

BOOSTHEAT

BOOSTHEAT

Public limited company ("société anonyme") governed by a Board of Directors with share capital of €1,550,519.50
Registered office: 41-47 boulevard Marcel Sembat 69200 Vénissieux
Registered with the Lyon trade and companies register under number 531 404 275

Free translation of the French *Document d'enregistrement* (Registration Document) of BOOSTHEAT

DISCLAIMER

By accepting this document, you acknowledge, and agree to be bound by, the following statements. This document is a translation of BOOSTHEAT's *Document d'enregistrement* dated 11 September 2019 (the "registration document") and registered under number I.19-032. The registration document, in its original French version, is publicly available at www.amf-france.org. Copies of the French *Document d'enregistrement* may be obtained free of charge at BOOSTHEAT, 41-47 boulevard Marcel Sembat, 69200 Vénissieux, France, and on BOOSTHEAT's website (<https://boostheat.fr>). This translation (the "Translation") is provided for your convenience only and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published in whole or in part for any purpose. This Translation has not been prepared for use in connection with any offering of securities. It does not contain all of the information that an offering document would contain.

This document is available free of charge from the Company's registered office, and in electronic form from the AMF website (www.amf-france.org) and the Company's website (<https://boostheat.fr>).

GENERAL INFORMATION

In this Registration Document:

- The expressions “Company” or “BOOSTHEAT” refer to BOOSTHEAT SA, a public limited company (“société anonyme”) governed by a Board of Directors, whose head office is located at 41-47 boulevard Marcel Sembat 69200 Vénissieux and which is registered with the Lyon trade and companies register under number 531 404 275;
- The expression “Group” refers to the group comprising the Company and its two commercial subsidiaries;
- The expression “Registration Document” refers to this Registration Document.

The Registration Document describes the Company as it exists on the date this Registration Document was registered.

The Registration Document, prepared in accordance with appendix I of Commission delegated regulation (EU) no. 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, presents the consolidated financial statements for the periods ended 31 December 2018, 31 December 2017 and 31 December 2016, and the consolidated financial statements for the six months ended 30 June 2019, which feature in sections 18.1 and 18.2 of this document.

Forward-looking statements

The Registration Document contains information about BOOSTHEAT's prospects and development strategy. Such information is sometimes identified by the use of the future tense, the conditional mood or forward-looking terms such as “consider”, “envisage”, “think”, “aim”, “expect”, “intend”, “should”, “have the ambition of”, “consider”, “believe”, “wish”, “could”, or the negative forms of the same terms as the case may be, or any other variant or similar expression. This information does not constitute historical facts and must not be construed as warranting that the anticipated events and data mentioned will actually materialise. The information is based on data, assumptions and estimates that the Company considers reasonable. It is liable to change or be altered due to uncertainties concerning the technological, economic, financial, competitive and regulatory environment. The information is mentioned in various sections of the Registration Document and includes data relating to BOOSTHEAT's intentions, estimates and objectives concerning factors including the Company's markets, products, strategy, commercial roll-out, growth, results, financial position and cash position. The forward-looking information in the Registration Document is provided only at the Registration Document's filing date. Barring any statutory or regulatory obligation that may apply (including regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse), the Company makes no undertaking to publish updates to the forward-looking information contained in this Registration Document in order to reflect any change relating to its objectives or to events, conditions or circumstances on which the forward-looking information in this Registration Document is based. The Company operates in an environment that is highly competitive and subject to ongoing technological change. It may therefore be unable to anticipate all risks, uncertainties or other factors that may affect its business activity, their potential impact on its business activity or the extent to which the materialisation of a risk or combination of risks could produce results significantly different from those mentioned in any forward-looking information, it being understood that none of that forward-looking information is a guarantee of actual results.

Information about the market and competition

The Registration Document contains, particularly in section 5 “Business overview”, information about BOOSTHEAT's business and its competitive position. Some information contained in the Registration Document is information available to the public that the Company considers to be reliable but that has not been verified by an independent expert. The Company cannot guarantee that a third party using different methods for collating, analysing or calculating business segment data would obtain the same results. Given the rapid changes in the technological and competitive environment, this information may prove inaccurate or out-of-date. Accordingly, trends in BOOSTHEAT's business activities may depart from those presented in this Registration Document. The Company makes no undertaking to publish updates to that information, except as part of applicable legislative or regulatory obligations, including

those arising from regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.

Risk factors

Investors are invited to read carefully the risk factors presented in section 3 “Risk factors” of this Registration Document before making any investment decision. If some or all of these risks were to materialise, that could have an adverse impact on BOOSTHEAT’s activities, results, financial position or outlook.

Rounding

Certain figures (including figures expressed in thousands or millions) and percentages in this Registration Document have been rounded. The totals presented in this Registration Document may differ slightly from those which would have been obtained by adding together the non-rounded values of those figures.

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1 PERSONS RESPONSIBLE

1.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr Luc Jacquet, Chief Executive Officer of BOOSTHEAT SA.

1.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

"I hereby certify that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document, to the best of my knowledge, conforms to the facts and contains no omission likely to affect its import."

Vénissieux
11 September 2019

Luc Jacquet
Chief Executive Officer

1.3 PERSONS RESPONSIBLE FOR FINANCIAL REPORTING

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Chief Executive Officer
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Email: investisseurs@boostheat.com

Yves Chabanon
Chief Financial Officer
Telephone: +33 (0)9 82 99 16 00
Email: investisseurs@boostheat.com

1.4 INFORMATION FROM THIRD PARTIES

None.

1.5 APPROVAL OF THE REGISTRATION DOCUMENT

This Registration Document has been approved by the Autorité des Marchés Financiers ("AMF"), which is the competent authority in respect of regulation (EU) 2017/1129.

The AMF has only approved this Registration Document to the extent that it complies with the standards of completeness, comprehensibility and consistency required by regulation (EU) 2017/1129.

That approval must not be regarded as a favourable opinion of the issuer that is the subject of the Registration Document.

2 STATUTORY AUDITORS

2.1 STATUTORY AUDITORS

2.1.1 Principal Statutory Auditors

- **Serge Decons Audit represented by Mr Serge Decons**

1493 chemin des Tourettes
30340 Méjannes-les-Alès

Mr Serge Decons was appointed principal statutory auditor through the Company's articles of incorporation on 29 March 2011 for a term of six financial years that expired at the end of the ordinary shareholders' general meeting that took place on 15 June 2017 to consider the financial statements for the financial year ended 31 December 2016. In the same meeting, shareholders renewed that appointment for a term of six financial years expiring at the end of the shareholders' general meeting taking place to consider the financial statements for the financial year ended 31 December 2022. In the shareholders' general meeting of 15 June 2016, the shareholders authorised the transfer of Mr Serge Decons' appointment to the firm Serge Decons Audit for the remainder of its term, i.e. until the end of the shareholders' general meeting taking place to consider the financial statements for the financial year ended 31 December 2022.

- **Ernst & Young Audit represented by Mrs Marie-Thérèse Mercier**

1025 avenue Henri Becquerel
34961 Montpellier Cedex

Ernst & Young Audit was appointed principal statutory auditor by the shareholders' general meeting of 21 June 2012 for a term of six financial years. Its appointment was renewed in the shareholders' general meeting of 15 June 2018 for a term expiring at the end of the shareholders' general meeting taking place to consider the financial statements for the financial year ended 31 December 2023.

2.1.2 Alternate statutory auditors

- **Alba Audit**

Impasse de Varsovie – Immeuble l'Albatros – ZA Albasud
82000 Montauban

Alba Audit was appointed alternate statutory auditor by the shareholders' general meeting of 21 June 2012, following the resignation of the previous alternate statutory auditor. Its appointment was renewed in the shareholders' general meeting of 15 June 2018 for a term expiring at the end of the shareholders' general meeting taking place to consider the financial statements for the financial year ended 31 December 2023.

- **Auditex represented by Mr Christian Scholer**

Tour First
1 place des Saisons
92083 Paris La Défense Cedex

Auditex was appointed alternate statutory auditor by the shareholders' general meeting of 21 June 2012. Its appointment was renewed in the shareholders' general meeting of 15 June 2018 for a term expiring at the end of the shareholders' general meeting taking place to consider the financial statements for the financial year ended 31 December 2023.

2.2 INFORMATION ABOUT STATUTORY AUDITORS THAT HAVE RESIGNED, BEEN REMOVED OR NOT BEEN RE-APPOINTED

None.

3 RISK FACTORS

The Company operates in a changing environment that involves risks, some of which are out of its control. Investors are invited to take into account all information in this Registration Document, including the risk factors described in this section, before deciding whether or not to subscribe or acquire shares in the Company. The Company has reviewed the risks that may have a material adverse effect on the Company, its business activity, financial position, earnings, outlook or ability to hit its targets. At the Registration Document's filing date, the Company was not aware of any material risks other than those presented in this section.

The main risk factors are grouped into five categories below, it being stipulated that within each category, risk factors are presented by order of decreasing importance, probability and impact as assessed by the Company at the date on which the Registration Document was approved. The occurrence of new events, both internal and external to the Company, may therefore alter this order of importance in future.

Type of risk	Probability of occurrence	Scale of risk	Impact of risk
Risks related to the business			
Risks related to the market's acceptance of innovative heating solutions	average	high	high
Risks related to the multichannel commercial strategy	average	high	high
Risks related to the development of an installer partner network	average	high	high
Risks related to a failure of the production system and/or difficulties or an inability to ramp up the production system	average	high	high
Risks related to suppliers, subcontractors or service providers	average	high	high
Risks related to the operation of the regenerative thermal compressor	average	average	high
Risks related to the Company's financial position			
Liquidity risk	average	high	high
Risks related to past losses and the Company's ability to generate future profits	average	average	high
Risks related to tax breaks and public-sector financing benefiting the Company and its commercial strategy	average	high	high
Risks related to raw materials prices	average	average	average
Dilution risks	average	low	average
Risks related to competition			
Risks of intense competition in the market for heating systems	average	average	average
Risks related to the Company's organisation			
Risks related to the ability to retain and attract key personnel	low	average	average
Risks related to managing growth	high	average	average
Regulatory and legal risks			
Risks related to intellectual property	average	average	average
Risks related to the confidentiality of know-how	average	average	average
Risks related to environmental constraints	low	average	average
Risks related to the safety of working conditions	low	average	average
Product liability	low	average	average
Risks related to the processing of personal data – General Data Protection Regulation (GDPR)	low	average	average

3.1 RISKS RELATED TO THE BUSINESS

Risks related to the market's acceptance of innovative heating solutions

The Company believes that the heating equipment it designs relies on an innovative thermal compression technology that makes it more energy-efficient than most competing solutions, with usage costs that it also believes to be attractive.

However, the Company, which will begin its first installations in late September 2019, cannot guarantee that its products will be adopted by the market, or that it will not take much longer to achieve that adoption than currently anticipated. It could also experience difficulties introducing subsequent products, including the BOOSTHEAT.50.

The materialisation of this risk would adversely affect the Company's business activity, revenue, financial position, earnings and development prospects.

Risks related to the multichannel commercial strategy

The Company intends to deal directly with consumers, and with environmentally aware people more generally, so that it can accompany and advise them and increase their expertise regarding heating and energy efficiency. The Company has adopted a customer-centric model in which consumers play an active role and seek solutions suited to their plans, whereas most producers of heating solutions push those solutions to distributors through a product-centric model.

BOOSTHEAT has adopted a multi-channel commercial approach that is novel in this business sector (see section 5 of the Registration Document). One aspect of this approach involves digital marketing initiatives aimed at attracting prospective end-customers directly via the internet, offering them a rapid simulation to assess the feasibility of their plans along with more general information about BOOSTHEAT's solutions in terms of energy efficiency and the financial incentives and tax breaks available. The customer pathway then involves the project manager visiting the prospective customer's site, before a quotation is produced and accepted. It requires contact with a large number of prospective customers in order to achieve a significant conversion rate. The Company is adopting marketing-based search engine listing strategies to improve that rate.

At the same time, the Company is setting up a sales network in its target markets. In France, the sales force is supported by:

- a network of non-exclusive sales agents, all specialising in heating systems and whose market knowledge will enable them to pass on pre-qualified prospects to the Company;
- reciprocal marketing agreements with participants in the energy market;
- a network of installers approved by BOOSTHEAT.

The marketing subsidiaries created in the second half of 2018 in France and Germany will have the task of forming these relationships with local players, among other duties.

In addition, although the Company intends to focus on direct contact with end-customers in France and Germany, its stage of development and its multiple interactions with its ecosystem mean that it remains open to opportunistically forming distribution agreements or sales partnerships with energy distributors or players in any other related sector in order to speed up its commercial roll-out in France and/or abroad and raise its profile. The Company intends to address certain countries, initially in Europe, exclusively using an indirect approach based on distribution agreements with local players. This approach will only be used opportunistically in France and Germany, where the Company has set up marketing subsidiaries, but also Belgium, where it is likely to set up a subsidiary in the second half of 2020.

Since 2017, the Company has carried out substantial marketing, communication and commercial expenditure, totalling €6,967 thousand between 2017 and 2019.

This multi-channel commercial strategy could prove less effective than predicted and produce results that fail to live up to expectations, the market's potential and the Company's ambitious growth prospects. The Company could be unable to form such agreements or commercial partnerships, negotiations could take much longer than expected and agreements could be formed on less favourable economic terms than expected.

Either of those situations would adversely affect the Company's business activity, revenue, financial position, earnings and development prospects. The Company could also bear liability arising from the sales agents it appoints, for example if an agent were to exaggerate the product's performance when seeking to sell it to a customer or in the event of non-compliance with BOOSTHEAT's pricing policy, which would have a negative impact on its image, reputation, financial performance and outlook.

Risks related to the development of an installer partner network

Although the Company's technical centre has installed its gas-powered heat pumps during a pilot phase and will carry out installation work for all initial orders, during the active commercial roll-out phase these installation operations, followed by maintenance work, will be entrusted to a network of installers. Agreements will have to be formed to support the roll-out of gas-powered heat pumps in France, and Germany. Relationships already formed with installer networks such as Iserba and Unergies are not necessarily resulting in framework agreements, but involve the exchange of information about the installation schedule – see section 5.1.1 of the Registration Document.

For Switzerland, Holdigaz was granted the exclusive distribution of the BOOSTHEAT's boilers – see section 5.1.4.4.

In addition, although the Company has made major efforts to develop its technology so that it does not require installers to have special skills, the Company's technology is nevertheless different from that of condensing boilers. A two-day training course is required to install and maintain its heat pumps. For initial installations, training and supervision are provided by the Company's technical centre.

If the Company is unable to build up its network of installer partners or provide adequate training to them, or if installers show any significant failings in terms of availability or correct installation, this could result in liability for the Company but could also adversely affect its business activity, revenue, financial position, earnings and development prospects.

Risks related to a failure of the production system and/or difficulties or an inability to ramp up the production system

To produce its equipment in-house, the Company has designed and fitted out a production unit (see section 5.1.3 of the Registration Document). The Company makes ongoing efforts in terms of investment, risk prevention, upgrading and maintenance in relation to its facilities to limit the risk of accidents or production stoppages arising from technical incidents or human error.

Based on an initial investment of around €5 million, BOOSTHEAT's production capacity could be increased to 20,000 boilers per year, subject to additional recruitment. Beyond that, it could be increased to 50,000 boilers per year with a limited amount of additional investment by comparison with the initial investment (adding new robots, increasing the number of production lines and increasing the number of operators). Such increases in capacity could take place without any substantial impact on production within a timeframe of around six months – see section 5.1.3.1.

The production system could experience supply shortages, temporary equipment failures and downtime for the whole production site in the event of a serious incident.

In addition, the build-up of production capacity will require careful management and may lead to significant problems. Currently, only a few units are produced per day, and the system must be able to handle a build-up that has been assessed and simulated to support the Company's commercial ambitions. However, the Company cannot rule out a temporary malfunction in the automated assembly line or the absence of additional operators that might prevent it from increasing the rate of production as much as necessary.

Although its teams are anticipating upcoming changes, the expected expansion of the range of boilers and other products sold by the Company could require adjustments to production processes for which the production line may not be suitable or capable of being modified quickly as required.

Finally, the Company will have to enhance its expertise, along with the quality and performance of its products, on an ongoing basis in order to remain among the leading companies in the sector by anticipating customer expectations, which could cause it to increase operational costs or carry out heavy

capital expenditure, including to comply with industrial standards, with no guarantee that it will make a return on such expenditure in the manner anticipated.

The occurrence of one or more of these risks could have a significant impact on the Company's production capacity and therefore the marketing of its products. This would have an adverse impact on the Company's activities, profits, financial position and development prospects.

Risks related to suppliers, subcontractors or service providers

Producing a boiler and its thermal compressor involves the assembly of components and sub-assemblies that are sourced from around 100 suppliers and subcontractors. More than half of these are located in France and more than 90% in Europe. They are selected through a quality assurance process, and the Company uses dual sourcing for most of the 520 components. However, the Company regards five suppliers as critical, and does not currently have alternative sourcing solutions. To manage that risk, the Company has formed close links with the suppliers/service providers concerned by financing certain parts of their production lines dedicated to the production of these components/ sub-assemblies, and it has begun a dual sourcing initiative for the components concerned (see section 5.1.3.2).

However, the Company cannot rule out a temporary or permanent failure by one or more of these suppliers, consolidation among its suppliers, or an increase in its dependency on and/or the prices charged by its main suppliers, which would affect boiler production and therefore have an adverse impact on the Company's activities, profits, financial position and development prospects.

Risks related to the operation of the regenerative thermal compressor

Although the Company takes particular care to ensure that its technical decisions lead to the thermal compressor and the gas-powered heat pumps being highly reliable over a long period (see section 5.1.1.2 of the Registration Document), the Company cannot rule out wide-scale shortages or malfunctions affecting some parts of its products that, in some cases, would require large-scale and expensive work at installation sites under the two-year warranty provided to customers – which may be increased to 10 years under a specific service agreement that the Company offers to its customers – or major reputational damage that could affect the Company's commercial ambitions.

The BOOSTHEAT.20 boiler that has reached the marketing phase in the fourth quarter of 2018, with installations due to start in late September 2019, has successfully passed all validation testing and CE certification stages, and the Company is continuing to develop a further range of boilers. Scale-up risks, relating to production volume and compressor power and some of which are currently unknown, exist regarding the thermal compressor's ability to function in products with higher power ratings.

The occurrence of such risks could materially affect the marketing of the Company's products and, more generally, its business activity, earnings, financial position and development prospects.

3.2 RISKS RELATED TO THE COMPANY'S FINANCIAL POSITION

Liquidity risk

At the date of the Registration Document, the Company has carried out a specific review of its liquidity risk and believes that it is likely to see a liquidity risk materialise within the next 12 months.

Currently, mainly taking into account:

- the Group's available cash at 30 June 2019, which amounted to €2,561 thousand;
- a bond issue in a nominal amount of €10,000 thousand subscribed by a long-standing shareholder and recognised by a meeting of the board of directors on 6 September 2019;
- its expectations regarding revenue in the next few months;
- marketing and commercial expenditure to establish its products in the market;
- changes in its production costs;
- the maturity schedule of its debt;
- expected inflows resulting from CICE, CIR and CII tax credits receivable with respect to 2018 between now and November 2019;

- an amount of €130 thousand (FUI project) and sums still to be received with respect to conditional advances and subsidies already granted in an estimated amount of €1,077 thousand in the next few months.

The Company believes that it is unable to meet its commitments in the next 12 months from the date of approval of the Registration Document, which shows a maximum funding requirement of around €10,600 thousand over that period. It is likely to face a liquidity risk from the end of March 2020.

After that time, the Company is considering one or more of the following funding solutions:

- a capital increase at the time the Company floats on Euronext's regulated market in Paris by the end of 2019 if market conditions permit;
- significant funding (which has been explored since 2016) from the European Investment Bank, which should now be possible given that the Company has passed key development milestones since its initial discussions with the EIB, with the Company foreseeing an initial tranche of €10,000 thousand in October 2020;
- a method for funding the working capital requirement (inventories and trade receivables); and
- additional non-dilutive funds (such as subsidies and zero-interest-rate loans).

If these transactions were postponed or delayed, the Company could be forced to limit its sales and marketing efforts, reduce boiler production and slow or postpone certain R&D programmes, which would jeopardise expected growth.

