

Forsee Power announces 2022 results marked by very strong business growth and improved financial performance

- > Revenue growth of +53% to €111 million and improvement of the adjusted EBITDA margin¹ 2022 to (13) % of revenue
- > Liquidity position of €41 million at the end of December 2022²
- > Short and mid-term financial targets
 - 2023: Revenues above €160 million and significant improvement in adjusted EBITDA
 - 2024: Revenues of over €235 million and break-even point³
 - 2028: Revenues of over €850 million and an adjusted EBITDA margin of 15%

Paris, April 5, 2023 - 5:45 p.m. CEST - Forsee Power (FR0014005SB3 - FORSE - the "Company"), an expert in smart battery systems for sustainable electromobility, today announced its 2022 financial results, as approved by the Board of Directors on April 5, 2023.

Christophe Gurtner, Founder & CEO of Forsee Power states: *"Thanks to its unique positioning in the electromobility market, a sector with accelerated growth outlook, Forsee Power is showing a marked improvement in its commercial and financial performance. During 2022, the Company recorded strong sales growth (+53%) and its profitability metrics improved significantly compared to the previous year. With a backlog of 2023 confirmed orders that is already well above 2022 sales, and the multiplication of partnerships with leading players, Forsee Power is facing strong demand from the transportation industry, which is enthusiastic about its smart battery systems. The Company intends to continue deploying its operational plan, which is reflected in the ambitious short and mid-term financial targets that demonstrate our confidence in the coming years".*

Key performance metrics

The Group no longer monitors EBITDA as a performance metric and considers Adjusted EBITDA, a non-GAAP measure, as a performance indicator.

Adjusted EBITDA corresponds to operating income before amortization and impairment of intangible assets, amortization of rights of use on property, plant and equipment, depreciation and amortization of property, plant and equipment and net impairment of assets. It is also restated for share-based compensation expenses. The Group considers that these expenses do not reflect its current operating performance, in particular for equity-settled compensation plans, as they do not have a direct impact on cash.

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

¹ The Group considers Adjusted EBITDA, a non-GAAP measure, to be a performance measure. It corresponds to operating income before amortization and impairment of intangible assets, amortization of rights of use on property, plant and equipment, depreciation and amortization of property, plant and equipment and net impairment of assets. It is also restated for share-based compensation expenses. The Group considers that these expenses do not reflect its current operating performance, in particular for equity-settled compensation plans, as they do not have a direct impact on cash.

² Cash available at December 31, 2022 is €31 million, to which is added a €10 million credit line from the European Investment Bank.

³ Adjusted EBITDA greater than or equal to zero

<i>In €m – IFRS standards</i>	2022	2021
Underlying operating income	(30.1)	(26.0)
Amortization and impairment of intangible assets	(4.3)	(2.3)
Amortization of rights of use on property, plant and equipment	(1.3)	(1.1)
Amortization and impairment of property, plant and equipment	(3.5)	(1.3)
Net impairment losses	(3.6)	(0.2)
Share-based compensation expenses	(3.4)	(5.6)
Employer's contribution to share-based compensation	(0.1)	(1.1)
Adjusted EBITDA	(13.9)	(14.4)

Key figures from the consolidated financial statements

<i>In €m - IFRS standards</i>	2022	2021	Change (%)
Sales figures	111.0	72.4	+53%
Adjusted EBITDA ¹	(13.9)	(14.4)	+4%
Adjusted EBITDA margin	(13)%	(20)%	+7pts
Operating income	(30.1)	(26.8)	-12%
Operating margin	(27)%	(37)%	+10pt
Financial result	(1.7)	(11.2)	NA
Consolidated net income	(32.6)	(38.1)	15%

The audit procedures on the consolidated financial statements have been performed and the certification report will be issued after finalization of the verification of the management report and the due diligence relating to the electronic ESEF format of the 2022 accounts.

Balance sheet

<i>In €m - IFRS standards</i>	2022	2021
Non-current assets	49.5	41.7
Current assets	97.0	124.9
Total assets	146.5	166.6
Shareholders' equity	39.6	69.2
Non-current liabilities	67.4	68.1
Current liabilities	39.4	29.3
Total liabilities	146.5	166.6

Annual results 2022

In 2022, Forsee Power achieved revenues of €111.0 million, up +53%, and outperformed its initial target of €100 million⁴.

