

The financial debt maturity schedule is as follows:

in € thousands	June 30, 2022	Less than 1 year	1 to 5 years	More than 5 years	Covenant
EIB loans	20,935			20,935	yes
Emprunts auprès de la BPI					non
BPI Atout loan	2,500		2,500		no
BPI state-guaranteed loan	3,750		3,750		no
BNP state-guaranteed loan	5,007		5,007		no
HSBC state-guaranteed loan	4,940		4,940		no
Debt on leased property	8,472		3,514	4,958	no
Deposits and guarantees received	20			20	no
Related party liabilities	324		324		no
<b>Long-term financial debt</b>	<b>45,949</b>		<b>20,035</b>	<b>25,914</b>	
BPI Atout loan	1,250	1,250			no
BPI state-guaranteed loan	1,250	1,250			no
BNP state-guaranteed loan	1,875	1,875			no
HSBC state-guaranteed loan	1,866	1,866			no
Accrued interest on financial liabilities	1,081	1,081			no
Debt on leased property	1,096	1,096			no
Bank overdrafts (cash liability)	75	75			no
<b>Short-term financial debt</b>	<b>8,492</b>	<b>8,492</b>			
<b>Gross financial debt and similar</b>	<b>54,441</b>	<b>8,492</b>	<b>20,035</b>	<b>25,914</b>	

## 7.14 Derivative financial instruments

in € thousands	Date of issue	Expiry date	Number of instruments	Number of shares subscribed upon exercise of warrants	June 30, 2022	December 31, 2021
BSA Warrant A for EIB (1)	18 March 2018	15 March 2028	6,857	858,290	2,101	4,789
BSA Warrant C for EIB (1)	04 June 2021	04 June 2041	3,500	388,325	967	2,184
<b>Total</b>			<b>10,357</b>	<b>1,246,615</b>	<b>3,068</b>	<b>6,972</b>

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

- 6,857 BSA EBI Warrant A giving access to 858,290 ordinary shares (AO) issued on March 18, 2018 in addition of the €20 million financing;
- 3,500 BSA EBI Warrant A giving access to 388,325 ordinary shares (AO) issued on June 4, 2021 in addition of the €21.5 million financing.

The conversion parities of these warrants into ordinary shares of the Company have been updated following the definitive grant of 282,616 free shares (AGAR 2021) at the ordinary general meeting of June 24, 2022.

Changes during the period and the previous period are presented in the table below:

in € thousands	June 30, 2022	December 31, 2021
<b>Derivative instrument at beginning of period</b>	<b>6,972</b>	<b>4,457</b>
Change in fair value recognized in profit or loss	(3,904)	1,714
Derivative instruments issued over the period (net of costs)		2,273
Derivative instrument cancelled following conversion		(1,471)
<b>Derivative instrument at end of period</b>	<b>3,068</b>	<b>6,972</b>

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

in € thousands	Less than 1 year	1 to 5 years	More than 5 years	Total
BSA Warrant A for EIB			2,101	2,101
BSA Warrant C for EIB			967	967
<b>Total</b>	<b>0</b>	<b>0</b>	<b>3,068</b>	<b>3,068</b>

The change in the fair value of the derivatives on the key assumption of the value of the Forsee Power share impacts the financial statements as follows:

	BSA Warrant A for EIB	BSA Warrant C for EIB	Gross impact on fair value as of June 30, 2022
Forsee Power share price up 25%	2,473	1,120	<b>3,593</b>
Forsee Power share price up 40%	1,829	828	<b>2,657</b>

The value of the Forsee Power share was €2.50 on June 30, 2022.

## 7.15 Risk management for risks associated to financial assets and liabilities

### 7.15.1 Credit risk management

Credit risk management is presented in Note 7.14.1 to the consolidated financial statements as of December 31, 2021.

There were no significant changes in credit risk in the first half of 2022 compared with December 31, 2021.

The Group is exposed to limited credit risk as of June 30, 2022 given the financial quality of its main customers.