The Company could need additional funds to carry out new expenditure that is unknown at the date of the Registration Document or still difficult to assess because it relates to projects under development. The commercial development of the heat pumps developed by the Company gives rise to costs of varying amounts and is governed by strict regulations. It is therefore difficult to anticipate fully all development-related costs.

The Company could be unable to fund its growth from its own resources, which would lead it to seek other sources of funding, particularly through capital increases.

The Company's funding requirements and their timing depend on factors that lie substantially outside of the Company's control, such as a competitor bringing to market a new heating system with a highly attractive performance/price profile, requiring the Company to make greater sales and marketing efforts than currently budgeted for in order to establish the BOOSTHEAT.20 firmly in its competitive environment.

The Company may be unable to raise sufficient capital via the capital increase at the time of the Company's IPO (or such amount may later turn out to be insufficient), additional capital when it needs to do so, or that capital may not be available on financial terms that are acceptable for the Company. If the necessary funds were unavailable, the Company could be forced to limit its sales and marketing efforts, reduce boiler production and slow or postpone certain R&D programmes, which would jeopardise expected growth.

If the Company were to raise capital by issuing new shares, the equity shareholdings of existing shareholders could be diluted. Debt financing, to the extent that it is available, could include undertakings that place constraints on the Company and its shareholders and could lead to additional financial expenses that could affect the Company's financial health.

If one or more of these liquidity risks were to materialise, it could have a material adverse impact on the Company, its business activity, financial position, earnings and development prospects.

Risks related to past losses and the Company's ability to generate future profits

Having obtained the CE mark for its first heating product in September 2018, the Company had not at 31 December 2018 generated any revenue from sales of boilers up to that point. All completed financial years up to 31 December 2018 showed operating losses and net losses, resulting in €16,034 thousand of tax losses available to be carried forward at 31 December 2018. The cumulative amount of accounting losses during the historical period presented in the Registration Document is €17,010 thousand.

Within three years from now, BOOSTHEAT aims to reach an order target of circa 4,500 units of BOOSTHEAT.20 per year. 4,500 installations of BOOSTHEAT.20 is estimated to mark its breakeven threshold (recurring operating income).

Despite the expected build-up of its commercial roll-out, the Company could generate further losses in the medium term, particularly:

- if the marketing and commercial expenditure required to establish its products in the market is greater than expected;
- if it takes longer or costs more than expected to implement its technological roadmap;
- if it is unable or takes longer than expected to reduce the cost of producing its gas-powered heat pumps;
- if regulatory requirements applicable to its products become tougher, particularly as regards energy efficiency, due to increasingly strict policies in this area; and therefore;
- if it needs to obtain new certifications to be allowed to market its future heating products;
- if sources of finance become more expensive than expected.

The Company cannot guarantee that it will generate enough revenue in future to offset past, present and future losses and achieve breakeven, which could affect the Company's ability to continue its business activities. In addition, even if the Company achieves a satisfactory level of profitability, those profits may prove not to be sustainable or could be affected if industrial, operational or commercial risks were to materialise. If it is unable to generate sustained profits, this could have a material adverse effect on the Company, its business activity, outlook, ability to hit its targets, financial position, earnings and/or development.

Risks related to tax breaks and public-sector financing benefiting the Company and its commercial strategy

Since its incorporation, the Company has benefited from numerous types of tax breaks (such as tax exemptions and tax credits) and public-sector financing (conditional advances and subsidies), including:

- tax credits such as the CICE (competitiveness and jobs tax credit) and the CIR (research tax credit), through which the Company received a combined €2,221 thousand between its creation in 2011 and 31 December 2018, not including CICE and CIR receivables arising in 2018 and the first half of 2019, with amounts not yet received totalling €1,026 thousand and €501 thousand respectively;
- innovative young company (JEI) status, which entitles the company to tax and social-security reductions;
- support and subsidies related to innovative product development plans, resulting in a total of €7,332 thousand being paid to the company up to 30 June 2019.

The CIR research tax credit and support and subsidies related to projects to develop innovative products have in the past made up a large proportion (more than 75%) of operating revenue.

The Company's JEI (innovative young company) status ends in 2019 and the CICE has now been replaced by a reduction in social-security contributions.

The Company was subject to a tax inspection relating to the 2015-2017 financial years. The CIR and CICE tax credits were not challenged.

If the Company failed to comply with the contractual terms of its innovation support agreements or if the tax authorities were to challenge the Company's eligibility for the aforementioned tax breaks, particularly in terms of the R&D projects or methods for calculating R&D expenditure used by the Company to determine the amounts of certain tax credits such as the CIR, the Company may have to repay some or all of the sums paid or advanced ahead of schedule and could be liable to pay penalties and late-payment interest.

In addition, if the existence, benefit for the Company or method of calculating some or all of these R&D incentives were called into question, this could deprive the Company of some of the financial resources required to complete its R&D projects. In that event, the Company cannot guarantee that it would have necessary additional financial resources, the time or the ability to replace those financial resources with

others.

In France, where almost all of the Company's tax losses available to be carried forward have been generated, the amount of tax losses that can be charged against future profits is currently capped at €1 million, plus 50% of profits over that limit. The unused portion of the tax losses can be carried forward to subsequent years, and can be charged against profits on the same terms with no time limit. It is possible that future tax changes could call into question these arrangements by limiting or removing the possibility of charging tax losses against future profits or that the Company will not generate taxable profits against which all of these tax losses can be charged.

Changes in support and subsidies available to the Company may have a material adverse impact on the Company's financial position and earnings, as well as its future development because of the resulting reduction in financial capacity.

In addition, the financial appeal of the Company's commercial offering also depends on the existence of financial incentives (see description of these incentives in section 9.2 of this Registration Document) available to customers. In France, the BOOSTHEAT.20 is eligible, in certain conditions, for VAT at 5.5% and for several tax breaks (the CITE energy transition tax credit, zero-interest-rate eco-loans, ANAH incentives and CEE energy savings certificates) that significantly reduce its cost for users.

Phasing out of some or all of these financial incentives, or the appearance in the market of a competing new heating system with more attractive financial incentives, could slow the pace at which consumers replace their boilers for preventative purposes (as opposed to in the event of a breakdown). That could slow the pace at which the Company can roll out its innovative solutions and could adversely affect its business activity, revenue, financial position, earnings or development prospects. Similarly, a change in the tax breaks available to the Company's customers could affect its margins if the Company decides to absorb some of the increase in the final price for consumers arising from the withdrawal of some or all of the tax breaks.

Risks related to raw materials prices

The Company believes that it may be exposed to a risk related to changes in the prices of certain raw materials used to make its boilers, such as stainless steel, aluminium and copper, when purchasing components from its suppliers. Such changes would affect the cost of purchases used in the business and therefore the Group's gross margin.

With respect to its suppliers, the Group will seek to negotiate, in the terms of framework agreements that it may form, possible price adjustments depending on movements in raw materials prices in order to limit the financial impact of fluctuations in raw materials prices. To date, the Group has not arranged any instruments intended to hedge against the risk of movements in raw materials prices.

With respect to its customers, the Group could adjust its selling prices to pass on any increases in raw materials costs as far as possible.

Despite these identified measures to manage the risk of changes in certain raw materials prices, the Group cannot guarantee that it will be able to implement them, even partially. In that event, any movement – particularly any upward movement – in raw materials costs would adversely affect the Group's business levels, margins and earnings, as well as its financial position and development prospects.

Dilution risk

The Company has issued or granted BSPCE founder share warrants which, if exercised in full would lead, at the Registration Document's filing date, to the issue of 23,071 new ordinary shares, resulting in 0.37% dilution of the share capital and voting rights on a fully diluted basis (see section 19.1.4 of the Registration Document).

This dilution does not take into account the additional dilution that could result from the exercise of the 2019 warrants (attached to the 2019 bonds with warrants when issued) to the extent that such exercise will depend on the IPO Price finally adopted as part of the capital increase taking place when the shares

are admitted to trading on Euronext's regulated market in Paris. As a result, this additional dilution is not determined at the Registration Document's filing date.

As part of its policy for motivating its managers and employees and in order to attract additional skills, the Company could also, once its shares are admitted to trading on Euronext's regulated market in Paris and in accordance with the Middenext Code, grant shares or other financial instruments giving access to the Company's capital free of charge, which could cause additional and potentially substantial dilution for the Company's current and future shareholders. The dilution could cause a decrease in the Company's share price.

3.3 RISKS RELATED TO COMPETITION

Risks of intense competition in the market for heating systems for individual homes, collective housing and tertiary buildings

The market for heating systems for individual homes, collective housing and tertiary buildings is characterised by competition that is intense and could increase. The business sector in which the Company operates is dominated by established national and international players that have large scale and significant financial resources (see section 5.2.4 of the Registration Document).

Given its market position and innovative technology, the Company believes that the solutions it offers do not compete directly with existing heating solutions and equipment. More broadly, BOOSTHEAT aims to present itself as an alternative to wet central heating systems that involve gas- or fuel oil-powered boilers, and to electric heat pumps.

The Company is aiming to achieve a share of at least 5% in each of its target markets five years after its arrival in each market.

The Company believes that its innovative heating solution incorporating a thermal compressor offers an alternative to the solutions available so far due to the BOOSTHEAT.20 offering the highest energy efficiency in the market in terms of gas utilisation efficiency (see section 5.1.1.3). However, both large-scale national and/or international players and those of a smaller size could decide to devote more financial resources to developing heating equipment that offers comparable or superior performance, which could be adopted more quickly by the market. As a result, the Company cannot rule out another player one day becoming the leading provider of highly energy efficient heating solutions in France or in the Company's priority countries, or another player adopting a more effective competitive position than its own and therefore winning market share to the detriment of the Company's commercial deployment.

The occurrence of such events would adversely affect the Company's business activity, revenue, financial position, earnings or development prospects.

3.4 RISKS RELATED TO THE COMPANY'S ORGANISATION

Risks related to the ability to retain and attract key personnel

Until recently, the Company's business relied to a large extent on the experience and knowledge of its two founders, Luc Jacquet and Jean-Marc Joffroy. Those two founders have endeavoured to put together a management team (see section 5.1.5 of the Registration Document) with extensive experience in the Company's business sector and more generally a team consisting of qualified, trained employees, particularly in the fields of research and development, sales and marketing, supply chain management, production processes, financial management and human resources. The Company's future success is today based on this team's commitment and the Company's ability to retain the team's members, but also to recruit, integrate and retain future qualified staff members to support its business development.

For that purpose, BOOSTHEAT has adopted and will continue to adopt employee retention tools (see section 19.1.4 of the Registration Document).

The Company has also adopted target-based bonuses for members of its top management (see section

5.1.5.1) apart from CEO Luc Jacquet and COO Jean-Marc Joffroy, in order to ensure that managerial decisions are focused on achieving the Company's priority objectives. From the fourth quarter of 2019, those objectives will be (i) to reduce the cost price of the BOOSTHEAT.20, (ii) to increase BOOSTHEAT.20 sales volumes and (iii) to increase operating income.

However, the Company competes with other entities (competing companies, research organisations, academic institutions etc.) when seeking to recruit and retain qualified staff members. To the extent that such competition is intense, the Company may be unable to attract or retain these key staff members on economically acceptable terms.

If the Company is unable to retain key personnel and attract new staff members, this could adversely affect its business activity, revenue, earnings, financial position or development prospects.

Risks related to managing growth

As part of its development strategy, which is based on a rapid commercial roll-out and an extension of its product range (see sections 5.4.1 and 5.4.2), the Company will have to recruit additional personnel and develop its operational capacity, which could take up a great deal of its internal resources.

For that purpose, the Company will have to:

- train, manage, motivate and retain a growing number of employees;
- anticipate the expenditure connected with that growth and the associated funding requirements;
- anticipate demand for its products and the revenue they are likely to generate;
- increase the capacity of its operational, financial and management IT systems.

If the Company is unable to retain key personnel and attract new staff members or manage growth, or if it experiences unexpected difficulties during its expansion, this could adversely affect its business activity, revenue, financial position, earnings or development prospects.

3.5 REGULATORY AND LEGAL RISKS

Risks related to intellectual property

The Company's growth depends particularly on its ability to obtain and maintain effective protection of its intellectual property (see section 5.5 of the Registration Document). Obtaining and protecting patents involves procedures that are costly, long and complex. It is also possible that the Company may not be able to identify any patentable aspects in its research and development programmes or that it may not control the preparation, filing and management of patent applications. The Company owns the main patents and patent applications on which the Company's business depends and that are essential for its business. This strategy of keeping the Company's know-how in-house will also be applied for inventions developed in future. However, the Company cannot be certain that it will be able to obtain and maintain sufficient protection of its products' intellectual property, that the protection obtained will be sufficiently broad or that its competitors will not develop and market products that are similar or identical to those of the Company (for example circumventing its patents by developing similar or different candidate products without any infringement).

The thermal compression patent is based on a thermal compression patent dating from 1935. It is referred to in the first patent filed by BOOSTHEAT, which has developed a novel approach to thermal compression based on that pre-existing patent.

The work carried out following this initial filing includes the filing of additional patent applications relating to developments made by BOOSTHEAT regarding dimensions and technological aspects. Alternative ways of developing thermal compression solutions may exist.

The Company is endeavouring to limit all the risks described below through ongoing legal intelligence efforts regarding its intellectual property rights. It has also appointed a specialist consultancy to handle management, filing, protection and defence work in relation to its patents and patent applications.

The Company's commercial success depends in particular on its ability to obtain, maintain and protect its patents, patent applications and other intellectual property rights. In the Company's business areas,

identifying the patentable invention, maintaining the validity of patents and defending them involve uncertainties and raise complex legal and scientific questions.

When a patent application is filed, and despite the research done by the Company and its service providers, other patents may give their holders enforceable priority rights even if they have not been published (given that discoveries are often published in the scientific literature a short time after they are made and that patent applications are generally not published until 18 months after they are filed or, in some cases, not at all). Any patent application made by the Company may be subject to opposition, derivation, re-examination, inter-partes review or interference proceedings.

Neither does the granting of a patent guarantee its validity, which may be disputed before a judicial authority in the event that a third party makes an application for a declaration of invalidity, as a counterclaim or otherwise. Such disputes could lead to the loss of exclusivity or freedom to use the patent, or the limitation, invalidation or unenforceability of the Company's patent claims (in part or in whole), which could limit the Company's ability to prevent other companies from using or marketing similar or identical products, or limit the period of patent protection covering its products. Similarly, holding a patent does not mean that the holder will have a monopoly on marketing the patented product, because there may still exist a competitor's product with similar functional characteristics.

The Company's commercial success also depends on its ability, and the ability of any third party with which it may associate itself, to develop, manufacture, market and sell its products and to use its patent-protected technologies without infringing third-party patents. The Company faces the risk of seeing patents relating to its products and/or its technology granted to third parties.

As a result, the ownership, inventorship, granting, scope, validity, enforceability and commercial value of the Company's patent rights are highly uncertain.

The Company's products or patents could be the subject of claims alleging the infringement of third-party patents and other intellectual property rights held by others, which could give rise to costly litigation and force the Company to pay large amounts of damages or limit its ability to market its products.

As a result, the Company cannot guarantee that:

- > it will develop new patentable inventions;
- > pending patent registration applications will result in patents being granted;
- > patents granted or licensed to the Company or to its partners will not be disputed by third parties, invalidated or found to be inapplicable;
- > the extent of protection granted by patents is sufficient to protect it against competitors;
- > its products will not infringe or be accused of infringing existing patents belonging to third parties;
- > third parties will not commence proceedings or claim a right of ownership over the Company's patents, patent applications or other industrial property rights.

The Company's competitors could infringe its patents. To prevent such infringement relating to its products, the Company could have to commence long and costly infringement proceedings. The Company could also be accused of infringing the patents of third parties, which could lead to long and costly proceedings.

It is difficult to protect against the unauthorised use of industrial property rights other than through litigation, and the Company cannot guarantee that it will succeed in enforcing its industrial property rights.

In addition, the growing amount of investment in the energy efficiency industry and the regulatory environment in France, Europe and worldwide both increase the risk of patents seeing competition or being circumvented to the detriment of the Company's technologies.

Barriers to entry are substantial in the heating equipment industry, particularly due to the capital-intensive nature of the business and the extent of marketing expenditure involved. The competitive stakes are very high, resulting in risks regarding intellectual property and the circumvention of intellectual property rights. To guard against the risk of infringing the rights of others, the Company has already

taken out intellectual property insurance regarding the BOOSTHEAT.20 boiler.

In addition, changes in or new interpretations of laws governing industrial property could take place in Europe, the United States or other countries. As a result, what constitutes an infringement today may not constitute one tomorrow, and this could allow competitors to use the Company's discoveries or develop or market the Company's products or technologies without any financial compensation.

Any dispute of this kind could seriously affect the Company's ability to pursue its business.

Risks related to the confidentiality of know-how

If the Company is unable to prevent the disclosure of its trade secrets or know-how, the value of its technology and products could be considerably diminished, which could have a major negative impact on its business. All of the Company's relationships with its business partners, suppliers or subcontractors are formed following the signature of a confidentiality agreement. The aim of those agreements is to protect the Company by limiting the work done by partners for their own purposes or in collaboration with other entities.

However, there is nothing to guarantee that these contractual provisions will effectively protect confidential information in the event of unauthorised use or disclosure. In addition, despite these contractual provisions, (i) the need to share commercial secrets and its know-how, (ii) the possibility that any of the Company's employees, consultants, service-providers or partners, accidentally or through intentional bad conduct, may disclose confidential information and (iii) possible breaches of the Company's physical or electronic security systems, increase the risk that the Company's commercial secrets may be known by its competitors, inadvertently incorporated in the technology of third parties or used in breach of agreements. The Company cannot therefore guarantee that one or more of its business partners, suppliers or subcontractors have not infringed or will not infringe such confidentiality agreements. As a result, there is a risk that confidential information could be disclosed or that a third party could acquire the company's know-how.

The occurrence of such events could materially affect the manufacturing of the Company's products, their marketing and, more generally, the Company's business activities, earnings, financial position and development prospects. Any action to assert the Company's rights against any misappropriation or any unauthorised use and/or disclosure of confidential information could be long and costly and may not have a positive outcome.

The production site has ICPE classification (i.e. is subject to environmental protection criteria) and is therefore governed by various regulatory requirements in the following areas.

Risks related to environmental constraints

Various gases are used in the production of the gas-powered heat pumps, and particularly its thermal compressor:

- nitrogen (N₂) in the production of thermal compressors;
- propane (C₃H₈) and oxygen in the welding of the refrigerant circuit;
- carbon dioxide (CO₂) as the refrigerant fluid needed for the thermal compressors to operate.

Other hazardous products or pollutants are also used, such as oils used to machine components and abrasive liquids used to carry out post-machining surface cleaning of components, and certain phases of the production process involve pressure vessels.

The Company is particularly careful to comply with regulations applicable to it regarding risk prevention and environmental protection (explosion risks, pollution risks, risks related to the use, storage and reprocessing of waste liquids used to clean components etc.).

If regulations are breached, the Company could be unable to continue production for a period whose length is determined by the event in question.

Risks related to the safety of working conditions

Some of the Company's assemblies include heavy components (e.g. the thermal compressor) and the

thermodynamic module, once assembled, has a mass of around 400 kg. Certain components may be sharp, particularly those made of sheet metal. Although the Company manages these risks according to OHAS 18000 standards, handling and moving these elements may give rise to a risk of work accidents for personnel, despite its secure workstation management efforts. The Company works with lifting and handling tools to move these elements in order to limit the risks arising from their weight, and more generally seeks to prevent all industrial risks (fire, explosion etc.).

The Company currently holds all authorisations required for its operations.

Product liability

The heating solutions that the Company develops, produces and sells may result in its liability being invoked. However, like all heating equipment manufacturers, the Company's products are covered by certifications and have undergone numerous tests by specialist third parties to ensure that it sells products that comply with norms and quality standards in force in Europe (see sections 5.1.3.3 and 9.2 of the Registration Document). Despite those validations and the quality processes used in the production and installation process, the Company cannot guarantee that no damage will arise from any of its products once installed. As a result, the Company has taken out liability insurance to cover the liability risks relating to its products. As regards installation work done directly by its BOOSTHEAT France subsidiary, the Company has a 10-year warranty. If the Company's liability is invoked as a result of its products, despite measures to manage that risk, this could have an adverse impact on its image, reputation, business activity, earnings and development prospects.