The heavy vehicle segment grew by 74% in 2022. As anticipated, its share of the Company's business continues to grow and now represents 79% of 2022 revenues, compared with 70% in 2021.

The light vehicle segment grew by +6% over the same period and represents 21% of the Company's sales, compared with 30% in 2021. Forsee Power's key accounts have focused on developing new generations of products for mass production starting in 2023. The Company thus benefits from a favorable outlook for the current year in the light vehicle segment.

The Group's adjusted EBITDA margin improved significantly by 7 points compared to FY 2021, to -13% (compared to -20% the previous year). This improvement is mainly due to:

- growth in volumes sold ;
- improving industrial productivity;
- contained operating expenses.

Operating profit will be €30.1 million in 2022, up 10 points to -27%, due to the increase in depreciation and amortization to €12.7 million (compared with €4.8 million in 2021), partially offset by the decrease in the IFRS 2 charge of €2.1 million.

The financial result for the year improved thanks to the positive impact of the decrease in the cost of financial debt and amounted to -1.7 M€ compared to -11.2 M€ in 2021.

Overall, net income has improved by 15% to -€32.6 million in 2022 from -€38.1 million in 2021.

Consolidated cash flow of the Group

<i>In €m</i>	2022	2021	Change
Cash flow from operating activities	(24.5)	(18.3)	-6.2
Cash flow from investing activities	(9.1)	(10.2)	+1.1
Cash flow from financing activities	(6.0)	87.9	-93.9
Change in cash and cash equivalents (excluding the impact of exchange rates)	(39.6)	59.4	-99.0

A solid financial structure

The Group has continued to optimize its WCR (Working Capital Requirement), which will represent 26% of revenues in 2022, compared with 31% in 2021.

In addition, Forsee Power has continued its efforts to optimize investments, with capital expenditure (excluding the impact of IFRS 16) in fiscal year 2022 amounting to €9.1 million, or 8% of revenues; a lower level of expenditure than in 2021 (14% of revenues).

In total, cash available at December 31, 2022 amounted to €31.0 million, compared with €70.7 million at the end of December 2021, to which should be added a €10.0 million undrawn line of credit with the European Investment Bank, for a total of €41.0 million in available cash.

The negative cash flow position from financing activities is mainly due to the payment of IPO-related expenses (-€1.2 million) and repayments of bank loans and right-of-use liabilities (-€4.2 million).

Gross financial debt was €60.2 million at December 31, 2022, compared with €53.7 million at December 31, 2021.

At December 31, 2022, the Company had shareholders' equity of €39.6 million.

In order to support its long-term growth strategy and increase its financial flexibility, the Company is considering several financing options, including debt and/or equity.

⁴ www.forseepower-finance.com/images/PDF/CP_Forsee_Power_CA_T3_2022_Vfr.pdf

Strategy and outlook: strong commercial momentum in 2023 and medium-term visibility thanks to an order book of around 1.4 billion euros⁵ by 2028, enabling the company to set ambitious new financial targets

In 2023, Forsee Power intends to maintain a sustained growth rate with the development of numerous projects on all continents. To achieve this, the Company will be able to rely on a backlog of firm orders for 2023⁶ that is already well above the 2022 sales figure of €154 million.

In the heavy vehicle segment, the Company will capitalize on its strengthened position in the bus market, with more than 1,000 buses to be equipped during the year, and the completion of numerous projects in the off-highway, rail and truck markets.

In the light vehicle segment, the Company anticipates significant growth in revenues thanks to the ramp-up of major contracts, particularly internationally.

To support its future growth, the Group plans to launch new generations of products in 2023.

Thus, in 2023, Forsee Power is targeting revenues of over €160 million and a significant improvement in adjusted EBITDA.

In the long-term, Forsee Power has an order backlog of approximately 1.4 billion by 2028, coupled with an ambitious operational plan based on (i) the deployment of its gigafactory in the United States with a production capacity of 3 GWh by 2028 (ii) the continued internationalization of its customer portfolio (Japan and Australia) and its expansion in high value-added segments (bus, rail, off-highway and light vehicles); and (iii) the continuation of its R&D work in order to broaden its product and service offering.

Forsee Power believes that the combination of these factors will enable it to achieve revenues above €235 million in 2024, and a break-even adjusted EBITDA rate.