Management has nevertheless identified an individual credit risk on a customer as of June 30, 2022 relating to the newly developed activity in India.

### 7.15.2 Liquidity risk management

Liquidity risk management is presented in Note 7.14.2 to the consolidated financial statements as of December 31, 2021.

There were no significant changes in liquidity risk in the first half of 2022 compared with December 31, 2021.

As of June 30, 2022, Forsee Power had the following financing instruments:

- 1) A new financing agreement with the EIB was signed in December 2020, making available a loan of €21.5 million (Tranche A), and three new financing lines (Tranches B, C and D), all three 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.

The €10 million Tranche C is subject to revenue covenants that the Group had met already at the end of the 2020 financial year. The €10 million Tranche C is also conditional on the completion of a €10 million capital increase by one or more shareholders. This condition was met in November 2021 with the company's IPO. Tranche C has not been drawn yet as of June 30, 2022.

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

- 2) The Group has factoring programmes with Santander bank and HSBC (see Note 3.3.10 to the consolidated financial statements as of December 31, 2021).
- 3) Experience shows that banks and its financial partners have regularly supported the Group in its organic growth and funding 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	June 30, 2022	December 31, 2021
Overdraft authorization	0	0
<b>Sub-total credit facilities (a)</b>	<b>0</b>	<b>0</b>
Cash and cash equivalents	46,477	70,770
Bank overdrafts - Cash liability	75	0
<b>Net liquidity (b)</b>	<b>46,402</b>	<b>70,770</b>
<b>Total liquidity position (a) + (b)</b>	<b>46,402</b>	<b>70,770</b>

### 7.15.3 Market risk management

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

Over the period, the Group had equivalent volumes of US dollar-denominated purchases of goods and battery sales. Therefore, it was not necessary to subscribe over the period to currency hedging contracts. The Management is considering the use of currency forward contracts, based on the purchases and sales forecast and the expected evolution of the exchange rate between the euro and US dollar currencies.

### 7.15.4 Capital management

Capital management is presented in Note 7.14.4 to the consolidated financial statements as of December 31, 2021.

Capital management has not changed in the first half of 2022 compared with December 31, 2021.

## 7.16 Information about fair value of financial assets and liabilities

### 7.16.1 Cash, loans and receivables

The Group considers that the carrying amount of cash, trade receivables, other receivables, accounts payable, other liabilities and various deposits and sureties is a good approximation of the market value as of June 30, 2022 due to the high degree of liquidity of these items and their maturity of less than 12 months.

### 7.16.2 Assets at fair value

The Group does not hold any marketable security as of June 30, 2022.

### 7.16.3 Derivative and hedging financial instruments

The Group does not hold any trading derivatives as of June 30, 2022.

### 7.16.4 Financial liabilities at amortized cost

The Group considers that the carrying amount of trade payables is a good approximation of the market value due to the high degree of liquidity of these items.

The market value of long-term and short-term financial debt is determined using the value of estimated future cash flows disbursed, discounted using the interest rates observed by the Group at the end of the period for instruments with similar conditions and maturities.

## 7.16.5 Financial instrument report

The market values of financial assets and liabilities measured at fair value correspond to the price that would be received for the sale of an asset or paid for the transfer of a liability in an arm's-length transaction recognized in the principal or most advantageous market on the measurement date. The valuation methods used for financial assets and liabilities by level are as follows:

- Level 1: fair value measured exclusively by reference to prices in active markets;
- Level 2: fair value measured by a model using directly or indirectly observable market parameters;
- Level 3: fair value measured by a model incorporating certain unobservable market parameters;

in € thousands	June 30, 2022	Fair value	Level 1 Unadjusted quoted prices	Level 2 Observable data	Level 3 Unobservable data
Cash and cash equivalents	46,477	46,477	46,477		
Financial instruments not held for trading	0				0
<b>Financial assets at fair value</b>	<b>46,477</b>	<b>46,477</b>	<b>46,477</b>		<b>0</b>
Guarantee deposits and sureties paid	535	535			535
Other financial assets	4,332	4,332			4,332
Trade receivables	16,278	16,278			16,278
Other assets	13,210	13,210			13,210
<b>Assets at amortized cost</b>	<b>34,355</b>	<b>34,355</b>			<b>34,355</b>
Derivative financial instruments	3,068	3,068		3,068	
<b>Financial liabilities at fair value</b>	<b>3,068</b>	<b>3,068</b>		<b>3,068</b>	
Long-term financial debt	45,949	45,949			45,949
Short-term financial debt	8,492	8,492			8,492
Trade payables presented in WCR	14,525	14,525			14,525
Other liabilities	18,490	18,490			18,490
<b>Liabilities at amortized cost</b>	<b>87,455</b>	<b>87,455</b>			<b>87,455</b>

The following methods and assumptions used to estimate the fair value of financial assets and liabilities are presented in Note 3.3.7 to the consolidated financial statements as of December 31, 2021.

## 7.17 Trade payables

in € thousands	June 30, 2022	December 31, 2021
Trade payables	14,525	12,369
<b>Trade payables presented in WCR</b>	<b>14,525</b>	<b>12,369</b>
Trade payables on IPO	0	1,230
<b>Trade payables</b>	<b>14,525</b>	<b>13,599</b>

## 7.18 Other liabilities

in € thousands	June 30, 2022	December 31, 2021
Trade receivables - Advances and deposits received	5,060	5,282
Social security liabilities (1)	6,465	7,645
Tax liabilities	1,188	697
Liabilities related to customer contracts (2)	2,285	1,530
Other current liabilities (3)	1,074	869
Advantage granted on state-guaranteed loan at zero percent interest rate	1,316	1,601
<b>Other liabilities presented in WCR</b>	<b>17,389</b>	<b>17,624</b>
Corporate income tax liability	43	5
Debt on acquisitions of non-current assets	1,058	0
<b>Other liabilities</b>	<b>18,490</b>	<b>17,629</b>
<i>Of which</i>		
<i>Current</i>	13,020	13,946
<i>Non current</i>	5,469	3,683

1) Including €438 thousand in employer contributions on free shares;

2) Including €2,285 thousand in deferred income on specific battery warranty extensions;

The change in contract liabilities is as follows:

in € thousands	June 30, 2022	December 31, 2021
<b>Liabilities on contracts at the beginning of the period</b>	<b>1,530</b>	<b>329</b>
- Liabilities on contracts written back following the fulfilment of performance obligations over the period		
- Liabilities on cancelled contracts following cancellation of the contract		
+ Unfulfilled performance obligations on new contracts during the period	765	1,283
+/- Other changes and translation effects	(9)	(81)
<b>Liabilities on contracts at the end of the period</b>	<b>2,285</b>	<b>1,530</b>

Performance obligations correspond mainly to warranties extensions and are performed over a period of between 1 and 8 years.

- 3) Of which €731 thousand at Zhongshan Forsee Industry Ltd (compared to €388 thousand as of December 31, 2021) and €215 thousand at Zhongshan Forsee Development (compared to €314 thousand as of December 31, 2021).

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

The discounting effect on other non-current liabilities is valued at €(56) thousand as of June 30, 2022 and has not been recognised in the consolidated financial statements as it is not considered material.

## 7.19 Deferred taxes

Deferred taxes are broken down by timing differences as follows:

in € thousands	June 30, 2022	December 31, 2021
Tax timing differences	9	27
Provisions for post-employment benefits	45	45
Restatement of IFRS 16 on leases	184	120
Capital increase costs	0	0
Loan issuance costs at EIR	9	9
Internal margins on inventories	48	56
Other timing differences	(71)	111
Tax loss carryforwards	0	0
<b>Total net deferred taxes</b>	<b>224</b>	<b>368</b>

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 DTA on tax loss carryforwards from tax entities based on the prospects of recovery over a three-year period. The Group previously limited the recognition of DTA on tax losses carryforwards to the probability of recovery over a five-year period.