Risks related to the processing of personal data – General Data Protection Regulation (GDPR)

The Company considers that it complies with the main provisions of Regulation (EU) 2016/679 of 27 April 2016 ("GDPR"). It has adopted a plan of action to achieve continuous improvement in this area, and is assisted by an external consultant for that purpose. An independent security audit was carried out in 2018. The related plan of action is monitored twice per year. BOOSTHEAT's managers have also undergone GDPR awareness training. GDPR risks are limited because the Company, as part of its online canvassing activity, does not collect sensitive personal data within the meaning of GDPR. All data collected are identified, with a timeframe for erasure and an associated lawful purpose. Please refer to section 14.5 of the Registration Document.

If the Company breaches any regulations applicable to it, or is unable to adapt to the possible adoption of tougher or more restrictive regulations, this could expose the Company to various types of adverse outcomes: financial, civil, criminal or administrative penalties that could go as far as the temporary or definitive closure of the production site.

The occurrence of one or more of these risks would adversely affect the Company's business activities, earnings, financial position and development prospects.

4 INFORMATION ABOUT THE COMPANY

4.1 CORPORATE NAME OF THE ISSUER

The Company's corporate name is BOOSTHEAT.

The Company's trading name is BOOSTHEAT.

4.2 PLACE OF REGISTRATION AND REGISTRATION NUMBER

The Company has been registered with the Lyon trade and companies register since 25 August 2016 under number 531 404 275. It had previously been registered with the Nîmes trade and companies register from 3 May 2011 under number 531 404 275.

The Company's legal entity identifier (LEI) is 969500DBDJVCX4MNB168.

4.3 DATE AND TERM OF INCORPORATION

The Company has been incorporated for a term of 99 years ending 3 May 2110, barring early winding-up or extension.

4.4 REGISTERED OFFICE, LEGAL FORM, LEGISLATION GOVERNING THE BUSINESS

The Company was initially incorporated as a "*société par actions simplifiée*" (simplified joint-stock corporation), but was converted into a "*société anonyme*" (public limited company) governed by a board of directors by the general shareholders' meeting of 15 December 2014.

The Company is governed by French law and in respect of its operating activities is mainly subject to articles L. 225-1 and following of the French Commercial Code.

The Company's registered office is located at: 41-47 boulevard Marcel Sembat 69200 Vénissieux.

The Company's contact details are as follows:

Telephone: +33 (0)9 82 99 16 00

Email: investisseurs@boostheat.com

Website: <https://boostheat.fr>. The information on the website does not form part of the Registration Document.

5 BUSINESS OVERVIEW

5.1 MAIN ACTIVITIES

5.1.1 General presentation

BOOSTHEAT was founded in 2011 by Luc Jacquet and Jean-Marc Joffroy, who are committed to **optimising energy use for the purpose of energy transition**: in the view of the Company, this is one of the key issues facing society today and for the next few decades.

The Company was confident that the principles of thermodynamics – which formed the basis of the industrial revolution and play a role in numerous aspects of our daily lives, such as engines, transport and power generation – could revolutionise the heating industry. As a result, it has focused its research on this area and believes that it has designed a novel proprietary technology: a **thermal compressor** protected by a portfolio of seven families of patents, including two families whose applications are pending (see section 5.5.2.2 of the Registration Document).

The Company believes that thermal compression could be an innovative solution in the heating industry. It allows a high-temperature pressure cycle (around 700°C) to be achieved, resulting in very high efficiency, whereas condensing boilers are limited to producing water at a low temperature (less than 85°C). This technology – presented in section 5.1.1.2 of the Registration Document – is highly effective, environmentally friendly, sustainable and needs no special maintenance apart from mandatory periodic servicing. It lies at the heart of **a new generation of boilers that capture energy from the environment**, based on principles used in heat pumps. These innovative boilers, designed, developed, produced and marketed by BOOSTHEAT since the fourth quarter of 2018, with installations starting in late September 2019, allow energy consumption and CO₂ emissions to be reduced by up to half.

In the view of the Company, they represent an innovation compared with traditional heating methods, which have seen little change in recent decades, and a solution that offers benefits compared with existing ones on the market. The BOOSTHEAT boiler is a gas-powered heat pump: it uses the large amounts of energy released by burning gas at a temperature of almost 700°C to initiate a compression cycle, recovering both renewable energy from the external air (heat pump function) and latent heat through condensation (boiler); it therefore combines the reliability of a condensing boiler with the efficiency of a heat pump.



The BOOSTHEAT.20 comprises two modules: an outdoor unit that captures free, renewable energy from the external air, and the main equipment installed inside the home, which is connected to the gas supply and existing heating pipes in the various rooms of the home, meeting both space heating and domestic hot water requirements.

With these two modules, BOOSTHEAT has developed a “plug and play” product (heat pump + condensing boiler + hot water tank) that can completely replace an existing system while maintaining a very high level of comfort and thermal power for the building, regardless of the outside temperature.

The BOOSTHEAT.20 “greens” natural gas, providing an ideal solution for replacing traditional boilers (such as condensing boilers).

It is environmentally friendly and fits with the trend in the heating market towards more efficient solutions – such as condensing boilers, electric heat pumps and now gas-powered heat pumps – and away from traditional, less efficient heating systems. It has also been developed at a time when the world needs to reduce global greenhouse gas emissions so that in 2030 they will be at least 45% lower than in 2010 in order to limit global warming to 1.5°C¹, and when there is a great need to replace old, energy-hungry heating equipment.

¹According to the IPCC report of 8 October 2018.

The BOOSTHEAT.20 is a mature product, the result of eight years of work by an R&D team that now consists of almost 30 people, along with close marketing, technical and scientific partnerships with energy specialists like GRDF since 2013 and CRIGEN (the ENGIE group's R&D unit that has specific expertise in new sources of energy, new energy uses and emerging technologies), as well as engineering schools (École des Mines d'Albi / Carmaux, Mines-ParisTech etc.). The thermal compressor and the industrial version of the full solution have also undergone extensive testing. The BOOSTHEAT.20 received the CE mark in September 2018, allowing it to be launched in the market.

The Company wanted to retain full control over its technology in order to ensure that its production capacity keeps pace with growing demand as commercial development takes place, and so sought to set up **its own production facility**. The latter is located in Vénissieux, in the Lyon region, the historical centre of France's HVAC² industry, on a converted old industrial site that allowed the Company to access various types of start-up assistance including the revitalisation agreement signed with Robert Bosch France on 2 July 2016. Construction work began in June 2017 and after a phase-in period the 7,000 m² site became fully operational and was officially opened in November 2018. This robotised and automated "industry 4.0" plant represents a total investment of around €5 million. It already has the capacity to produce 1,680 boilers per year in its current configuration. Production capacity could be increased to 20,000 boilers per year by increasing the number of shifts through additional recruitment. Beyond that, it could be increased to 50,000 per year with a limited amount of additional investment by comparison with the initial outlay, with the addition of new robots and production lines and an increase in the number of operators. Such capacity increases could be achieved without substantially affecting production, within a timeframe of around six months.

Since its incorporation, the Company had obtained total funding of almost €36 million by 31 December 2018, since increased to €44.5 million, with €17.9 million of funds raised from investors, €11.2 million from grants, agreements and partnerships and €15.4 million of repayable loans³. This has enabled it to design innovative heating equipment offering energy efficiency that the Company believes to be the best in the market in terms of gas utilisation efficiency (see section 5.1.1.3), as well as devising an economically viable production process, obtaining the CE mark and setting up its production facility. Since the fourth quarter of 2018, the Company has entered into a new phase of its development by starting its commercial roll-out.

With the installation of its first commercially available product – the BOOSTHEAT.20 – from late September 2019 onwards, BOOSTHEAT is addressing **the individual home renovation market and the small collective housing and tertiary market** (retail stores, office buildings etc.). BOOSTHEAT's priority countries are France, Germany and Switzerland. In France it estimates that the market is worth €1.9 billion (more than 130,000 units), in Germany almost €1.3 billion (90,000 units) and in Switzerland €160 million (more than 11,000 units) based on various external market data (see section 5.2.2 of the Registration Document).

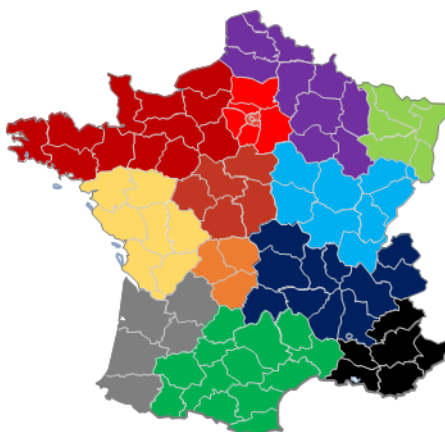
To address the individual home market as effectively as possible, the Company has tested and adopted **a specifically consumer-oriented sales and marketing strategy**, combining digital marketing methods with a physical network of sales agents to ensure full geographical coverage in France through a comprehensive multi-channel approach. By combining these methods, the Company intends to maximise potential sales.

BOOSTHEAT's digital marketing strategy aims to provide consumers with a new research tool and to raise awareness of the technology, establish the brand and create personal connections with the BOOSTHEAT story through distinctive communication aimed directly at consumers and participants in the energy transition process.

Sales agents – of which there were 11 at the date of the Registration Document, covering all of France – have the task of selling BOOSTHEAT.20s. They follow up digital marketing efforts by visiting prospective customers and handle the process up to the signature of quotes.

²Heating, ventilation and air conditioning.

³This includes funding not recognised in the accounts relating to works paid for by Bosch, along with finance leases and CIR and CICE tax credits.



Territorial coverage of the 11 sales agents

The Company also has a network of **installer partners**, which is currently being set up and whose task is to install BOOSTHEAT.20s:

- the relationship with the Iserba group, which only began a few months ago, has already resulted in a pilot installation carried out jointly with BOOSTHEAT in July 2019, followed by training sessions provided by BOOSTHEAT technicians for installer groups and plans for initial commercial installations in September, October and November 2019 in the Auvergne-Rhône-Alpes and Île-de-France regions. The Iserba group, with almost 1,150 employees and 85 locations in France, has annual revenue of €105 million⁴. BOOSTHEAT is working with Resoconfort, a group of seven Iserba subsidiaries that serve individual customers;
- the Unergies network, a consortium of 10 partners operating in France and specialising in installation, maintenance and climate engineering works and related trades, with which a national partnership is being discussed. The consortium also specialises in the tertiary value chain. Someci, a member of the Unergies network, took part in the first installer training session in June and in September 2019 will install an initial BOOSTHEAT.20 in the tertiary sector for *Métropole du Grand Lyon*;
- medium-sized installers, including Sweetair (six commercial installations planned in the fourth quarter of 2019), Gaz de Bordeaux, Rhin Climatisation and Logista Hometech;
- local installers (fewer than ten employees), which will round out the Company's geographical coverage.

The Company believes that this installer network currently being set up will enable it to carry out all installations resulting from the BOOSTHEAT.20 order book, which comprised 124 units at the date of this Registration Document.

Finally, BOOSTHEAT is relying on its partnership with Butagaz, a leading supplier of propane, with which it signed a partnership agreement on 28 March 2017 for the provision of consumer and professional leads in the LPG market. Butagaz will introduce BOOSTHEAT to its network of almost 400 partner companies specialising in installing heating equipment.

In accordance with the memorandum of understanding signed on 20 September 2017 by the Company, Holdigaz, Jean-Marc Joffroy and Luc Jacquet, and alongside Holdigaz's acquisition of a stake in BOOSTHEAT for €2 million including issue premium, Holdigaz, Switzerland's fourth-largest distributor of natural gas and distributor of gas equipment, has decided to handle, on an exclusive basis, the marketing of current and future BOOSTHEAT products in Switzerland. This first marketing agreement in Switzerland – a large market that is ideally suited to BOOSTHEAT's market position – led to Holdigaz group company Novogaz SA placing a firm order for 50 BOOSTHEAT.20 boilers in 2019, with the intention of buying 250 BOOSTHEAT boilers in 2020, 500 in 2021 and 750 in 2022 depending on Novogaz's future commercial development.

⁴<https://www.groupeiserba.fr/>

To date, BOOSTHEAT believes that it has a number of advantages that will allow it to establish its heating solution and achieve rapid growth in the individual home, collective housing and tertiary markets, including:

- **a heating solution whose energy efficiency the Company believes to be the best in the market** in terms of gas utilisation efficiency (see section 5.1.1.3), meeting demanding environmental requirements by reducing energy consumption, having zero fine particle emissions, using a natural, non-polluting refrigerant fluid (CO₂) and capturing up to 50% of its energy from renewable sources;
- **an attractive cost of use for customers** due to the solution's energy efficiency and a packaged financing solution from a leading financial partner (BNP Paribas Personal Finance);
- **an innovative proprietary technology** that could form the basis of a broad product range, expanding the Company's potential market into areas such as collective housing and the tertiary sector with higher-power products (50 kW - 250 kW);
- **good recognition by key market participants** through technical partnerships with entities like GRDF – with which the Company collaborated to develop the BOOSTHEAT.20 – and Butagaz, which has helped finance a solution allowing homes heated using fuel oil boilers to switch to propane. The Company expects these collaborations, initially technical, to take on a commercial aspect;
- **the potential market in the individual home renovation segment is worth more than €2 billion in France, Germany and Switzerland**, which represents immediate demand because of the old age of many existing boilers, their low efficiency, governments' desire to reduce the use of fuel oil and the gradual increase in consumer awareness of the need to protect the planet;
- **the potential market in the small collective housing and tertiary renovation segment is estimated to be worth almost €1.3 billion in France and Germany** in terms of the very low-power boilers;
- **a regulatory environment that favours energy transition in Europe**, particularly in BOOSTHEAT's priority markets of France and Germany, reinforced by tax incentives that, without being necessary to make the solution economically viable, will help stimulate growth in the home boiler replacement market;
- **a commercial roll-out** that began even before the product obtained the CE mark (September 2018), through various initiatives such as direct digital marketing, BOOSTHEAT.20 pilot tests in individual homes, and efforts to identify future partners, energy providers and installer networks by offering boilers for testing in their laboratories. These various initiatives have resulted in orders signed with customers and the first agreements for sales and installations starting in late September 2019;
- **strong technological expertise** capable of delivering ongoing enhancements to the product range while seeking to improve the compressor and its manufacturing process in order to reduce production costs;
- **strong financial and strategic support from manufacturers that have bought equity stakes in the Company**: in late 2016 and 2017, the Company attracted equity investment from leading manufacturers in the energy and heating markets, such as Holdigaz (a listed Swiss group comprising both natural gas distributors and companies operating in sectors closely aligned with that business) and Fluxys, which manages gas infrastructure in Belgium and across Europe. Together, those two groups have invested a total of almost €9 million in the Company, i.e. €7 million for Holdigaz (on top of which Holdigaz has subscribed €5 million of February 2019 Bonds) and €2 million for Fluxys.

With these numerous advantages, BOOSTHEAT is ready to install its gas-powered heat pumps from late September 2019.

At the date the Registration Document was approved, the Company had received orders for 124 BOOSTHEAT.20s, with 26 coming from small collective housing and tertiary clients, 48 from consumers and 50 via Holdigaz. On the same date, two boilers had been installed and invoiced (one installed and invoiced in April 2019 and the second installed and invoiced in July 2019), with 122 orders yet to be installed and invoiced.

5.1.1.1 Important events in the development of the Issuer's business

2011

- **February:** Filing of a patent application for a regenerative thermal compressor in order to cover the innovation supporting the business project (the initial patent).
- **May:** Incorporation of the Company.
- **June:**
 - Completion of two subsequent capital increases for a total gross amount of €510 thousand, in order to provide the Company with the financial resources necessary for its development;
 - €612 thousand grant awarded to the Company with respect to a "Tricom" project submitted to the National Research Agency (Agence Nationale de la Recherche) as part of the "Energy-efficient and decarbonised systems" ("Systèmes énergétiquement efficaces et décarbonés") request for proposals.
- **September:** Setting-up of the industrial R&D activities in facilities located in Toulouse.
- **November:** Partnership with LaTEP (Laboratoire de recherche publique en Thermique, Energétique et Procédé) as part of the ANR-Tricom project. LaTEP to take part in the main collaborative projects from "Tricom" to "COMANCHE".

2012

- **June:** €275 thousand financial grant awarded to the Company for the "Combugaz" project after winning the innovative technology start-up assistance competition held by France's Ministry of Higher Education and Research.
- **July:**
 - Share capital increase for a gross amount of to €415 thousand;
 - Validation of the initial patent.
- **September:**
 - The characteristics of the first heating equipment prototype are finalised, in order to prove the ability of BOOSTHEAT technology to meet the needs of the residential and tertiary heating market;
 - Start of work on the combustion stage and research into the best possible ways of producing the thermal compressor.

2013

- **January:**
 - First tests of the thermal compressor prototype;
 - Young Innovative Company (Jeune Entreprise Innovante) status awarded to the Company.
- **March:**
 - Start of design and modelling work on the heating element;
 - "OSEO-Entreprise Innovante" innovative company status granted to the Company.
- **June:** Validation of compression rates achieved by the prototype and confirmation of the breakthrough technology in terms of efficiency by CRIGEN (ENGIE's research centre).
- **November:** Execution of a technical partnership with GRDF for an amount of €600 thousand intended as a contribution to the development of a medium-power gas-powered heat pump specifically designed for the tertiary and small collective housing markets.

2014

- **May:**
 - Capital increase amounting to €990 thousand;
 - Selection of the Company as part of the request for research proposals entitled "Toward responsible buildings in 2020" ("Vers des bâtiments responsables à l'horizon 2020") held by ADEME with GRDF and LaTEP. The "COMANCHE" project relates to the development of a high-power 50-250 kW gas-powered heat pump (the future BOOSTHEAT.50);
 - Selection of the Company as part of the request for proposals held by France's Single Inter-Ministerial Fund (Fonds Unique Interministériel) with ENGIE and the Ecole de Mines d'Albi.

The “APACHE” project relates to the development of a “high-efficiency heat pump for new and existing individual homes” with a power rating of 10 to 20 kW (BOOSTHEAT.20);

- **October:** Toulouse R&D laboratory moved to a 600 m² site.
- **December:**
 - Continuation of a partnership with GRDF through the execution of two additional technical development agreements for a total amount of €1.5 million:
 - o one dedicated to a gas-powered heat pump as part of the “APACHE” project (BOOSTHEAT.20), with a power rating of 20 kWh and suitable for the individual home renovation market;
 - o the other dedicated to the development of a medium-power gas-powered heat pump as part of the “COMANCHE” project (the future BOOSTHEAT.50).
 - Conversion of the Company from a simplified joint-stock corporation into a public limited company governed by a Board of Directors. The Company has 21 employees.

2015

- **February:** Execution of an industrial engineering contract with Fives in order to define the process for assembling the thermal compressor and boiler in view of the creation of a future industrial site.
- **March:**
 - Capital increase amounting to €1,855 thousand;
 - Start of efforts to find a location to host the future heating equipment production site.
- **April:** Capital increase amounting to €500 thousand;
- **November:** First prototype of the BOOSTHEAT.20 boiler presented at Uniclimate.

2016

- Completion of several capital increases between May and July for a total amount of €681 thousand.
- **July:** Co-operation agreement with Bosch, an equipment supplier, regarding the revitalisation of the Vénissieux site where the Company decides to set up its production facility and transfer its registered office. This agreement enables the Company to benefit from operational grants and recruitment subsidies amounting to almost €3.08 million between 2016 and 2018.
- **December:** Fluxys, a Belgian group operating in the European natural gas transport infrastructure sector, becomes a shareholder in the Company through a €2 million capital increase.

2017

- **August:** Capital increase amounting to €2,099 thousand.
- **September:** Holdigaz becomes a shareholder of the Company through a €2 million capital increase. Holdigaz SA is a holding company for natural gas suppliers and companies operating in Switzerland in sectors that show direct or indirect synergies with the natural gas business.
- **December:**
 - Evaluation reports on the energy efficiency of the BOOSTHEAT.20 produced by CETIAT (Centre Technique des Industries Aéronautiques et Thermiques) in France and GAS.BE (formerly A.R.G.B, Association Royale des Gaziers Belges) in Belgium.
 - The BOOSTHEAT.20 production line starts to be installed at the Vénissieux site.