By 2028, Forsee Power estimates that it will be able to achieve revenues of over €850 million and an adjusted EBITDA margin of 15%.

Since its IPO, the Group has also decided to limit its medium-term objectives⁷ to sales and adjusted EBITDA, and thus to no longer communicate EBITDA, working capital requirements, capital expenditure and the weight of the Light Vehicles and Industrial Tech (LeV & Ind Tech) and Heavy Vehicles (HeV) business segments, which are no longer considered to be in line with its strategic orientations and ambitions.

About Forsee Power

Forsee Power is a French industrial group specializing in intelligent battery systems for sustainable electric transport (light vehicles, trucks, buses, trains, ships). A major player in Europe, Asia and North America, the Group designs, assembles and supplies energy management systems based on some of the most robust cells on the market and provides installation, commissioning and maintenance on site or remotely. Nearly 2,000 buses and 100,000 light electric vehicles are equipped with Forsee Power batteries. The Group also offers financing solutions (battery leasing) and second life solutions for transport batteries. Forsee Power and its 600 employees are committed to sustainable development; the Group has been awarded the Gold Medal by the international rating agency EcoVadis. For more information: www.forseepower.com | @ForseePower

⁵ Backlog includes indications of firm orders from customers, which are included in backlog with a probability of 100%, as well as specific expressions of interest and advanced negotiations with customers for which the Group is the sole supplier which are reflected in backlog at corresponding weighted probability rates (between 50% and 75%). The backlog also reflects business for which the Group has received (i) a request for quotation or for which the Group is in bilateral negotiations and to which management has assigned a probability of at least 50% and (ii) open orders with historical customers for which the Group receives regular purchase orders and to which management has assigned a probability of at least 50%. The definition of backlog used by the Group for operational purposes does not correspond to a standard accounting aggregate meeting a single, generally accepted definition.

⁶ Firm orders booked, already invoiced and to be invoiced, from January 1^{er} to December 31 2023.

⁷ At the time of its IPO, the Group set the following medium-term objectives (to 2027): revenues of approximately €600 million, EBITDA and adjusted EBITDA margins both above 15%, working capital requirements of less than 10% of Group revenues, capital expenditures (property, plant and equipment) of less than 3% of Group revenues, and Light Vehicles and Industrial Tech (LeV & Ind Tech) and Heavy Vehicles (HeV) business segments representing 15% and 85% of Group revenues respectively. The objectives updated in this press release replace those presented at the time of the Company's IPO.

Contacts

Forsee Power

Sophie Tricaud
VP Corporate Affairs
investors@forseepower.com

NewCap

Thomas Grojean
Quentin Massé
Investor Relations
forseepower@newcap.eu
01 44 71 94 94

NewCap

Nicolas Merigeau
Antoine Pacquier
Media Relations
forseepower@newcap.eu
01 44 71 94 98

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This press release contains forward-looking statements about Forsee Power and its subsidiaries. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives, intentions and expectations with respect to future financial results, events, operations, services, product development and potential, or future performance. Forward-looking statements are generally identified by the words "expects," "anticipates," "believes," "intends," "estimates," "forecasts," "projects," "seeks," "strives," "aims," "hopes," "plans," "may," "goal," "objective," "projection," "outlook" and other similar expressions. Although Forsee Power's management believes that these forward-looking statements are reasonable, investors and shareholders of the Group are cautioned that forward-looking statements are subject to numerous risks and uncertainties, many of which are difficult to predict and generally beyond the control of Forsee Power, that could cause actual results and events to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in public documents approved by the Autorité des marchés financiers, including those listed in Chapter 3 "Risk Factors" of Forsee Power's 2021 universal registration document approved by the Autorité des marchés financiers on June 20, 2022 under number R.22-027 and in section 2.9 "Description of the main risks and uncertainties for the remaining six months" of the 2022 half-year financial report. These forward-looking statements are made only as of the date of this press release and Forsee Power undertakes no obligation to update any forward-looking information or statements included in this press release to reflect any change in expectations or events, conditions or circumstances on which any such forward-looking statement is based. Any information regarding past performance contained in this press release should not be construed as a guarantee of future performance. Nothing in this press release should be construed as an investment recommendation or legal, tax, investment or accounting advice.