The amount of tax loss carryforwards not recognized in the financial statements amounts to €156,746 thousand (i.e., €39,186 thousand of unrecognized DTA) as of June 30, 2022, compared to €144,547 thousand (i.e., €36,137 thousand of unrecognized DTA) as of December 31, 2021. These tax loss carryforwards relate to the tax entity Forsee Power. Foreign tax entities located in China (Zhongshan Forsee Power Industry, Zhongshan Forsee Power Development) and India (Forsee Power India) have a specific tax regime that does not allow tax losses to be carried forward.



Changes in deferred taxes recognized in profit or loss and in equity are as follows:

in € thousands	June 30, 2022	December 31, 2021
<b>Deferred tax assets at beginning of period</b>	<b>373</b>	<b>468</b>
Expense recognized in comprehensive income	(306)	(252)
DTA on capitalization of leases	146	146
DTA/DTL offset for tax entity	(37)	0
Other	54	11
<b>Deferred tax assets at end of period</b>	<b>229</b>	<b>373</b>
<b>Deferred tax liabilities at beginning of period</b>	<b>5</b>	<b>5</b>
Expense recognized in comprehensive income	0	0
DTA/DTL offset for tax entity	0	0
Other	0	0
<b>Deferred tax liabilities at end of period</b>	<b>5</b>	<b>5</b>
<b>Deferred tax at beginning of period</b>	<b>0</b>	<b>0</b>
Deferred taxes on capital increase costs		0
Deferred taxes not recognized in OCI		0
<b>Deferred tax at end of period</b>	<b>0</b>	<b>0</b>

## 8. INFORMATION RELATING TO ITEMS IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### 8.1 Revenues

in € thousands	June 30, 2022	June 30, 2021
Sale of goods	48,382	36,479
Service delivery	829	626
Other activities	515	65
<b>Total</b>	<b>49,727</b>	<b>37,171</b>

The amount of the order book (unfulfilled firm orders) and the projected schedule for completion of unfulfilled performance obligations is as follows:

in € thousands	June 30, 2022
<b>Order book at beginning of period</b>	<b>54,601</b>
- Commitments at the beginning of the period for which services have been rendered during the period and recognized in revenues	(49,167)
- Commitments at the beginning of the period for which services have not been rendered during the period because they were cancelled (order cancellation)	
+ Firm offers signed during the period and recognized in revenues	(560)
+ Firm offers signed during the period and not recognized in revenues	73,238
<b>Order book at end of period</b>	<b>78,112</b>
<b>Provisional timetable for revenue recognition</b>	
Expected completion in 2022	66,464
Expected completion in 2023	11,648
Expected completion in 2024 and beyond	0
<b>Total order book at end of period</b>	<b>78,112</b>

## 8.2 Other operating income and expenses

in € thousands	June 30, 2022	June 30, 2021
Operating grants	2	20
Gains (losses) on disposals of fixed assets	(41)	(13)
Attendance fees	(225)	0
Miscellaneous management expenses	(119)	(185)
<b>Autres produits et charges opérationnels</b>	<b>(366)</b>	<b>(177)</b>

## 8.3 External services and purchases consumed

in € thousands	June 30, 2022	June 30, 2021
Purchases consumed, including foreign exchange gains and losses on purchases (1)	(36,008)	(28,877)
Fees, external services	(1,917)	(1,772)
Leases, maintenance and insurance	(793)	(499)
Transport, travel and conference expenses	(1,381)	(965)
Study and research costs	(689)	(648)
Post and telecommunications expenses	(114)	(133)
Subcontracting (1)	(365)	(269)
Other	(117)	(48)
<b>External services and purchases consumed</b>	<b>(41,384)</b>	<b>(33,212)</b>

- 1) Of which Research Tax Credit (CIR) income relating to the 2021 financial year presented as a reduction from purchases consumed for an amount of €219 thousand and as a reduction from subcontracting expenses for an amount of €26 thousand.