2018

- **June:**
 - Holdigaz increases its equity stake in the Company through a €5 million capital increase.
 - Selection of the Company as part of the Europe-wide H2020 “Sun Horizon” project which includes over 20 European partners and aims to combine heat pumps with solar panels at pilot sites (five for BOOSTHEAT) in Europe. The financing of this project takes the form of a €641 thousand grant.
- **August:** Incorporation of BOOSTHEAT Deutschland GmbH, whose purpose is to market, install and maintain the Company’s boilers in Germany.
- **September:**

- CE mark awarded to the Company, opening the way for the BOOSTHEAT.20 to be brought to market;
- Incorporation of BOOSTHEAT France SAS (wholly-owned subsidiary of the Company), whose purpose is to market, install and maintain the Company's boilers in France;
- Naxos Holding SPRL, a company investing in the energy, energy transition and ecological transition sectors, as well as in eco-technologies and eco-companies, acquires an equity stake in the Company by subscribing to a €1 million capital increase.
- **November:** Inauguration of the production plant at the Vénissieux industrial site.
- **December:**
 - Installation of the first BOOSTHEAT.20 boilers on clients' premises as part of a pilot phase;
 - Execution of a 1-year business partnership with GRDF in order to provide the Company with financial assistance to start the commercial roll-out of its BOOSTHEAT.20 boilers through a financial contribution totalling €500 thousand, covering the first 10 pilot installations under real conditions and the first 111 sales.

2019

- **February:** €6.98 million bond issue subscribed by certain shareholders, including Holdigaz for €5 million.
- **March:** Filing of a patent application relating to micro-cogeneration (combination of a thermal and volumetric compressor).
- **April:** RGE Label awarded to BOOSTHEAT France, enabling individual customers to benefit from certain public financial assistance (CITE, Coup de Pouce, éco-prêt à taux zéro).
- **May:** "Entreprise innovante" (innovative company) status awarded to the Company by BPI.
- **June:**
 - Capital increase for a gross amount to €839 thousand, resulting from the exercise of 156,843 2017 warrants.
 - Evaluation reports on the energy efficiency of the BOOSTHEAT.20 by GAS.BE (formerly A.R.G.B, Association Royale des Gaziers Belges) in Belgium.
- **July:** as part of its CSR efforts, BOOSTHEAT was awarded a score of 67/100 by independent agency Ethifinance, making the Company a "Sustainable leader".
- **September:** €10 million bond issue subscribed by Holdigaz.

5.1.1.2 A breakthrough technology

BOOSTHEAT offers a new, simple, high-performance technological solution consisting of a highly efficient gas-powered heat pump.

BOOSTHEAT combines two tried and tested heating technologies:

- > boiler technology, which is known for being reliable and an effective way of transferring energy from a fuel (gas, fuel oil, wood etc.) to a heating system (radiators, underfloor heating), and
- > heat-pump technology, which is proven to be effective and which turns 1 unit of electrical energy into 2-5 units of thermal energy.

BOOSTHEAT's innovation consists of a new generation of thermal compressor acting on a natural refrigerant fluid – CO₂ – specially designed for use in heat-pump applications.

The thermal compression technology developed by BOOSTHEAT has, in the view of the Company, the advantages of being:

- > **energy-efficient:** it lowers energy consumption by approximately 50% compared with gas-powered condensing boilers when used for heating purposes;
- > **environmentally friendly:** it emits no fine particles and uses a refrigerant fluid (CO₂) that is 2,000 times less polluting than the HFCs (hydrofluorocarbons) commonly used in heat-pump systems (see section 5.1.1.4);

- > **durable:** the design of the piston, which moves as a result of thermal compression, minimises wear in the system, combating any built-in obsolescence (20-year reparability commitment⁵), and the system is also made in France;
- > **maintenance-free:** the technology has been designed to run for 50,000 hours – the equivalent of 15 years – without requiring any specific maintenance apart from mandatory periodic servicing (depending on regulations applicable in each country: once per year in France and once every two years in Germany).

5.1.1.3 A regenerative thermal compressor

The Company believes that the thermal compressor it has originated, developed and patented is a breakthrough technology in terms of a home's energy consumption: it is exceptionally efficient, reducing energy bills by up to half (see section 5.1.2.1.2 of this Registration Document), and represents an entirely new generation of central heating systems.



Thermal compressor being assembled in BOOSTHEAT's "Industry 4.0" plant in Vénissieux

BOOSTHEAT relies on its proprietary thermal compressor technology, which uses natural gas or propane instead of electricity to extract free, renewable energy from the environment and thus introduces renewable energy into central heating systems.

Its technology doubles the energy efficiency of natural gas compared with a traditional condensing boiler (see section 5.1.2.1.2). These gas-powered heat pumps handle both space heating and domestic hot water production for homes.

BOOSTHEAT has developed innovative technology that uses heat from burning gas to activate a thermal compression cycle rather than to heat water directly.

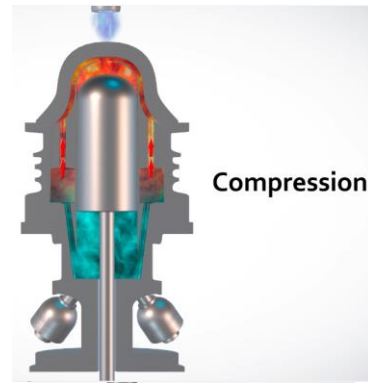
That compression takes place without any mechanical transmission of power, and therefore without any stress on the components that would move the displacer piston, since the pressure cycle results directly from the thermal cycle produced.

This unique aspect is the key distinguishing feature of BOOSTHEAT's technology compared with other thermal compression technologies that rely on motors. BOOSTHEAT's thermal compressor does not involve any mechanical work and experiences very low amounts of wear.

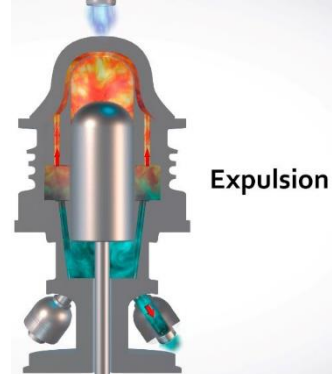
The alternating movement of the displacer piston compresses the refrigerant fluid in four stages:

⁵Non-contractual reparability commitment. The Company believes that most components that could fail within 20 years are standard components used in the heating industry, allowing them to be repaired or replaced for a 20-year period.

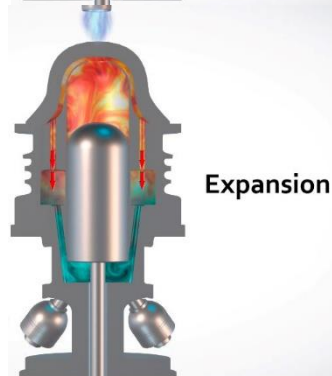
- > **Stage 1: compression.**
The piston moves from the top to the middle of the cylinder. The gas passes through the regenerator, increasing in temperature and therefore pressure.



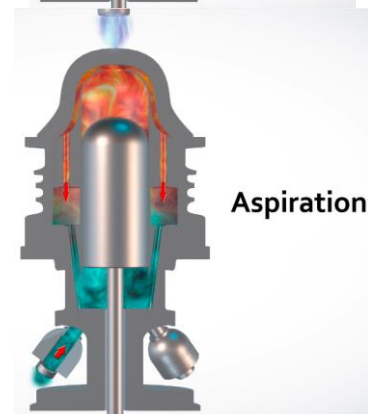
- > **Stage 2: expulsion.**
The piston moves from the middle to the bottom of the cylinder. The discharge valve opens and the high-pressure refrigerant fluid is pushed out to the heat-pump cycle.



- > **Stage 3: expansion.**
The piston moves from the bottom to the middle of the cylinder. The discharge valve closes and the refrigerant fluid releases its energy in the regenerator. The temperature and therefore the pressure of the gas decreases.



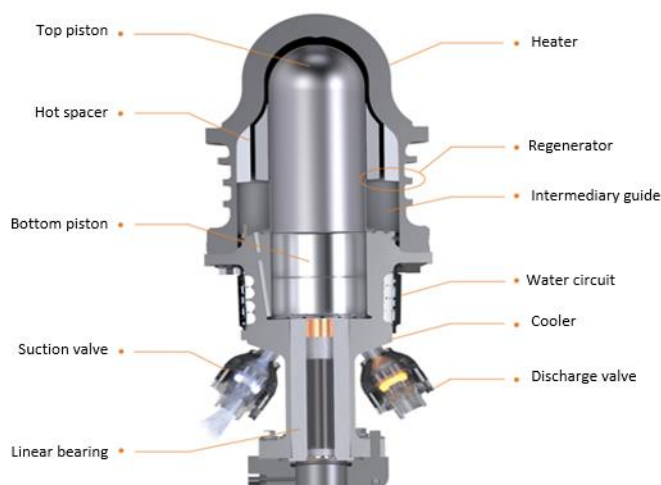
- > **Stage 4: aspiration.**
The piston moves from the middle to the top of the cylinder. The suction valve opens and the low-pressure refrigerant fluid is drawn in from the heat-pump cycle.



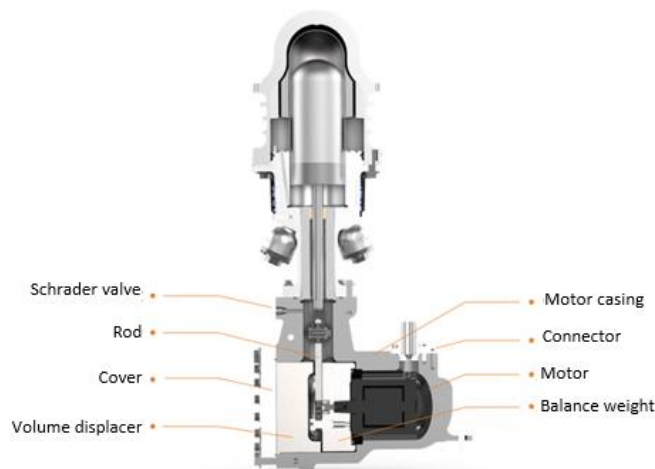
The high temperatures achieved by the gas burner explain the efficiency of the gas-powered heat pump in line with the Carnot cycle⁶ (https://en.wikipedia.org/wiki/Carnot_cycle). The refrigerant fluid is compressed directly from the heat input, without using any motor. Although the thermal compressor is not a motor, it bears many similarities to one, featuring components such as a casing, pistons, cylinders, rods cranks, etc.

⁶The Carnot cycle is a theoretical thermodynamic cycle for a heat engine consisting of four reversible processes : reversible isothermal expansion, reversible adiabatic (isentropic) expansion compression, reversible isothermal compression and reversible adiabatic compression. Thermodynamic efficiency is the ratio of energy recovered to energy expended.

The two images below show the components of the upper section of the thermal compressor, which contains the piston – the moving part that puts the thermodynamic cycle in motion – and the lower section that contains the motor.



Upper section of the thermal compressor



Overview of the thermal compressor

This technological similarity to a motor has some major advantages:

- availability of components
- a good command of production techniques
- cost optimisation
- an existing model for industrial-scale production

The technical/economic factors related to the choice of materials meant that the maximum temperature was limited to 700°C so that high-temperature steel could be used.

The industrial prototype of the thermal compressor has been operational since January 2013 and was audited by CRIGEN (ENGIE's R&D and expertise unit) in June 2013. In December 2017, its efficiency on the basis of standardised performance criteria was assessed by Belgium's Gas.be (formerly the Association Royale des Gaziers Belges) and by France's CETIAT (Centre Technique des Industries Aérauliques et Thermiques). Two initial working point measurements were carried out relating to different applications:

- the first measurement corresponds to an air-source heat pump application (A7-W35, EN12309), with a GUE (gas utilisation efficiency) working point measurement of 181% (Gas.be laboratory, 05/12/2017);
- the second measurement corresponds to a ground-source heat pump application (W10-W35, EN12309), with a GUE (gas utilisation efficiency) working point measurement of 197% (CETIAT laboratory, 13/12/2017).

In June 2019, further performance tests were carried out by Gas.be on the same two working points, which showed a very substantial improvement in the energy efficiency of the industrial version of the BOOSTHEAT.20, installations of which will be able to start in September 2019, compared with the 2017 tests, with figures of 188% for the A7-W35 working point and 229% for the W10-W35 working point.

BOOSTHEAT's technology is protected by a portfolio of international patents (see section 5.5 of the Registration Document). BOOSTHEAT officially opened its Vénissieux production plant on 27 November 2018. The thermal compressors are now being assembled on the Vénissieux "Industry 4.0" production line.

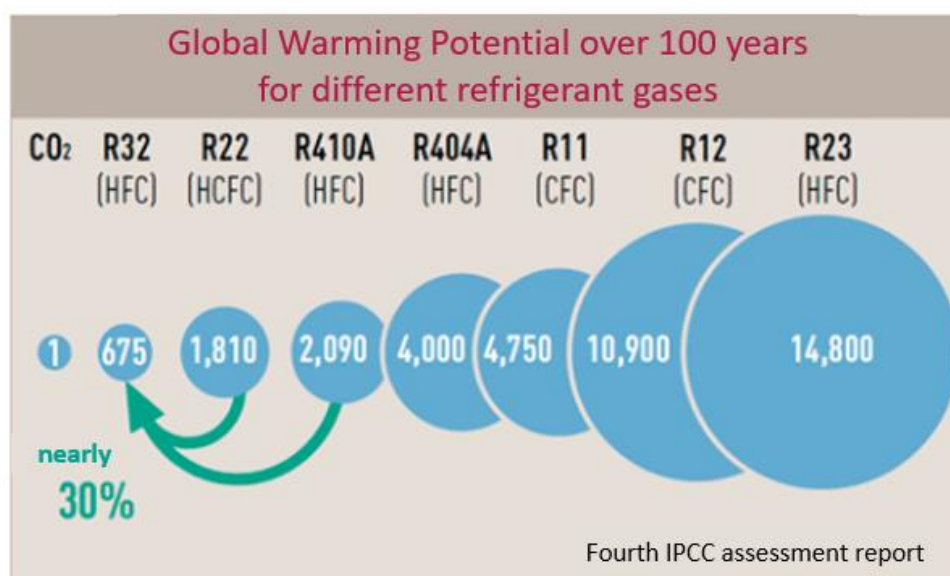
5.1.1.4 CO₂: a natural and non-polluting refrigerant fluid

The refrigerant fluid used by BOOSTHEAT products is CO₂ (R744), or carbon dioxide. This refrigerant fluid is already widely used for refrigeration purposes, particularly in commercial cooling systems, but also in domestic heat pumps (for domestic hot water and space heating purposes).

It has been used in cooling applications for decades. Millions of CO₂ heat pumps have been installed around the world to date, particularly “EcoCute” heat pumps in Japan, which means that all of the non-compressor components are widely available.

CO₂ is a refrigerant fluid that has very little impact on the greenhouse effect. This impact is measured by its Global Warming Potential (GWP) value. CO₂ has a GWP value of 1, whereas current HFC refrigerant fluids have GWP values of between 1,800 and 4,000.

Currently, the most common heat pump systems use highly polluting refrigerant fluids like R-404A, which is widely used in commercial and industrial refrigeration, or R-410A, which is frequently used in air conditioning systems and heat pumps. R-32 is an HFC that is regarded as an attractive alternative to R-410A in the air conditioning market, because it has a GWP value of 675.



Source: https://conseils.xpair.com/consulter_parole_expert/solutions-refrigeration-co2-alternative-systemes-r404a-r507a.htm

In addition, CO₂ is non-toxic to humans subject to certain concentration limits, which gives greater flexibility when installing BOOSTHEAT gas-powered heat pumps, and it is inexpensive because it is very easy to extract from flue gases produced by industrial sites. No specific authorisations are required to work with CO₂.

Gas-absorption heat pumps that use ammonia (NH₃) do not offer the same non-toxic status or the same flexibility regarding installation. The choice of CO₂ has other benefits: it allows the system to work at lower external temperatures than traditional technologies as the system features an integrated back-up gas burner, and CO₂ is resistant to high temperatures, not suffering any degradation even in transcritical or supercritical states, whereas HFCs would undergo irreversible degradation at temperatures over 300 °C.

The use of low-GWP refrigerant fluids is becoming very important because of stricter regulations (e.g. the F-Gas Directive) and commitments made by the European Union through the Kigali amendment to the Montreal protocol signed in 2016. This aims at reducing HFC use by 45% by 2024 and by 85% by 2036 compared with 2011-2013. By using CO₂ as a refrigerant fluid, BOOSTHEAT already meets European regulatory standards.

5.1.2 Presentation of the product range

5.1.2.1 The BOOSTHEAT gas-powered heat pump

The BOOSTHEAT system is the result of eight years of research, offering a complete heating solution that combines the reliability of a condensing boiler with the efficiency of a heat pump:

- an exceptional product invented and made in France;
- developed for individual homes and small collective housing;
- with heat coming from the combustion of gas and recovered from the air that surrounds us.

The BOOSTHEAT.20 is up to twice as efficient as current boilers and the Company believes it is the “world’s most energy-efficient boiler”⁷, allowing users to cut their gas bills.

Since renewable energy is free and because gas is cheaper than electricity in France and Europe as a whole (see section 5.2.1.3), the running cost of the product is extremely economical for consumers. The savings have been measured and validated by independent technical bodies such as CETIAT (see section 5.1.1.3).

5.1.2.1.1 A new and innovative solution

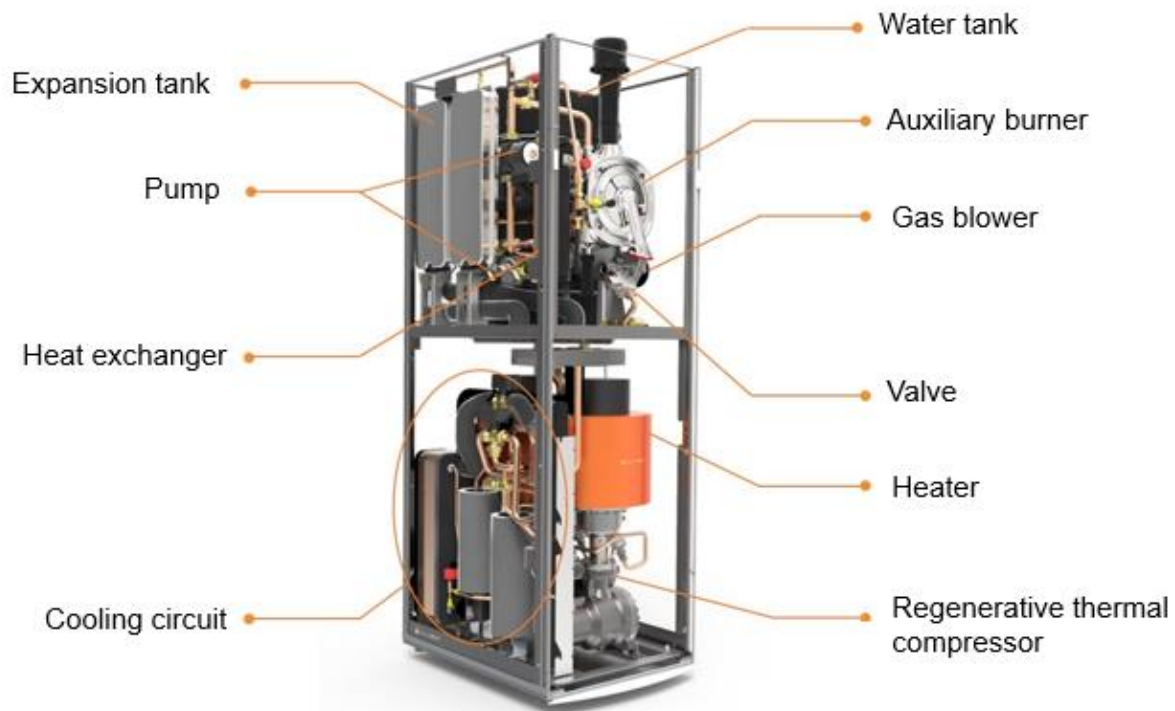
The BOOSTHEAT.20 is a gas-powered heat pump. Its architecture also includes a gas boiler (upper section) that backs up the heat pump and allows the system to meet the user’s heating requirements whatever the external temperature. BOOSTHEAT.20 is therefore a hybrid heat pump, combining the features of a gas-powered heat pump and a gas-powered condensing boiler.

It features a motor assembly in its lower section (detailed below) – the thermodynamic module – that includes the regenerative thermal compressor and the CO₂ cooling circuit, and a gas-powered condensing boiler in its upper section with a 65-litre hot water tank.

This internal equipment is intended to be installed in a boiler room or basement, and is around the same size as a refrigerator or freezer (60cm wide, 89cm deep, 187cm high).

There is also an outdoor unit, an essential component of the heat pump, which captures heat from air outside the building (not shown here). The BOOSTHEAT.20 outdoor unit is a heat exchanger consisting of a battery and a fan. Since the compression takes place in the indoor unit, the BOOSTHEAT.20 outdoor unit is among the quietest on the market; with electric heat pumps, the compression takes place in the outdoor unit, resulting in perceptible noise with a sound power level of 48 dB.

⁷Company estimate based on test reports by external laboratories (CETIAT and Gas.be): 188% for air-source (A7) and 229% for ground-source (W10).

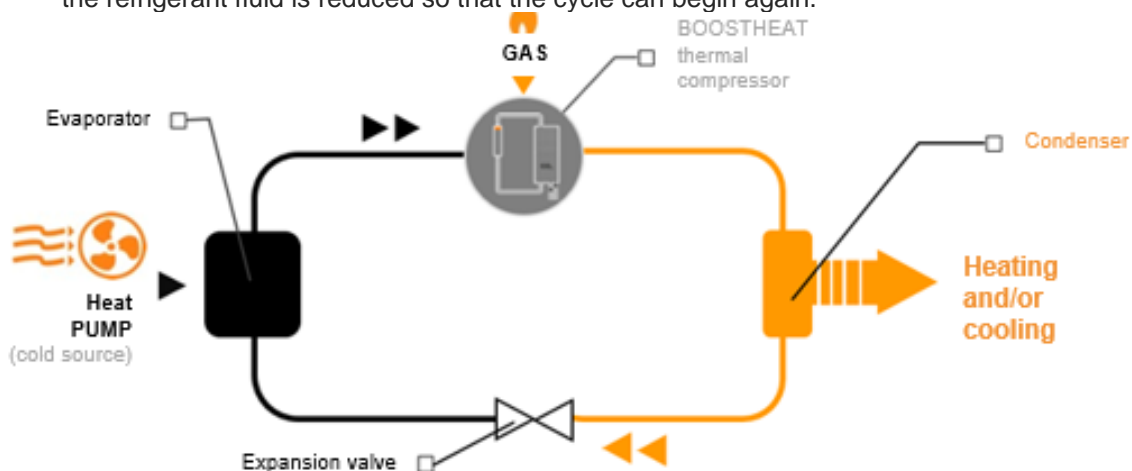


In technological terms, a heat pump takes heat from the outside air (air/water heat pump) or from the ground (geothermal or water/water heat pump) to heat a house.

The compressor is used to vary the pressure and temperature of a refrigerant fluid within a closed loop. The resulting cycle allows energy to be captured from the outside air and transferred to the heating system.

All heat pumps feature four important components in which the fluid circulates:

- > the evaporator: this captures energy from the outside air and heats up the refrigerant fluid (the outdoor unit);
- > the compressor: this varies the pressure and temperature of the fluid;
- > the condenser: this captures the heat carried by the refrigerant fluid and transfers it to the heating system;
- > the expansion valve: once the heat has been recovered, the pressure and therefore the heat of the refrigerant fluid is reduced so that the cycle can begin again.

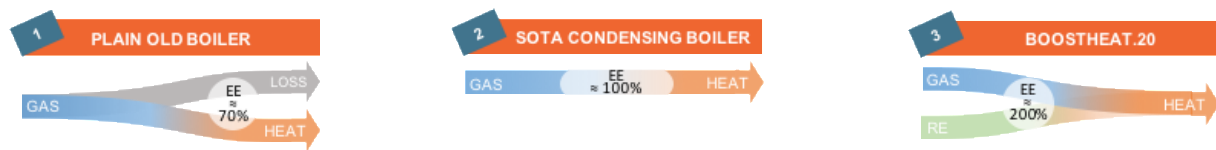


Heat pumps currently on the market (including the most recent models) have the following limitations:

- > they often require the installation of a back-up boiler solution to ensure heat production during cold snaps;
- > their capacity for producing on-demand domestic hot water and their space heating power are often limited.

BOOSTHEAT's innovation is to use energy produced by burning gas (natural gas or propane) to do the compression work, whereas traditional heat pumps use an electric motor. It therefore involves an innovative new approach to compression, which is achieved by increasing the temperature and not by reducing the volume of a fluid ("volumetric compression").

By using gas in conjunction with heat-pump technology, BOOSTHEAT combines the best features of both heat-pumps and boilers to achieve efficiency of up to 200%.⁸ This 2-in-1 product combines the environmental benefits of heat pumps with the proven efficiency of condensing boilers.



EE: Energy Efficiency - RE: Renewable Energy - SOTA: State-of-the-art - *Company estimate*

The diagram above represents the technological development of gas boilers and their associated energy efficiency. This representation shows the significant use of renewable energy made by the BOOSTHEAT.20, and therefore its reduced use of gas, in producing heat.

By comparison, 100% of the heat produced by condensing boilers, which recover heat by condensing flue gas resulting from combustion, comes from gas. Older-generation boilers have lower energy efficiency of around 70%⁹, because all of the heat they produce comes from combustion.

The BOOSTHEAT gas-powered heat pump has the following main advantages:

- > high primary energy efficiency;
- > mandatory periodic servicing requirements, based on applicable local regulations, similar to those of a gas boiler;
- > use of a natural refrigerant fluid that is neither toxic nor flammable and that has a low GWP value (see section 5.1.1.4);
- > compatibility with all space heating methods (underfloor heating or radiators) in newbuild or renovation projects;
- > effective even when outside temperatures are very low;
- > very high efficiency across a broad power modulation range;
- > optimisation of multi-phase refrigeration cycles;
- > potential use for cooling purposes (air conditioning and cooling in later versions);
- > use of standard technologies, materials and components;
- > equipment that takes up a similar amount of space as a floor-standing boiler.

The BOOSTHEAT.20 can run on natural gas or liquified petroleum gas (LPG) and has a power output of 20kW. It has an A++ energy rating because of its high GUE (Gas Utilisation Efficiency) of up to 229%. It is capable of producing enough hot water for three bathrooms, with a flow rate of 21 litres per minute, and features a 65-litre stainless steel hot water tank.

It provides consumers with maximum efficiency at external temperatures down to -22°C, whereas traditional heat pumps become inefficient and require high energy consumption below 0°C. This is the result of two innovations:

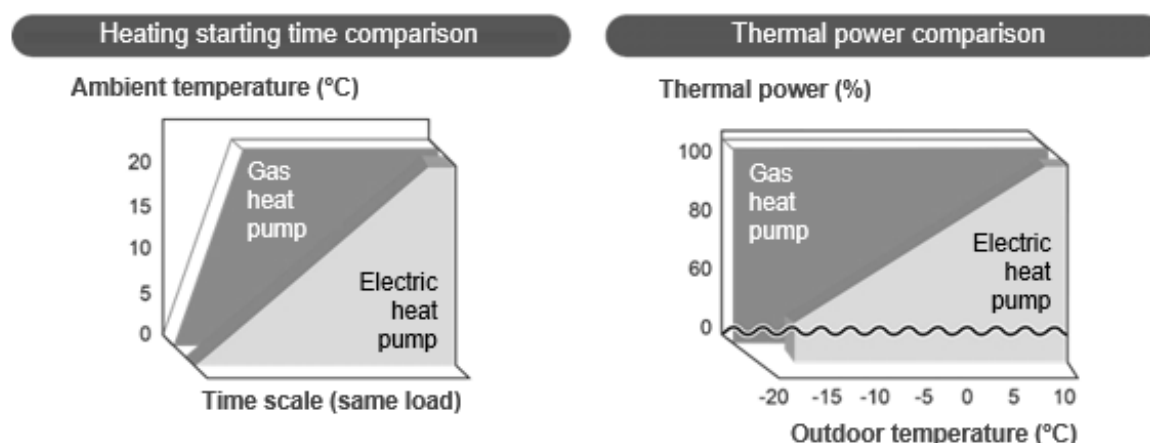
- the thermal compressor allows renewable energy to be recovered down to -10°C;

⁸Company estimate based on test reports by external laboratories (CETIAT and Gas.be): 188% for air-source (A7) and 229% for ground-source (W10).

⁹<https://www.consoglobe.com/chaudieres-rendements-cg>

- the 2-in-1 design uses a condensing boiler to gradually offset the decreasing efficiency of the heat pump, offering much better efficiency than electric resistance heating.

The figures below show the BOOSTHEAT system's ability to deliver a comfortable ambient temperature in a much shorter time (left-hand chart) and meet heat production needs over a larger temperature range (right-hand chart) than an electric heat pump.



Source: Company

5.1.2.1.2 Benefits for the consumer

In order to meet consumer needs in terms of heating solutions, a system needs to offer good quality and value for money. In terms of quality, as set out above, the BOOSTHEAT solution is innovative, effective, durable and quiet. At the same time, the Company believes that this solution is particularly attractive in economic terms because the energy savings achieved over BOOSTHEAT.20's payback period allow customers to cover the instalments on any financing used to purchase the equipment (including the related tax breaks).

➤ Energy savings

As the diagram below shows, for a house with around 145 m² of space to be heated, energy consumption of 30,000 kWh per year with a traditional fuel oil-powered boiler and based on gas and electricity prices in France and Germany, the Company estimates that its system will more than halve gas bills for consumers in both France and even Germany, where gas is slightly less expensive than in France.

Energy bills	France	Germany
BOOSTHEAT.20	€998/yr*	€912/yr*
ELECTRIC HEAT PUMP	+50% €1,498/yr	+153% €2,519/yr
CONDENSING BOILER	+56% €1,559/yr	+43% €1,425/yr
TRADITIONAL BOILER (fuel oil)	+184% €2,835/yr	+109% €2,083/yr





*Annual energy bill for heating a 145 m² detached house
Energy prices: gas and electricity - ec.europa.eu (S1 2018); fuel oil - ec.europa.eu (March 2019)

As well as its benefits in terms of cost of use, the BOOSTHEAT solution is eligible for VAT at the reduced rate of 5.5% in France subject to certain conditions – the installed product must meet the requirements listed in Article 18 of schedule IV of the French General Tax Code and customers must provide a certificate of work to improve the energy efficiency of their homes – and for several tax incentives, some of which depend on household income. The BOOSTHEAT.20 is eligible for the CITE (*Crédit d'impôt transition énergétique*) energy transition tax credit, zero-interest-rate eco-loans, ANAH incentives and CEE (*Certificat d'économie d'énergie*) energy savings certificates in the form of a bonus paid by the energy provider (“*Coup de pouce*” initiative introduced by France’s 2019 Finance Act and detailed in section 9.2). These arrangements reduce the cost of purchasing a BOOSTHEAT.20 gas-powered heat pump very significantly for consumers (see table below).

Based on tax incentives in place in 2019 and a boiler purchase price of €17,998 including VAT and installation, the Company estimates that government incentives in France could range between €2,500 and €14,170 depending on household income, giving a net cost of less than €4,000 for low-income households. In addition, a 15-year financing arrangement has been developed by the Company and a leasing solution is under preparation in partnership with a leading financial institution (see section 5.1.4.2).

Using the figures set out above, by buying a BOOSTHEAT.20 to replace an old fuel oil-powered boiler, any household with an annual energy bill of over €2,210¹⁰ will cover all of their monthly loan repayments¹¹ (estimated at €130) through energy savings, without any public-sector incentive.

➤ Overall savings

				
Manufacturer	VISSMANN	DAIKIN	ATLANTIC	BOOSTHEAT
Technology	Condensing boiler	Air/water heat pump	Hybrid heat pump	Gas-powered heat pump
Overall estimated budget (including incentives)*	€35,421	€36,426	€44,715	€30,330

* Budget over 15 years: purchase + incentives + consumption + mandatory periodic servicing




Budget over 15 years: BOOSTHEAT equipment purchase + consumption + mandatory periodic servicing (excluding incentives): €36,907

The overall savings produced by a heating system must be assessed over the long term, analysing the investment by comparison with energy savings over the equipment’s useful life. The table above shows the technology currently available to an owner of an individual house considering upgrading from an old heating system consuming 30,000 kWh per year. The Company estimates that the budget over 15 years, excluding incentives, is €36,907, comprising the cost of buying the equipment, mandatory periodic servicing and energy consumption. Projected over 15 years, the minimum life of a heating system, the Company believes that the BOOSTHEAT.20 solution remains the most competitive for all customer profiles, with or without incentives (taking into account the CITE and CEE incentives, which are available to all). Heat pumps can match the BOOSTHEAT.20 in terms of efficiency in certain conditions (16kW example in this comparison) and only with underfloor heating. However, with electricity used as the main energy source, this limits the energy savings for customers, unlike the BOOSTHEAT.20.

For example, for a two-person-household consuming 30,000 kWh per year, the following table shows that the annual savings in terms of energy consumption is higher than the annual cost of the equipment in all scenarios presented:

¹⁰Reference energy bill for the first year, factoring in inflation at 3.5% per year over 15 years for gas and fuel oil prices.

¹¹Loan interest rate (APR): 3.67%

CUSTOMER PROFILE ¹	HEATING METHOD	FINANCING	ANNUAL EQUIPMENT COST ²		ANNUAL CONSUMPTION SAVINGS ³
High-income	GAS		€987	<	€1,283
High-income	FUEL OIL		€987	<	€2,364
Low-income	GAS		€255	<	€1,283
Low-income	FUEL OIL		€255	<	€2,364

¹ High-income: couple with income > €60,000 gross/year / Low-income: couple in the Île-de-France region with income < €25,000 gross/year.

² Credit purchase over 15 years (installation included) excluding mandatory periodic servicing costing €180/year.

³ Annual savings estimated over 15 years including energy inflation (3.5% fuel oil/gas) based on the replacement of a traditional boiler > 20 years of age with a BOOSTHEAT.20.

5.1.2.2 Related services

BOOSTHEAT designs and produces its BOOSTHEAT.20 gas-powered heat pumps, and installs and maintains them via a network of partners approved by the Company.

5.1.2.2.1 Direct relationship with consumers

The Company intends to deal directly with consumers, and with environmentally aware people more generally, so that it can accompany and advise them and increase their expertise regarding heating and energy efficiency. The Company has adopted a customer-centric model in which consumers play an active role and seek solutions suited to their plans, whereas most producers of heating solutions push those solutions to distributors through a product-centric model.

For example, prospective BOOSTHEAT customers are invited to carry out a feasibility simulation on the Company's website, which shows them immediately how much they could save on their annual energy bills. The website also provides additional information on energy transition and other potential home upgrades, in line with the French government's "ENGAGÉ POUR FAIRE" ("Committed to action") charter, which BOOSTHEAT signed on 4 April 2019.



Installing the equipment in customers' homes is a relatively simple and quick process. The BOOSTHEAT.20 connects to all of the house's existing networks (hot water, waste gas, heating, electricity and gas) without any adaptation work required, and bringing it into service only requires two days of work by a team of two people¹² who have received installation training by the Company. Installers do not handle any refrigerant fluid, allowing them to install the BOOSTHEAT.20 without needing any refrigeration engineer qualifications: the refrigerant fluid (CO₂) is sealed within the compressor at the production site.

5.1.2.2.2 Meeting the needs of the small collective housing and tertiary markets

BOOSTHEAT is focusing on growing sales of BOOSTHEAT boilers, and is in charge of discussions with major clients (such as developers of individual houses, real-estate investment companies etc.), as well as clients in the tertiary sector including its target segments of local government bodies – with towns, groups of towns, *départements* and regional councils being strongly encouraged to deploy energy efficient solutions – and regulated professions.

Tests and showcases, which started in early September 2019, are taking place in three types of building:

- small public buildings – three municipal buildings in Vénissieux (the Marcel Sembat centre, the municipal pensioners' centre and the Gabriel Péri primary school), a school in Dijon, town halls in the Pas de Calais *département* (through a support agreement set up by FDE62) such as in Burbure, a youth centre in Loos-en-Gohelle and a leisure centre in Dainville.
These buildings will be equipped with BOOSTHEAT.20 systems.
- small collective housing – developments in Saint-Étienne and Nuremberg.
These buildings will be equipped with two or three connected BOOSTHEAT.20 units.
- terraced houses – collective developments of 1- to 4-bedroom properties.
In these buildings, one BOOSTHEAT.20 may serve one or two homes.

These installations will be sequenced over several months, depending on client requirements. Clients may be local authorities, private landlords or social landlords.

Some of the projects will involve pilot installations, while most will be orders, some of which are being financed as part of dedicated partnerships.

At the date of the Registration Document, orders have been placed for 26 boilers including 2 pilot installations and 5 installations as part of collaborative funding arrangements (i.e. 7 boilers that will not result in revenue, instead being recognised under other income).

These first installations will give BOOSTHEAT a track record with entities such as local authorities, collective housing authorities and landlords, but also with the designers and architects that support these building owners in developing their projects. BOOSTHEAT will use that track record to develop its network and future commercial opportunities. The Company intends to establish partnerships with operators, allowing it to respond to specific invitations to tender for projects involving buildings open to the public, for clients such as Dalkia (see partnership in section 20).

5.1.2.2.3 Packaged offering

BOOSTHEAT offers customers a package including applications for government incentives, financing, installation, mandatory periodic servicing and a 2-year contractual warranty. The Company does not directly provide financing, installation or maintenance services, which are provided through specialist partners (see section 5.1.4.3). However, the two-year contractual warranty may be extended to 10 years through a specific service contract that the Company is planning to offer to its customers (see section 3.1).

In line with the economic trend that favours usage over ownership, BOOSTHEAT could offer consumers the option to lease its products by 2021. By using the leasing option, users would have the benefit of equipment that pays for itself through the savings it generates. At the end of the contract, BOOSTHEAT would install a latest-generation system in customers' homes then recondition the old system in its plant in order to sell it in a new market.

¹²Time required proportional to the complexity of the installation.

5.1.2.2.4 Connectivity services

From September 2019, BOOSTHEAT products will include the latest connectivity features based on Internet of Things (IoT) technology. Its gas-powered heat pumps will feature a 4G module that will allow data from the equipment to be processed. The services developed as a result will be accessible by users, allowing them to monitor and control their equipment remotely, but also by technicians in the Company's technical centre and external technicians carrying out maintenance work.

BOOSTHEAT's in-house support team, using the equipment's connectivity, will be able to help customers optimise the production of space heating and hot water depending on their homes' requirements. By carrying out monitoring to make sure the equipment is being used properly, BOOSTHEAT will be able to respond to any system alarms and assess whether a visit is needed to resolve any problems, but above all to anticipate any breakdowns when system operation data show anomalies.

The functions made possible by IoT technology mean that BOOSTHEAT can offer extended maintenance and warranty agreements that last longer than the statutory two-year period. Users will have the choice of taking out additional warranty coverage for the annual maintenance of their system, or to extend their parts and labour warranty to up to 10 years, both based on a separate agreement and additional service payments (see also section 5.1.4 of the Registration Document).

5.1.3 An "Industry 4.0" production plant

As regards its production system, BOOSTHEAT has always intended to retain full control over its proprietary technology and the way its products are deployed, as well as over its production capacity and the way in which it is ramped up.