## 8.4 Employee expenses and headcount

in € thousands	June 30, 2022	June 30, 2021
<b>Payroll costs</b>		
Compensation (1)	(9,824)	(7,706)
Social security contributions (1)	(3,458)	(2,514)
Other short-term benefits	(158)	(125)
Cost of services rendered on defined benefit plans	0	0
Share-based payment costs	(1,976)	(247)
Employer contributions on share-based payments	(26)	0
Employee profit-sharing	0	0
<b>Total</b>	<b>(15,442)</b>	<b>(10,593)</b>
<b>Average headcount</b>		
Managers	209	152
Non-managers	421	356
<b>Total</b>	<b>630</b>	<b>508</b>

1) Of which Research Tax Credit (CIR) income relating to the 2021 financial year presented as a reduction from compensation for an amount of €250 thousand as of June 30, 2022, and as a reduction from social security contributions for an amount of €182 thousand as of June 30, 2022.

## 8.5 Taxes and duties

in € thousands	June 30, 2022	June 30, 2021
Taxes on salaries	(196)	(206)
Other taxes	(166)	(264)
<b>Taxes and duties</b>	<b>(361)</b>	<b>(471)</b>

## 8.6 Depreciation, amortization and provisions allocations and reversals

in € thousands	June 30, 2022	June 30, 2021
Amortization and impairment of intangible assets	(1,475)	(980)
Amortization of rights of use for property, plant and equipment	(598)	(620)
Depreciation and impairment of property, plant and equipment	(1,215)	(571)
Provisions for risks and charges	(374)	(824)
Net depreciation of inventories and receivables	(690)	124
<b>Net charges</b>	<b>(4,352)</b>	<b>(2,872)</b>

## 8.7 Non-current operating income

There were no non-current operating items recorded in the first half of 2022 and 2021.

## 8.8 Net financial income (expense)

in € thousands	June 30, 2022	June 30, 2021
Financial income received on financial assets	2	0
<b>Financial income</b>	<b>2</b>	<b>0</b>
Interest expense on loans	(1,441)	(3,151)
<b>Cost of gross financial debt</b>	<b>(1,441)</b>	<b>(3,151)</b>
Foreign exchange gains and losses on financial asset	592	113
Net impairment of financial assets measured at amortized cost	0	0
Change in fair value of derivatives (1)	3,904	(2,155)
Effect of the effective interest rate (EIR) (2)	(591)	(1,309)
Interest expense on debt on leased property	(161)	(170)
Bank fees and commissions	(106)	(59)
Other financial income	19	26
Advantage granted on state-guaranteed loan at zero percent interest rate	288	327
<b>Other net financial income and expenses</b>	<b>3,944</b>	<b>(3,226)</b>
<b>Net financial income (expense)</b>	<b>2,504</b>	<b>(6,377)</b>

- 1) Of which €2,687 thousand change in fair value on the BSA EIB Warrant A derivative and €1,217 thousand change in fair value on the on the BSA EIB Warrant C derivative as of June 30, 2022 (see Note 7.14).
- 2) Of which €(1,235) thousand of financial expenses as of June 30, 2021 following the early repayment in June 2021 of the €20 million EIB loan subscribed in 2017.

## 8.9 Corporate income tax

in € thousands	June 30, 2022	June 30, 2021
Current taxes	(1)	0
Deferred taxes	(160)	(238)
<b>Income tax expense</b>	<b>(161)</b>	<b>(238)</b>

The tax proof for the periods presented is as follows:

in € thousands	June 30, 2022	June 30, 2021
Theoretical tax expense (at the current rate)	2,418	4,133
Actual tax expense	(161)	(238)
<b>Difference</b>	<b>2,580</b>	<b>4,371</b>
Other permanent differences	28	9
Tax credits (CIR)	(182)	0
Share-based payments	494	66
Derivative financial instruments	(976)	785
Adjustment of corporate tax rate in France (for tax losses carryforwards)	0	37
Non-deductible and unrecognized financial expenses	0	60
Tax losses arising during the period not recognized	3,097	3,284
Impairment during the period of previously unrecognized tax losses	0	0
Other differences	118	130
<b>Total</b>	<b>2,580</b>	<b>4,371</b>