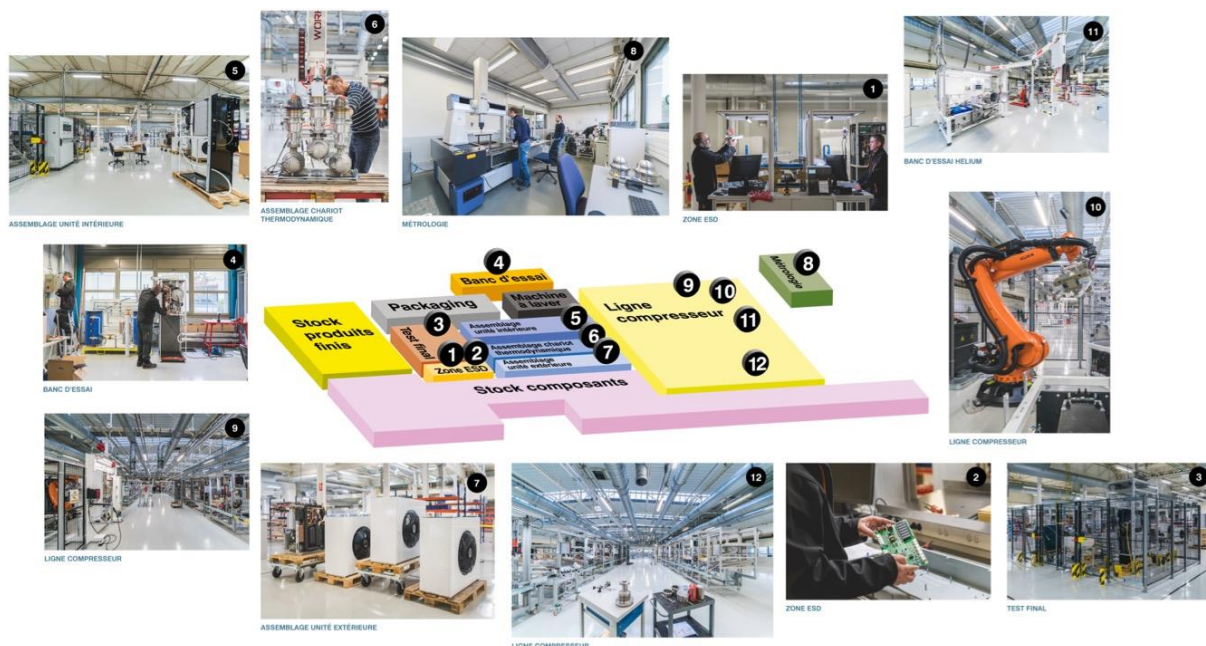
The considerable potential of BOOSTHEAT's markets meant that it had to design a high-capacity, modern production facility that meets "Industry 4.0" standards, i.e. that is organised in a way that allows greater production flexibility and adaptability, and optimises resources through automation and the use of robot technology in production lines, with full traceability.

The Company focuses on assembly operations, and from its first prototypes has implemented a policy of selecting and monitoring providers, which it has since supplemented with a highly rigorous and organised supply management system.

5.1.3.1 Production system

In 2017, BOOSTHEAT chose to set up its factory in the Lyon region, in Vénissieux, on an industrial site where a revitalisation programme was taking place following the planned departure of several Bosch-group subsidiaries. The Company received local and regional assistance, which allowed it to recruit 35 production staff who are experts in their field.

Its production site covers an area of around 7,000m². After a year and a half of work to develop the site, design the production line and recruit staff – at a total cost of €5 million for which a conditional advance of €3,414 thousand was obtained (PIAVE project – see note 2 to the consolidated financial statements in section 18.1) – BOOSTHEAT's plant was officially opened on 27 November 2018.



① and ②: ESD ZONE; ③: FINAL TESTING; ④: TEST BENCH; ⑤: ASSEMBLY OF THE INDOOR UNIT; ⑥: ASSEMBLY OF THE THERMODYNAMIC MODULE; ⑦: ASSEMBLY OF THE OUTDOOR UNIT; ⑧: METROLOGY; ⑨ and ⑩: COMPRESSOR LINE; ⑪: HELIUM TEST BENCH; ⑫: COMPRESSOR LINE; **Finished products store**; Packaging; Cleaning machine; Component store

The most distinctive part of the plant is the thermal compressor production line (shown on the right-hand side of the above map). This line combines performance, innovation, robotics and ergonomics, and was designed alongside product development work according to “Industry 4.0” standards and the standards of the precision mechanical engineering industry. In addition, more flexible manual lines mean that boilers can be fully assembled on-site.

Image of the automated thermal compressor production line

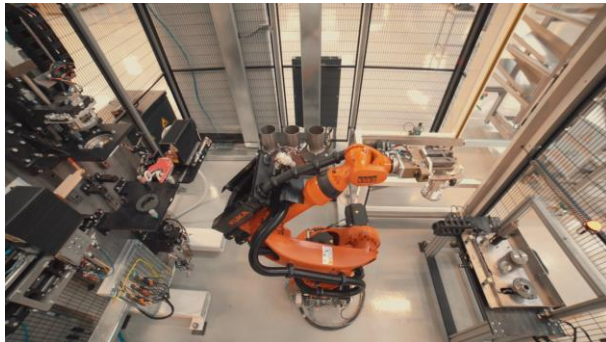


This automated production line can assemble a full thermal compressor in nine minutes with eight people.

The plant's current organisation means that one BOOSTHEAT.20 boiler can be assembled and tested per hour, i.e. seven per day and 1,680 per year, based on 240 working days per year. At the date of the Registration Document, the Company has 30 boilers in inventory.

Annual production capacity could be increased to 20,000 boilers per year by increasing shifts through additional recruitment. Beyond that, it could be increased to 50,000 per year with a limited amount of additional investment by comparison with the initial outlay (with the addition of new robots and production lines and an increase in the number of operators). Such capacity increases could be achieved without substantially affecting production, within a timeframe of around six months. That would involve adjusting the production line, duplicating test benches, automating certain manual tasks (such as screwing and bolting), and recruiting additional manual staff and operators. In addition, certain operations that do not form part of BOOSTHEAT's core business could be outsourced.

Image of one of the three robots on the thermal compressor production line



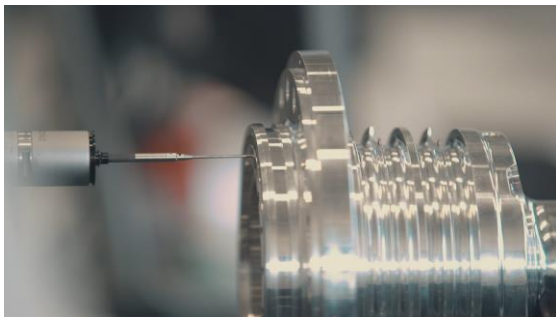
Assembly of the BOOSTHEAT.20's thermodynamic module



> Traceability and safety at the heart of the production process

From the first stage of production, staff in the metrology department use their cutting-edge equipment to check the quality of purchased components with an accuracy of one micrometre (one thousandth of a millimetre). Production is therefore carefully supervised: QR codes and RFID chips have been installed at each stage of production to ensure full traceability.

Example of component quality control: thermal compressor cooler (accuracy of one micrometre = thousandth of a millimetre).



Test bench for each component of the BOOSTHEAT.20



The production line also features “poka-yoke” (i.e. “mistake-proofing” in Japanese) and automated supervision systems that allow monitoring of the assembly process and the quality of components. The production line ends with test benches that ensure the flawless quality of BOOSTHEAT.20 units.

A model for the factory of the future



According to the Company's plans, the strategic production resources should be covered by maintenance contracts by the end of 2019, while facilities management installations undergo regulatory checks by approved bodies (Bureau Veritas, Ecodis and Siemens).

5.1.3.2 A sophisticated supplier selection and monitoring process

The French manufacturing ecosystem, particularly in the machining and smelting industries, means that BOOSTHEAT can call upon highly qualified suppliers. These suppliers were identified and involved from the first tests carried out on the compressor.

Supplier selection is generally a long process, lasting for six months on average, from the time the Company provides its specifications to a preselected supplier to the time the commercial relationship begins.



Of the suppliers and subcontractors selected (around 100), of which five are regarded as critical, more than half are located in France and more than 90% in Europe.

Since the initial R&D stage, BOOSTHEAT has sought to select and set standards for its suppliers. It also has sought to recruit purchasing, supply chain and quality staff members, well ahead of trial production runs, in order to devise a reliable and effective Supplier Relationship Management approach.

Components are classified according to their criticality, which results in various approval processes and monitoring frequencies for the corresponding suppliers.

The thermodynamic module was created using components that were specially developed in partnership with the Company's suppliers. The other sub-assemblies of the BOOSTHEAT boiler feature standard components used in the heat pump and heating industry. These sub-assemblies are sourced from leading suppliers capable of dealing with significant variations in volume.

As well as establishing a safety stock (the Company is aiming to build an inventory of components that will last around 60 days) and making efforts to optimise the supply chain, BOOSTHEAT has put together a list of back-up suppliers to cover all eventualities and ensure the consistency of the Company's sourcing in terms of both quantity and price.

As with standard components, BOOSTHEAT has chosen to have two sources for its compressor components.

List of main suppliers

Supplier	Country	Components
DECAYEUX	France	Pipe bending, heat pump assembly
SAINT JEAN INDUSTRIES	France	Cast stainless steel component (compressor)
MAHR	Germany	Linear bearing (compressor)
FTEU	Germany	Regenerator (compressor)
DPS	France	Sheet metal for the indoor unit
SAB	France	Cast aluminium component (compressor)
STREIT	France	Forged aluminium component (compressor)
COPHIMEC	France	Machined components (compressor)
RHONE MECA	France	Machined components (compressor)
ISOCEL	Italy	Connectors, valves etc.
DENALINE	Italy	CO ₂ buffers
KAORI	Taiwan	CO ₂ exchangers
AIC	Poland	Water/fumes exchanger
MODINE	Italy	Battery for the outdoor unit

In order to improve its profit margins over the long term, the Company's manufacturing team is continuously working with the R&D team to find ways of reducing production costs through the choice of materials and process optimisation.

5.1.3.3 Certification and quality

The BOOSTHEAT boiler was awarded the CE mark on 24 September 2018, having complied with the following European directives:

- the gas directives;
- the ecodesign directive;
- the PED (Pressure Equipment Directive);
- the electromagnetic compatibility and low voltage directives.

The certifying body is Certigaz. The certificate obtained on 24 September 2018 is valid for 10 years, subject to annual audits. Lloyd's Register assisted BOOSTHEAT with respect to the PED.

The Company has adopted a quality system that complies with Certigaz requirements and intends to obtain ISO 9001 certification in 2020 with the help of an external consultancy.



Certificat Certificate

Règlement (UE) 2016/426 « Appareils à gaz »
Regulation (EU) 2016/426 « Gas appliances »

Certificat numéro: 1312CT6298

CERTIGAZ, après examen et vérifications, certifie que l'appareil :
CERTISAZ, after examination and verifications, certifies that the appliance :

- Fabriqué par : **BOOSTHEAT**
Manufactured by : **41,47 boulevard Marcel Sembat**
69200 VENISSIEUX
- Marque commerciale et modèle(s) : **BOOSTHEAT**
Trade mark and model(s) : **➤ BOOSTHEAT 20**
- Genre de l'appareil : **POMPE A CHALEUR HYBRIDE GAZ**
Kind of the appliance : **HYBRID GAS HEAT PUMP**
- Désignation du type : **BOOSTHEAT 20**
Type designation :

Pays de destination <i>Destination country</i>	Pressions (mbar) <i>Pressures (mbar)</i>	Catégories <i>Categories</i>
FR	20 ; 25 ; 37	IIEel3P
B	20 ; 25	I2E (e)
D	20	I2E
CH	20	I2H

sont conformes aux exigences essentielles du Règlement (UE) 2016/426 « Appareils à gaz »
is in conformity with essential requirements of Regulation (EU) 2016/426 « Gas appliances »
Toute falsification de ce certificat ou l'usage non autorisé de ce certificat est puni de 10 ans d'emprisonnement.
Ce certificat est valide 10 ans à partir de la date de signature. Il annule tout certificat antérieur.
Validity date 10 years since signature day. It cancels any previous certificate.

Neuilly, le 24 septembre 2018

Le Directeur Général

Vincent DELARUE



CERTIGAZ SAS - 8, rue de l'Hôtel de Ville - F 92200 Neuilly-sur-Seine - Tél. : +33 (0) 1 47 07 40 - Fax : +33 (0) 1 47 07 03
info@certigaz.fr - www.certigaz.fr

On 9 April 2019, BOOSTHEAT France obtained RGE environmental certification.

RGE certification is a quality mark delivered to a company that meets certain criteria when carrying out energy saving work in residential properties (wall or roof insulation, installation of equipment that uses renewable energy etc.). RGE status is recognised by the French government. For consumers, using RGE contractors entitles them to certain types of public assistance such as zero-interest-rate eco-loans. The certifying body is Qualibat. Maintaining this certification is subject to an annual administrative update and checks on completed projects, and a new application must be made after two years.



CERTIFICAT QUALIBAT « RGE »



NUMÉRO E-E178887

VALABLE JUSQU'AU 08/04/2020

ÉDITÉ LE 11/04/2019

SITUATION ADMINISTRATIVE ET JURIDIQUE

Date de création : 05/05/2018

Forme juridique : SASU

Capital : 25 000

Registre du commerce ou répertoire des métiers : RC

Siren : 842 462 947 00016

Code NACE : 4374B

Numéro caisse de congés payés :

Assurance Responsabilité Travaux : 1028402104

Assurance Responsabilité Civile : 1028402104

Situation fiscale et sociale : A jour au 31/12/2018

Raison sociale : BOOSTHEAT FRANCE

41 BD MARCEL SEMBAT

41-47

69200 VENEISSIEUX

Téléphone : 06 75 66 23 26

Portable : 06 75 66 23 26

Fax :

Site Internet :

E-mail : benoit.fougeaud@boostheat.com

Responsabilité légale :

BOOSTHEAT LUC PRÉSIDENT / BOOSTHEAT LUC GÉRANT

Effectif moyen : 1

Tranche de classification : EFF1

QUALIFICATION PROFESSIONNELLE

Code	Qualification(s) en cours de validité	* Date d'attribution
5201 PROB	Installation de pompe à chaleur et groupe froid en habitat individuel, collectif et tertiaire inférieur à 1000 m2 Mention RGE	08/04/2019

Domaines RGE de travaux couverts

Domaines	Date d'attribution
1 Pompe à chaleur	08/04/2019

* Ou du plus récent renouvellement

LE PRÉSIDENT
DE QUALIBAT

Alain MAUGARD

SIGNATURE
DU TITULAIRE

AGENCE
QUALIBAT

AGENCE DE LYON
IMMEUBLE "LA DOUA"
4, RUE DE LA DOUA
B.P. 71318
69600 VILLEURBANNE CEDEX

Version 4.0.0.0

La (ou les) qualification(s) « RGE » attesté(s) de la conformité aux exigences applicables à la « Reconnaissance Garant de l'Environnement », suivant le « référentiel pour l'attribution et le suivi d'une qualification professionnelle d'entreprise et la délivrance du certificat », ainsi que les éventuelles exigences complémentaires et/ou particulières associées aux qualifications ci-dessus, en vigueur à la date de la demande.

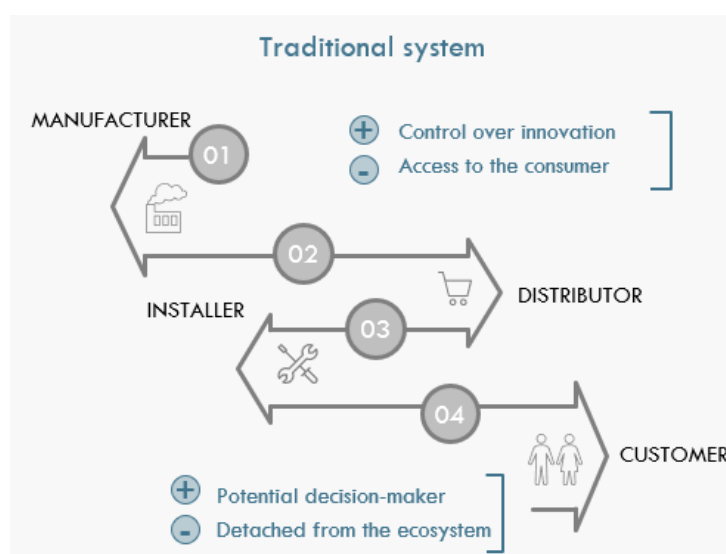
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5.1.4 A distinctive marketing strategy

With the BOOSTHEAT.20, the Company is mainly addressing the market for heating systems in individual homes undergoing renovation and for heating systems in the small collective housing and tertiary segment.

In the individual homes market, the energy and heating ecosystem is changing, with energy providers seeking to offer more services and to reduce their use of intermediaries in the Company's view. As a result, BOOSTHEAT has chosen to address end-consumers directly.

BOOSTHEAT has broken with the traditional approach taken by manufacturers, in which they use external distributors and installers and rarely come into direct contact with consumers. Instead, BOOSTHEAT has since the fourth quarter of 2018 (after obtaining the CE mark in September 2018) gradually adopted a multi-channel commercial approach aiming to reach customers directly and maintain a relationship with them. This has two advantages: giving customers a degree of control over their equipment through connectivity services, and limiting costs by reducing the number of intermediaries involved.



5.1.4.1 Marketing process currently being implemented

Dynamic digital marketing tools

In 2018, the Company embarked on a digital marketing plan to reach potential customers through digital media, to measure and analyse their behaviour so that it could then carry out appropriate media campaigns. The Company has devised a customer pathway on its website, with the aim of providing all the information a prospective customer might require, and the option to receive a call back from the Customer Relations Centre to arrange an on-site assessment of the customer's existing system (see section 5.1.2.2 of the Registration Document).

On average, the Company expects to receive more than 500 new information requests regarding its products every week from its website from September 2019 (compared with a weekly average of 250 in the second quarter of 2019). At 31 August 2019, the Company had received 6,626 information requests via its website since the start of 2019, had sent 391 quotes to interested prospective customers and signed 46 orders¹³ for installations due to take place from late September 2019.

A pilot involving the BOOSTHEAT.20 being used in real-life conditions by consumers and tested in laboratories in France and abroad

¹³An order is officially recorded when the purchase order is signed.

In addition, and as well as the testing that takes place in BOOSTHEAT's plant – in which boilers are assessed in normal operating conditions – a real-life pilot has been in progress since the fourth quarter of 2018 involving around 20 BOOSTHEAT.20s that are being installed in consumers' homes, in order to get their feedback about performance, ease of use and the function allowing the system to be controlled by smartphone or tablet. This pilot is being partly financed by ADEME through €330 thousand of "innovation support" funding obtained in April 2019, comprising €220 thousand of subsidies and a €110 thousand repayable advance, of which the Company received €133 thousand and €67 thousand respectively in the first half of 2019 (see notes 3.15 and 3.16 to the condensed consolidated financial statements for the six months ended 30 June 2019 included in section 18.2 of the Registration Document).

At the same time, BOOSTHEAT.20s are also undergoing laboratory testing by energy providers and installers in France, Germany and Belgium, and this is likely to result in new partnership agreements that will substantially increase boiler sales in those countries.

5.1.4.2 A multi-channel sales model

BOOSTHEAT wants to make its products accessible to the largest possible number of people, and offers three ways of buying a system (with customers paying after installation takes place): (i) payment in cash, (ii) buying on credit (up to 15 years) and (iii) leasing, to be introduced by 2021. The large reduction in energy bills means that users can recoup their investment very quickly and add value to their homes by improving their energy rating, since the BOOSTHEAT.20 itself has an A++ rating. A study carried out in France by Notaires de France shows that homes with energy ratings of A or B sell for 6-14% more than D-rated homes¹⁴.

✓ Buying on credit

Under an authorisation agreement with BNP Paribas Personal Finance dated 21 June 2018, the Company is authorised to offer a financing solution to its individual customers for the purposes of their private activities in mainland France (including Corsica). BOOSTHEAT's project managers have undergone training in accordance with the Lagarde Act. The credit agreement is formed directly between the customer and BNP Paribas Personal Finance, which pays the Company for the customer's order.

✓ Leasing – a complementary ownership method

To meet the requirements of consumers who are increasingly keen on the "usage economy" – i.e. who no longer want to buy a product in all circumstances, sometimes preferring to lease a product in good working condition for an all-in monthly price – BOOSTHEAT is preparing a leasing offering in partnership with BNP Paribas Personal Finance, which could, in the Company's view, be available by 2021 once a specific authorisation agreement has been formed. At the date of the Registration Document, the process is underway, supported by an initial feasibility study financed by ADEME.

Ownership of a number of boilers would be transferred to a SPV (Special Purpose Vehicle), whose main activity would be to lease out those boilers. This arrangement would support the growth in BOOSTHEAT's sales as and when future fundraising takes place. Initial approaches have been made to potential providers of finance to the SPV (financial institutions).

The aim is that the monthly cost to customers will be offset by the reduction in their energy bills.

Finally, BOOSTHEAT is working with the public authorities – i.e. the relevant ministries – to remove barriers to this model by adjusting the tax arrangements (levying VAT at 5.5% and allocating energy transition grants to users rather than to the entity that owns the boilers in the strict sense).

5.1.4.3 A two-stage commercial process

BOOSTHEAT is positioning itself as the **preferred point of contact for its customers**. The Company **offers its products and services directly to customers**, allowing it to devise offerings that are fully transparent in terms of cost, the entities with which customers are dealing and after-sales service. However, in terms of the commercial roll-out, BOOSTHEAT does not intend to manage teams of

¹⁴<https://www.notaires.fr/fr/immobilier-fiscalite/C3%A9/etudes-et-analyses-immobili%C3%A8res/performance-%C3%A9nerg%C3%A9tique-la-valeur-verte-des-logements>

technicians directly for installation and maintenance work across France, or in the neighbouring countries in which it intends to achieve rapid sales growth, as detailed below.

Initially, for the first few months of deliveries and installations of BOOSTHEAT.20 units starting in late September 2019, the Company intends to handle the process itself in its entirety. As soon as a prospective customer has sent photos of his/her home's layout for a digital visit and agreed for the Company's project manager to assess the feasibility of installing a BOOSTHEAT.20, a mandatory site visit by one of the technical centre's specialists takes place. If the customer then places an order, that specialist will install and commission the boiler.

BOOSTHEAT has set up a **technical centre** employing five trainer-technicians, with a training facility in the Company's premises in Vénissieux. The technical centre trains, oversees and supports the installer network, and monitors the quality of work carried out in the field.

France is covered by a network of independent **sales agents**, paid in the form of commissions for referrals of qualified prospective customers or signed orders, of whom there are currently 11, representing BOOSTHEAT at the local level. They specialise in selling home heating equipment. They carry out project visits and arrange for customers to sign order forms (see section 5.1.1).

In a second phase, starting from the end of 2019, BOOSTHEAT will retain its position as project manager and entity in charge of the customer relationship throughout the boiler's lifetime, but installation, maintenance and repairs will be carried out by BOOSTHEAT technicians, before gradually being transferred to **partners**.

Installer partners will do the installation and commissioning work, use BOOSTHEAT tools and have BOOSTHEAT certification.

After an initial period of around two years during which the Company's technical centre will carry out mandatory servicing, partners will gradually take over these operations. They will use BOOSTHEAT tools and will be certified by BOOSTHEAT.

5.1.4.4 Gradual formation of partnerships with installers and maintenance networks

Partnerships with installers

The Company intends to arrange for installation and commissioning work to be done by installers that it certifies itself.

In France, BOOSTHEAT has a strategic partnership with Butagaz (2018 revenue: €726 million), a subsidiary of London-listed Irish group DCC, which is an energy provider (natural gas, propane, butane, electricity, wood pellets) and a leading supplier of propane in France with a network of 400 partner companies. BOOSTHEAT's relationship with Butagaz already covers several areas. Under a referral agreement dated 28 March 2017, Butagaz paid the Company a lump sum of €275 thousand excluding VAT in return for developing a version of the BOOSTHEAT.20 that can run on propane. Under a partnership agreement for the provision of leads in the LPG market, also dated 28 March 2017, Butagaz and the Company each undertook to promote the other party's activities and raise its profile. This partnership could be subsequently extended to collective housing/tertiary products. In the shorter term, Butagaz and its dedicated sales force will be able to sell BOOSTHEAT products, which could be installed and maintained by its own network. The particular appeal of this partnership is that it will allow BOOSTHEAT to access the market for isolated homes, which are usually equipped with fuel-oil boilers that are due for replacement in the near future.

The partnership with Iserba, a maintenance group that has its own network of installers, is also very attractive for BOOSTHEAT. Iserba's activities in the residential market are separate and clearly identified under the Resoconfort name. This enables it to adopt more targeted initiatives, particularly regarding the replacement of fuel-oil boilers, which is a major part of BOOSTHEAT's strategy.

Other installation/maintenance networks have been identified for future partnerships, such as Unergies. As well as these major national service providers, BOOSTHEAT also wants to attract medium-sized installers (such as Sweetair, Gaz de Bordeaux, Rhin Climatisation and Logista Hometech) and local

installers that have a closer connection with their local areas, in order to achieve both broad coverage and high quality in its commercial roll-out. In particular, it wants partners that have:

- technical expertise, i.e. RGE, Qualipac and AF Gaz accreditation;
- a high local profile and a proven customer base.

The network is being developed in various ways: communication campaigns targeting the installer networks of BOOSTHEAT's partners such as Butagaz, business development aimed at establishing partnerships with maintenance groups, and email campaigns targeting installers.

This decentralised network of installers with a strong local presence and technical expertise complements BOOSTHEAT's position as a manufacturer. The network will be able to use the Company's digital marketing and mass-market communication resources.

In Switzerland, the Holdigaz group is a major player in energy distribution, and has diversified into providing heating and renewable energies. It generated revenue of CHF228 million and net income of CHF30 million¹⁵ in its financial year ended 31 March 2018. It is a major shareholder in BOOSTHEAT (see section 16.1 of the Registration Document) and is BOOSTHEAT's exclusive distributor in Switzerland. At the date of the Registration Document, its Novogaz SA subsidiary had placed a firm order for 50 BOOSTHEAT.20s in 2019, with the intention to acquire 250 BOOSTHEAT boilers in 2020, 500 in 2021 and 750 in 2022, based on a transfer price of €11,200 per unit.

For Germany, BOOSTHEAT set up a marketing subsidiary – BOOSTHEAT Deutschland GmbH – in November 2018, which employed four people at 30 June 2019. A BOOSTHEAT.20 boiler has been undergoing testing by energy company Innogy since 5 May 2019.

Partnerships with maintenance networks

Similarly, the Company wants gradually to set up partnerships with certified technicians to carry out mandatory periodic servicing and repairs. It has identified a preferred partner, i.e. the Iserba group (see section 5.1.1).

Internal sales support resources

To assist its commercial subsidiaries' sales network, BOOSTHEAT is setting up:

- a Customer Relationship Centre (CRC) dealing with prospective customers, providing them with a detailed assessment and an all-in quote, and organising the activities of project managers on the ground, who carry out the visits that must take place before a final quote is produced and an order is placed;
- a communication and operational marketing team to raise BOOSTHEAT's profile based on its technological, social, environmental and workforce-related values – i.e. the originator of a new industry in France that is contributing to green growth – which will also be deployed at the local level using appropriate media;
- services such as remote boiler management, digital and operational marketing resources, event promotion and administrative management of CEE energy-saving certificates;
- a training centre that acts as a genuine in-house academy, approving trade partners on an ongoing basis and providing the content of training programmes in relation to sales (role of Project Manager, business guidelines, the BOOSTHEAT charter), installation (specifications, typical installation, checks and completion statements, tidiness of installation work etc.), maintenance (annual services, regulations, reports and contracts, communication at the customer's home) and repairs (simulation of breakdowns, fault identification and correction, resolution and learning curves). The BOOSTHEAT Academy is based at the Vénissieux site, close to the production line.

With this commercial policy, BOOSTHEAT is introducing an incentive system for its partners based on various actions: generation of prospective customers/leads, quotes and sales, installation, maintenance and repairs. Commissioning work will initially be done by BOOSTHEAT, before being outsourced to trade partners in starting in late 2019.

¹⁵Source: Holdigaz 2017-2018 annual report.

5.1.4.5 Raising the Company's profile in its priority markets

Growing brand recognition among the general public

BOOSTHEAT's growing brand recognition is the result of its **multi-channel strategy for acquiring prospective customers**.



Company data

The strategy is based on a **distinctive brand identity**, established in particular through the advertising campaign set out below, devised by a communication, brand thinking and design agency.





Recognition by the general public

The BOOSTHEAT.20 has also received various types of accreditation and awards:

- in August 2018, the Solar Impulse Foundation named it as a Solar Impulse Efficient Solution, a label that recognises the financial viability of solutions that protect the environment;
- in November 2018, the BOOSTHEAT.20 was named as the innovative gas product of 2018 in the Erdgas awards in Berlin, Germany;
- in November 2018, it received the “Product of the year” award, voted for by the general public, in the innovation awards held by Maison & Travaux magazine, which has a regular circulation of more than 100,000¹⁶;
- in May 2019, the BOOSTHEAT.20 won the silver award in the “intelligent home” category of the Foire de Paris innovation awards;
- in May 2019, BOOSTHEAT received a “Tech for Good Award” from BFM Business, in partnership with the French government, in the “responsible consumption” category (one of only six companies out of 400 start-up and scale-up companies to win an award).



¹⁶<https://www.acpm.fr/Support/maison-travaux>

Frequent attendance at trade fairs and shows

The Company frequently takes part in trade shows and other events, increasing its opportunities to meet prospective customers, investors and partners, and allowing them to find out more about its technology, products and plans.

The Company actively promotes these events on its website and social media, helping to raise its profile.

The events attended recently by BOOSTHEAT include:

- the SET (Startup Energy Transition) Festival on 9 April 2019 in Berlin, as joint exhibitor on the stand shared with ADEME;
- the International Exhibition of Inventions in Geneva between 10 and 12 April 2019, in which BOOSTHEAT presented its technology on the International CleanTech Week stand;
- the Foire de Lyon 2019, the first general-public show attended by BOOSTHEAT, in which it was able to provide quotes on the spot and arrange appointments with potential customers;
- the 2019 Foire de Paris, as part of the Company's involvement in the Grands Prix de l'Innovation;
- International CleanTech Week, which ran from 19 to 22 June 2019 in Annecy, in which BOOSTHEAT presented its BOOSTHEAT.20 boiler, among 150 start-ups and established companies exhibiting their green innovations.

In addition, on 4 April 2019, BOOSTHEAT signed the "ENGAGÉ POUR FAIRE" ("Committed to action") charter to promote the upgrading of energy systems, along with 136 other building renovation companies at France's Ministry for Ecological and Inclusive Transition. This represents a commitment to delivering successful energy transition in buildings, which is a crucial issue for the coming years.



5.1.5 Organisation

5.1.5.1 Operational structure

The Company's operational structure on the Registration Document's filing date is as follows:



5.1.5.2 Highly experienced top management team



Luc Jacquet, co-founder and Chief Executive Officer

Luc is a qualified IT engineer with a degree from the Université Catholique de Louvain in Belgium. He has 30 years' experience as a founder and manager of growth companies and as a marketing consultant for major industrial groups (EADS Telecom). With Jean-Marc Joffroy, he co-founded Dialog Systems in 1989 (subsequently sold to Ascom in 1999), where he was head of administration, finance and sales, and BOOSTHEAT in 2011, where he is Chief Executive Officer.



Jean-Marc Joffroy, co-founder and Chief Innovation Officer

Jean-Marc is a mechanical engineer specialising in thermodynamics and a graduate of the Université Catholique de Louvain in Belgium. With Luc Jacquet, he co-founded Dialog Systems, where he was head of strategy, technology and development. Since 2004, he has focused on research into energy efficiency applied to thermodynamic systems. He invented BOOSTHEAT's patented technology and is the Company's Chief Innovation Officer.



Yves Chabanon, Chief Financial Officer

Yves studied engineering at the École Centrale de Paris, and has also completed studies in finance and accounting. He brings to BOOSTHEAT 30 years' experience in international operations and operational finance positions, including 9 years at Bouygues and 15 years at Dell. He joined BOOSTHEAT in 2015 and currently heads its finance department.



Jean-Luc Margand, head of production

Jean-Luc has a mechanical engineering degree from the École Centrale de Lyon, along with 15 years of experience in the automotive industry as head of quality, methods and production (NTN-SNR Bearing and JTEKT).

Between 2005 and 2013, he was head of operations at Danfoss Commercial Compressors in France. He was responsible for two production plants that employed 650 people and made scroll and piston compressors for refrigeration and air conditioning applications. Jean-Luc has extensive experience working for large industrial groups, and has also worked for an innovative SME (Technogenia) as head of operations and R&D.

He joined BOOSTHEAT in 2016 and is currently responsible for ramping up its production on an industrial scale.



Yves Cambot-Courrau, head of technical R&D

With a degree in engineering from the École Nationale des Arts et Métiers, Yves is giving BOOSTHEAT the benefit of his 30 years of experience in technical, innovation and operational and strategic management roles at international industrial groups.

Yves joined BOOSTHEAT in 2015 and currently has the role of technical manager, overseeing research and development activities.



Philippe Dujardin, Chief Executive Officer of BOOSTHEAT France

Philippe has 30 years of experience in growth companies. He was formerly deputy CEO of Awabot and CFO of Erytech Pharma, as well as head of financing and investor relations at Infogrames / Atari.

He joined BOOSTHEAT in 2014 and is currently head of BOOSTHEAT SA's development department, where his remit includes partnerships, product offerings and international development, and Chief Executive Officer of BOOSTHEAT France.



Norbert Dischinger, Chief Executive Officer of BOOSTHEAT Deutschland

Norbert started his career at Prognos AG, a Swiss transport and energy consultancy. He then joined Schott Solar, where he was in charge of developing and producing a new type of heat pipe solar collector. After a spell at IMH Venture Finance, he became CFO of Promeos GmbH. Norbert holds a PhD in economic sociology, a masters' degree in environmental economics and a masters' degree in physics, all from German universities. He has organised €20 million of fundraising over the last 20 years.

He joined BOOSTHEAT in 2017 to develop its German business.

5.2 MAIN MARKETS

The Company mainly addresses the market for heating systems in individual homes undergoing renovation and for heating systems in the small collective housing and tertiary segment. Since heating is an important area in terms of energy transition, environmental issues are having a major impact on the development of the Company's market, where growth is also being spurred on by government incentives.

5.2.1 Environmental issues

The period following the great oil shocks led to changes in energy production and consumption, in response to the economic issues arising from constantly rising energy prices. The expected consequences of global warming – a genuine climate shock – represent a key issue for the next 30 years and are expected to lead to changes in our lifestyle as energy transition takes place, requiring further efforts to optimise energy use.

The IPCC (Intergovernmental Panel on Climate Change, which has 195 member states) published a report on 8 October 2018 stating that global greenhouse gas emissions must be reduced by 45% by 2030 compared with their 2010 level to keep the average temperature increase below 1.5°C, and that the world must commit to "rapid" and "unprecedented" changes in order to achieve large reductions in greenhouse gas emissions.

5.2.1.1 Heating: a key area for energy transition

Globally, the building industry (residential and tertiary) plays a key role in energy policy. Energy consumed by buildings represents around 36% of total energy consumption across all sectors, and 40% of total direct and indirect CO₂¹⁷ emissions.

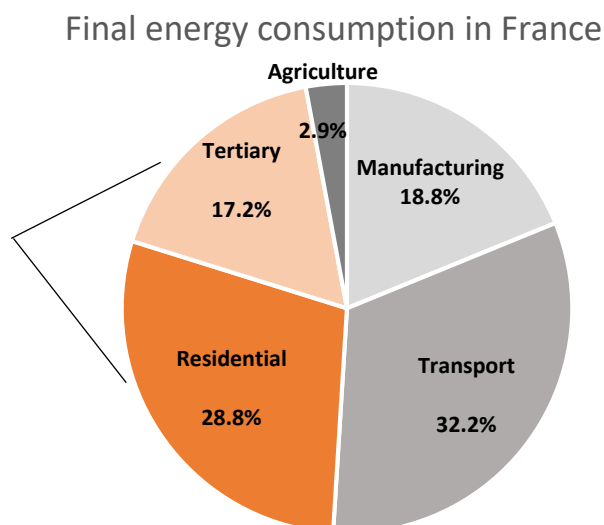
Of that energy consumption, 42 exajoules are consumed in heating homes every year: this equates to more than €500 billion¹⁸ being transformed into hot water and flue gas. Overall, heating homes accounts for around 25% of the world's energy consumption¹⁹.

¹⁷Source: International Energy Agency, <https://www.iea.org/topics/energyefficiency/buildings/>

¹⁸<https://www.iea.org/topics/energyefficiency/buildings/heating/>

¹⁹International Energy Agency figures, <https://iea.org/renewables2018/heat>

In France in 2017, the building industry accounted for 46% of final energy consumption, i.e. 65m tonnes of oil equivalent²⁰ and 23% of greenhouse gas emissions²¹.



Source: France's Ministry for Ecological and Inclusive Transition, 2017 energy report

Within the residential sector, heating represents almost 66% of household energy consumption, and an additional 11% is used for domestic hot water²². As a result, the energy used to heat homes is equivalent to that used by the whole manufacturing industry.

France's housing stock is relatively old. Of almost 29 million primary residences (of which 16 million are houses), more than half were built before 1975²³, before any strict thermal standards were introduced. There are around 12 million individual boilers in France, but almost a quarter of them are more than 20 years old²⁴.

Improving energy efficiency is the main way to reduce CO₂ emissions. Controlling a home's energy requirements involves a set of solutions covering both its equipment (heating source, distribution method, regulation method) and structure (insulation in the loft, walls, roof etc.). As a result, it is vital to reduce energy consumption by increasing insulation and installing high-performance equipment. Renewable energies accounted for 16.3% of France's gross final energy consumption in 2017 according to estimates by the Ministry for Ecological and Inclusive Transition.

5.2.1.2 Changes in heating methods used in individual homes

Originally, the preferred way of heating buildings involved "traditional" gas- or fuel oil-powered boilers that used atmospheric or pulse-fired burners. Those solutions were acknowledged as highly reliable, but offered low energy efficiency. From the 1970s and 1980s, particularly as a result of the oil crisis, new regulations and changing consumer behaviour led to a reduction in heating consumption. Slightly more energy-efficient boiler technology came into force during the period, including low-temperature boilers offering efficiencies of 90-95%. It was also during that period that the first electric heat pump-based heating systems became widespread, offering greater efficiency (primary efficiency of 100-110%) but sometimes at the expense of reliability and comfort, since they were not powerful enough to deal with very low temperatures and high-volume domestic hot water production.

In the 2000s, condensing gas boilers were developed, recovering heat contained in the water vapour produced by the boiler – which would otherwise be lost – by condensing it. In the heat pump segment, developments in recent years have focused on hybrid solutions, combining the heat pump with energy

²⁰Figures from France's Ministry for Ecological and Inclusive Transition

²¹Figures from INSEE, <https://www.insee.fr/fr/statistiques/2015759#tableau-Donnes>

²²ADEME, climate, air and energy study 2018

²³Source CEREN, October 2018.

²⁴<http://www.economiedenergie.fr/Chauffage-chaudiere-et-boucle-a-eau-chaude.html>

from another source. This is the case with hybrid heat pumps that combine a condensing boiler with an electric air/water heat pump, which reduce energy consumption by up to 35% compared with a traditional condensing boiler.

Across France's housing stock as a whole (individual and collective housing), gas is the second most widely used source of energy, accounting for 28% of consumption. Electricity represents 34% and its share of the total is rising (24% in 1990) because of the increasing efficiency of the available solutions²⁵.

BOOSTHEAT is targeting the home renovation market by providing an alternative to gas- and fuel oil-powered boilers and electric heat pumps. In France, 645,000 boilers were installed in 2017, of which three quarters²⁶ (76%) were as part of renovation projects, i.e. more than 480,000 units. In Germany, renovation projects accounted for 71% of boiler installations, i.e. 426,000 units out of 600,000.

Against this background, BOOSTHEAT is offering a new, practical way of addressing the challenge of reducing energy use. The BOOSTHEAT boiler is a gas-powered heat pump. It therefore combines, within a single product, the reliability of a boiler and the efficiency of a heat pump, making it an advantageous heating solution. In addition, its performance means that it meets all environmental requirements, reducing energy consumption by up to half compared with condensing boilers.