## 9. INFORMATION RELATING TO ITEMS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

### 9.1 Allowances for depreciation, provisions, and impairment

in € thousands	June 30, 2022	June 30, 2021
Net depreciation allowance on fixed assets	2,690	1,551
Net depreciation allowance on right-of-use assets related to property, plant and equipment	598	620
Net provision for risks and charges	374	824
Net impairment on financial assets	0	0
<b>Net allowances</b>	<b>3,662</b>	<b>2,996</b>

### 9.2 Working capital requirement

in € thousands	Notes	December 31, 2021	WCR	Non-cash effects in WCR and calculated items	Currency translation effects	June 30, 2022
Net inventories	7.6	28,417	6,797	(0)	281	35,495
Net trade receivables	7.7	10,571	5,661	(4)	50	16,278
Other current assets	7.8	13,331	(2,910)	574	(137)	10,858
Trade payables	7.17	(12,369)	(699)	(1,339)	(118)	(14,525)
Other current liabilities	7.18	(17,624)	49	255	(70)	(17,389)
<b>Total changes in working capital requirements (WCR)</b>		<b>22,327</b>	<b>8,898</b>	<b>(514)</b>	<b>6</b>	<b>30,717</b>

in € thousands	Notes	December 31, 2021	Change and impact on income	Reclassification	Currency translation effects	June 30, 2022
Change in deferred taxes	7.19	368	(160)		0	225
Change in corporate tax receivables and payables (1)	7.8 et 7.18	2,485	(175)		(0)	2,310
<i>of which research tax credit (CIR)</i>		2,237	86			2,323
Recognized tax expenses	8.9	(134)	161			(161)

(1) Of which €2,237 thousand related to the CIR receivable (2018, 2019, 2020) as of December 31, 2021

### 9.3 Cash flows from acquisitions of fixed assets

in € thousands	June 30, 2022	June 30, 2021
Acquisition of intangible assets	(2,140)	(2,089)
Acquisition of property, plant and equipment	(1,988)	(1,449)
Acquisition of financial assets	(98)	0
<b>Total investments</b>	<b>(4,226)</b>	<b>(3,538)</b>
Debt related to the acquisition of fixed assets	1,058	(1,323)
<b>Net cash flow from acquisition of fixed assets</b>	<b>(3,168)</b>	<b>(4,861)</b>

### 9.4 Capital gains/losses on disposals of fixed assets

in € thousands	June 30, 2022	June 30, 2021
Income from sales of intangible assets	0	0
Income from sales of property, plant and equipment	0	0
Income from sales of financial assets	0	0
Net book value of intangible assets sold	0	0
Net book value of property, plant and equipment sold	50	193
<b>Gain (loss) on disposal of fixed assets</b>	<b>50</b>	<b>193</b>

### 9.5 Cash flows from disposal of fixed assets

in € thousands	June 30, 2022	June 30, 2021
Disposal of intangible assets	0	0
Disposal of property, plant and equipment	0	0
Disposal of financial assets	0	0
Receivables related to the disposal of fixed assets	0	0
<b>Net cash flow from disposal of fixed assets</b>	<b>0</b>	<b>0</b>



## 9.6 Cash flows from changes in the scope of consolidation

in € thousands	June 30, 2022	June 30, 2021
Acquisition on May 31, 2022 of NEoT Capital shares from Mitsubishi Corporation	(2,292)	
Subscription in cash to the capital increase of NEoT Capital on June 30, 2022 (1)	0	
Costs related to the acquisition of shares		
Subscription to the capital of Forsee Power Inc. and Forsee Power North America Inc.	0	
Net cash acquired		
<b>Net cash flow from the changes of scope</b>	<b>(2,292)</b>	<b>0</b>

(1) Payment on July 9, 2022 of the cash subscription of €1,058 thousand;

## 10. OTHER INFORMATION

### 10.1 Events subsequent to June 30, 2022

Significant events subsequent to June 30, 2022 are as follows:

- **Recapitalisation of NEoT Capital**

The funds relating to the capital increase approved by the collective and unanimous decision of the shareholders on June 30, 2022 of NEoT Capital, were fully paid up on July 9, 2022 for a total amount of €3,210 thousand.

Forsee Power subscribed for €1,243 thousand of which €1,058 thousand in cash and €185 thousand by conversion of a receivable.

Forsee Power's shareholding in NEoT Capital is 50% following the collective and unanimous decision of the shareholders on June 30, 2022.

- **Signing of a real estate lease in the United States**

On July 25, 2022, Forsee Power signed a lease agreement for a 12,820 m<sup>2</sup> 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.

The industrial building is scheduled to be taken over on November 1, 2022, after the owner has carried out fitting-out and compliance work.

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.

### 10.2 Relations with related parties

#### 10.2.1 Compensation paid to management

Remuneration paid to management is presented in note 9.2.1 to the consolidated financial statements as of December 31, 2021.

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 final 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 Nominations and Compensation Committee of April 1, 2022.

#### 10.2.2 Related party transactions

The main related parties and related party transactions are defined and presented in notes 3.3.32 and 9.2.2 to the consolidated financial statements as of December 31, 2021.

The following note presents the main transactions and balances for the first half of 2022:

in € thousands	June 30, 2022
Receivables from NEoT CAPITAL	359
Trade receivables with a shareholder	239
Financial debt to shareholders	324
<b>Total statement of financial position items</b>	<b>922</b>
Salaries and other short-term benefits	(1,684)
Share-based payments	(1,516)
Fees	(60)
Interest expense on shareholder loan and OC5	0
Revenues	1,017
Purchases	(30)
Interest income on receivables from NEoT CAPITAL	13
<b>Total income statement items</b>	<b>(2,260)</b>

### 10.3 Off-balance sheet commitments

Off-balance sheet commitments are presented in note 9.3 to the consolidated financial statements as of December 31, 2021.

The main commitments made, modified or terminated during the first half of 2022 are as follows:

- Signing of a real estate lease in the United States**  
 On July 25, 2022, Forsee Power signed a lease agreement for a 12,820 m<sup>2</sup> 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. The industrial building is scheduled to be taken over on November 1, 2022, after the owner has carried out fitting-out and compliance work. This lease is secured by a SBLC stand-by letter of credit for an amount of \$1 million.
- SBLC 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 to Hilliard in the United States. The amount guaranteed by this SBLC is declining annually by 10% until November 31, 2032. This SBLC is accompanied by a cash pledge for an amount of €1 million from July 25, 2022 to July 25, 2025.

- **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. This credit line is guaranteed by a pledge on inventory of €11.7m for the period June 30, 2021 to June 30, 2022.

This €9 million bank credit facility was not extended on June 30, 2022 as it had not been used during the period.

The pledge on inventory of €11.7 million, initially registered for a period of 5 years, has nevertheless been maintained and extended without date by the banking pool to support Forsee Power in other future transactions.

- **Ecully tenancy-at-will lease**

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.

## 3.2 Statutory auditors' limited review report

**For the period from January 1 to June 30, 2022**

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

To the Shareholders of Forsee Power SA,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Forsee Power SA, for the period from January 1 to June 30, 2022,
- the verification of the information presented in the half-yearly management report.

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

### 1. Conclusion on the financial statements

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRS relating to interim financial reporting, as endorsed by the European Union.

### 2. Specific verification

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

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

Paris-La Défense and Sarcelles, September 14, 2022

The Statutory Auditors

French original signed by

Deloitte & Associés

Jean LEBIT

Thierry QUERON