5.2.1.3 Natural gas: vital for energy transition

Natural gas is an energy source that will play a major role in achieving energy transition. Although it is mainly of fossil origin at the moment, it has several advantages compared with other energy sources.

Natural gas is a resource that is readily **available** in all seasons. It represents 21% of energy consumption in Europe²⁷. The Company estimates that to cover the heating requirements currently met by gas in France, it would be necessary to multiply wind power capacity by a factor of 10 or build more than 13 additional nuclear power plants. This estimate is based on French gas consumption of 494 TWh in 2017, of which 50% was used for heating (source: GRT Gaz 2018 gas outlook), whereas wind power generation was 24 TWh (source: RTE 2017) and a nuclear plant generates 18 TWh²⁸.

Unlike electricity, which cannot be stored on a large scale, large quantities of natural gas **can be stored** in liquid form. As an illustration, 1 m³ of stored liquefied natural gas (LNG) represents 600 m³ of gas, i.e. 6,720 kWh, whereas even the most efficient batteries are only capable of storing 90.2 kWh²⁹ of electricity in a 1 m³ volume. LNG's energy density is therefore 75 times greater than electricity storage³⁰.

It is a form of energy that is **economical** for consumers compared with electricity, costing 2.6 times less per kWh in France, 4.9 times less in Germany and 2.1 times less in Switzerland³¹.

It can also be **transported** to end users through well-developed transportation and distribution networks. In France, GRDF operates a grid of almost 200,000km, covering 77% of the population. Distribution losses with natural gas are a quarter of the level seen with electricity transmission³².

The use of biogas, produced from biomass and organic waste in anaerobic digesters, has been growing for a number of years, and 90 TWh of renewable gas could be injected into the French gas grid in 2030³³, corresponding to almost 30% of total gas consumption. Another advantage of biogas is that it can be transported over the existing gas grid and mixed with natural gas, reducing the carbon footprint of this energy source.

²⁵France's Ministry for Ecological and Inclusive Transition, 2017 energy report.

²⁶BSRIA Domestic Boilers France / Germany 2018 survey.

²⁷gasinfocus.com.

²⁸<https://www.connaissancedesenergies.org/fiche-pedagogique/parc-nucleaire-francais>

²⁹https://www.tesla.com/fr_FR/powerpack

³⁰<https://selectra.info>

³¹Source: ec.europa.eu.

³²leseoliennes.be.

³³GRT Gaz, 2017 gas report.

5.2.2 Heating: a promising replacement market

5.2.2.1 The market for heating in individual homes

The global heating, ventilation and air conditioning (HVAC) market was worth an estimated \$170 billion in 2017 and is likely to continue growing at a rate of more than 2.5% per year³⁴. The global market for boilers alone was estimated to be worth more than \$50 billion in 2017³⁵.

It is estimated that around 6.5 million items of equipment were sold in 2016 in the European heating market, taking into account all heating methods³⁶. According to a 2016 European Commission report (“An EU Strategy on Heating and Cooling”), almost half of buildings in the European Union are equipped with boilers installed before 1992 that are less than 60% efficient. In Europe, 22% of gas boilers, 34% of electric radiators, 47% of fuel oil-powered boilers and 58% of coal-powered boilers have exceeded their 25-year technical lifetimes.

BOOSTHEAT has identified its potential market using three main criteria:

- whether the home is capable of housing a floor-standing boiler and has access to a renewable energy source (i.e. heat from the air or ground). As a result, it is mainly targeting individual houses;
- whether the home can have a mains gas connection. If not, the home could still form part of the Company’s potential market if it uses propane stored in a tank (see section 5.1.4.4 regarding the partnership with Butagaz);
- whether the heating equipment needs to have a power output of at least 15kW. The energy consumption, living area and average seasonal climate criteria are designed to cover the energy and domestic hot water needs of a home with a minimum floor area of 100m². Indirectly, this excludes most new homes, whose power requirements are lower because of high-performance insulation. This is why BOOSTHEAT is focusing on the renovation market, in which homes have a power requirement of over 15kW.

The two geographical markets initially targeted by BOOSTHEAT are France and Germany, since they show a lot of potential and are representative of the broad market in terms of greenhouse gas emissions reduction targets, political support for renewable energies and energy price conditions. Switzerland is also a target market because of issues relating to its energy mix – the country plans to stop using nuclear power eventually and needs to maintain its hydroelectric facilities – as well as the partnership with Holdigaz, which is a shareholder in the Company.

The BOOSTHEAT gas-powered heat pump appears to be a very timely solution in terms of both overall performance and the broad balance of energy sources.

> The French residential market

According to a BSRIA study³⁷ of France’s 36 million homes (principal residences and others), more than 17 million had a central heating system powered by fossil fuels or biomass in 2016. 12 million homes had electric heating, which is a specific feature of the French heating market. Of those 12 million homes, 3.2 million reportedly had heat pumps (air/water and thermodynamic water heaters).

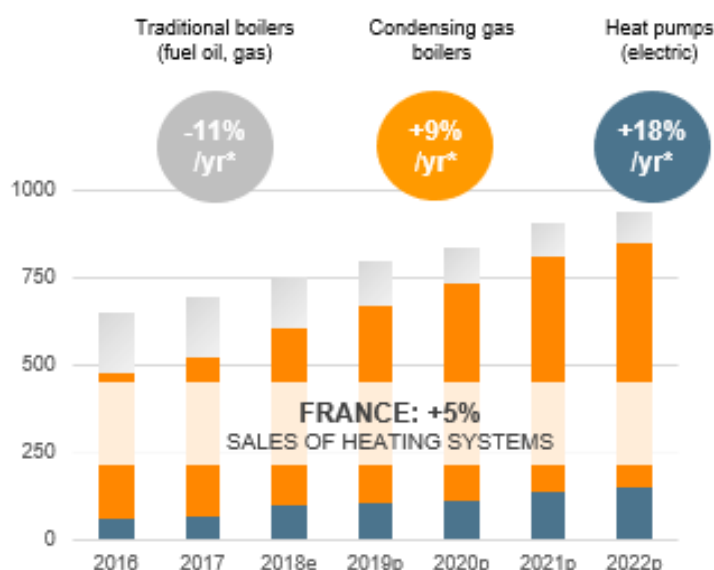
³⁴<https://www.statista.com/statistics/414960/global-market-for-commercial-and-residential-hvac-systems/>

³⁵<https://www.gminsights.com/industry-analysis/boiler-market>

³⁶Combined figures from the EHPA (European Heat Pump Association) and BRG Building Solutions.

³⁷BSRIA Domestic Boilers France 2018 survey.

Sales of heating systems in France (thousands of units)



*Compound annual growth rate 2016-2022

BSRIA Domestic Boilers France 2018 survey; EHPA (European Heat Pump Association) data

Sales of boilers in France amounted to 645,000 units in 2017, up 5% year-on-year. The market is likely to keep growing at least until 2022, with a CAGR of 9% between 2016 and 2022, driven mainly by growth in condensing gas boilers, while sales of traditional boilers (fuel-oil or non-condensing gas boilers) are likely to decrease by 11% per year³⁸.

The market for heat pumps, which make use of renewable energy to heat homes, is growing even more rapidly, with a CAGR of 18% expected between 2016 and 2022³⁹.

> Potential market for the BOOSTHEAT.20 in France

Based on CEREN 2018 figures⁴⁰, there are 8.35 million centrally heated individual houses in France. Breaking that category down further, we can identify the segments best suited to the installation of a BOOSTHEAT boiler. There are 5.5 million existing gas boilers, and within that segment, the Company is targeting homes that could potentially house a BOOSTHEAT system based on the age, floor area and location of the home according to CEREN data. It is also assuming an annual replacement rate of 3.6% in the segment, based on the aforementioned BSRIA study. This gives an estimated target market of 48,000 units per year.

The total also includes the 2.8 million fuel oil-powered boilers: the French government has pledged to support the replacement of these boilers with more environmentally friendly systems, with the aim of eliminating them completely by 2030. In this segment, the Company believes that the potential market is around 31,000 units per year, based on 50% of the homes already having the potential for a mains gas connection⁴¹, and applying the aforementioned criteria and an annual boiler replacement rate of 7%⁴².

As a result, the Company estimates that the BOOSTHEAT.20's potential market in France is 79,000 units per year, worth €1.13 billion based on a unit selling price of €14,300 ex-VAT (selling price of the boiler and thermostat excluding connection accessories and installation).

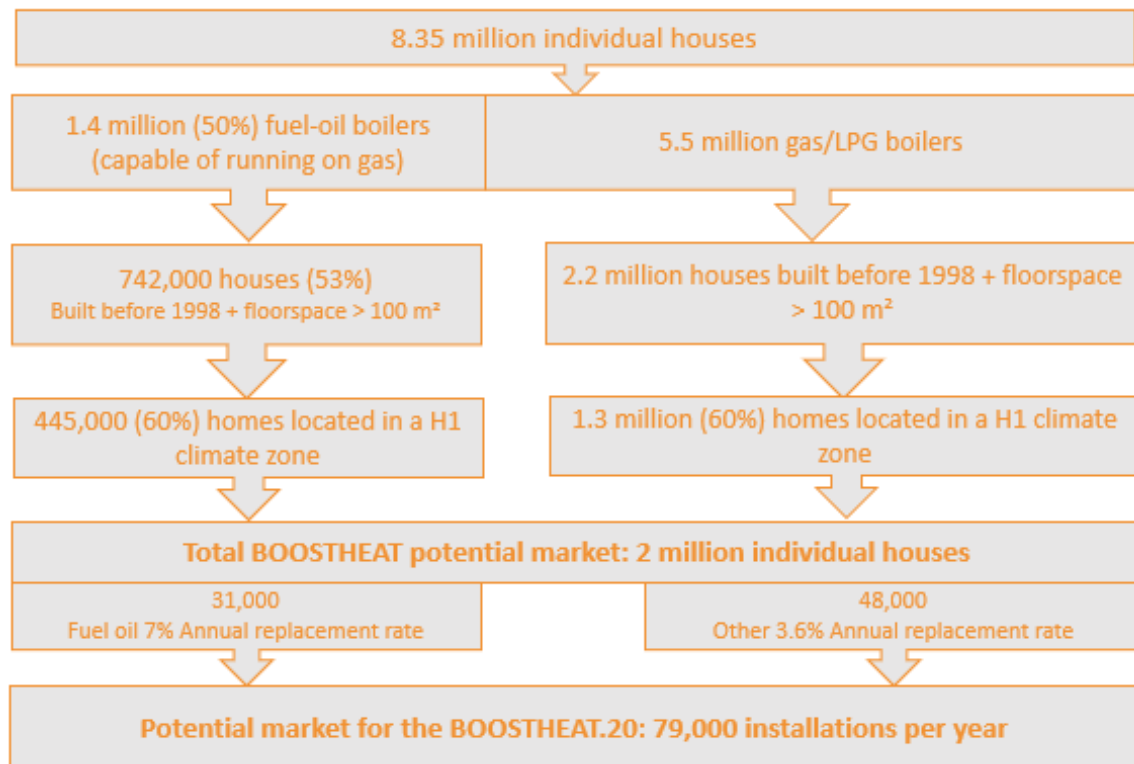
³⁸BSRIA Domestic Boilers France 2018 survey.

³⁹EHPA (European Heat Pump Association) data.

⁴⁰CEREN, energy data for the residential sector, 1990-2016.

⁴¹<http://www.lefigaro.fr/societes/2018/11/14/20005-20181114ARTFIG00275-la-filiere-gaz-veut-supplanter-le-fuel.php>

⁴²CRT Gaz – 2018 outlook.



Geographical targeting of the domestic French market is possible using the following climate zones distinguished by thermal regulations⁴³:

- H1 zone: areas with the coldest winter temperatures. This zone corresponds to *départements* in Eastern and Northern France, where the climate is semi-continental;
- H2 zone: areas where winters are milder. This zone includes *départements* in Western France, where the climate is oceanic;
- H3 zone: areas in the Mediterranean region, where the climate is Mediterranean.

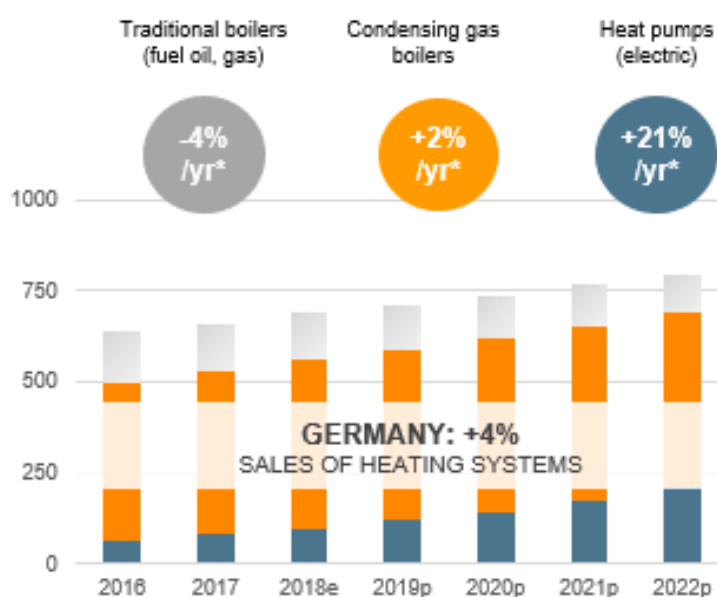
> The German residential market

According to the BSRIA survey of Germany⁴⁴, the types of heating systems used in the country's homes are relatively stable from year to year. The heating systems most commonly installed in Germany are wet central heating systems, followed by collective heating systems (frequently used in multi-family residential buildings and commercial buildings) and district heating systems.

⁴³<https://www.calculcee.fr/repartition-departements-francais-zones-climatiques.php>

⁴⁴BSRIA Domestic Boilers Germany 2018

Sales of heating systems in Germany (thousands of units)



*Compound annual growth rate 2016-2022

BSRIA Domestic Boilers France 2018 survey; EHPA (European Heat Pump Association) data

The German market survey shows that 600,000 boilers were sold in 2017, almost unchanged relative to 2016 (+0.5%). The market is likely to grow by 2% per year on average until 2022⁴⁵.

More than three quarters (75%) of new heating systems sold are gas-powered. That proportion has been rising constantly since the 2000s, and growth has accelerated since the policy of abandoning nuclear power was adopted.

The heat pump market is growing very quickly in Germany, with an expected CAGR of 21% between 2016 and 2022⁴⁶, because renewable energy solutions hold great appeal and despite the high cost of electricity in Germany, where it costs 4.9 times more than gas. Heat pumps have been widely adopted across Germany's housing stock in the last 10 years. These solutions are popular in new homes, where they account for around 25% of installations. A study regarding future trends produced by trade association BWP suggests that the market share of heat pumps in the German heating market could rise to 14% by 2020 conservatively, and to 20% in the best-case scenario.

> Potential market for the BOOSTHEAT.20 in Germany

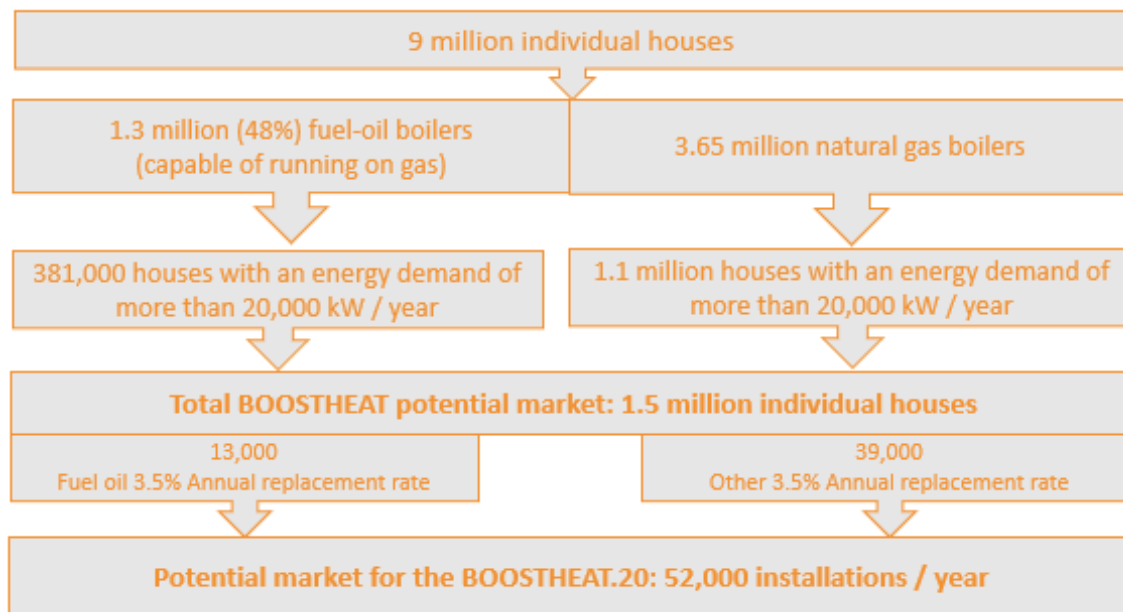
Based on the same approach as for the French market, the Company uses the latest available official data for Germany's housing stock. Based on data from the Zensus study (2011) and the BDEW survey (2015), there are 9 million centrally heated individual houses in Germany. Breaking down that number based on each house's energy requirements, we can identify the number of homes best suited to a BOOSTHEAT boiler and assess whether the BOOSTHEAT.20 is suitable given the energy savings it generates. By choosing to address individual houses with energy requirements of over 20,000 kWh per year for heating and domestic hot water purposes, the Company's potential market consists of 1.5 million boilers, which are being replaced at an estimated rate of 3.5% year, higher than the aforementioned market replacement rate of 2.2%, which does not take into account the widespread adoption of heat pumps. Based on this analysis, the Company estimates its potential market to be 52,000 units per year.

The total market figure also includes 2.6 million fuel oil-powered boilers that give rise, on the Company's estimates, to a potential market of around 13,000 units per year, based on 48% of the homes already having the potential for a mains gas connection (BDEW survey), and applying the aforementioned criteria and an identical replacement rate, given that the public authorities have not yet announced a specific plan for phasing out the use of fuel oil in the residential sector.

⁴⁵BSRIA Domestic Boilers Germany 2018

⁴⁶EHPA (European Heat Pump Association) data.

The BOOSTHEAT.20's potential market in Germany is therefore 52,000 units per year, worth €744 million based on a unit selling price of €14,300 ex-VAT (selling price of the boiler and thermostat excluding connection accessories and installation).



> Potential market for the BOOSTHEAT.20 in Switzerland

Through its partnership with Holdigaz, BOOSTHEAT has an established sales channel in the Swiss market, ensuring an effective commercial roll-out.

As well as that sales channel, the characteristics of the Swiss heating market also favour the BOOSTHEAT solution. With almost half of Swiss principal residences being heated with fuel oil in the 2000s, the country started to transition to more energy-efficient systems, favouring gas boilers (21% of principal residences in 2017) and the large-scale adoption of renewable solutions such as heat pumps (18% of principal residences in 2017).

Based on OFS (Swiss federal statistics office) data from 2018, Switzerland has 885,000 centrally heated individual houses, of which 532,000 are powered by fuel oil and gas. The Company applies criteria relating to the age and floor area of the house (houses built before 1991 with two or more stories, accounting for 61.4% of the total according to the OFS) and an estimated annual replacement rate of 3.5% to that segment. This gives an estimated target market of 11,400 units per year.

5.2.2.2 The collective housing and tertiary markets

The markets for heating systems in collective housing and tertiary buildings differ from the residential heating market. These markets show a high degree of segmentation, particularly on the basis of the system power output needed to meet large-scale heating needs. BOOSTHEAT is addressing the low-power segment of these markets, which represents the largest by volume, adopting both a short- and medium-term strategy.

- In the short term, BOOSTHEAT is proposing a solution in which BOOSTHEAT.20s are installed in parallel, enabling it to address the small collective housing segment with power requirements of up to 50kW (with two or three BOOSTHEAT.20 being connected to achieve 50kW), while ensuring the economic benefit of energy savings for consumers.
- In the medium term, BOOSTHEAT is planning to launch the BOOSTHEAT.50 (with an intrinsic power output of 50kW), enabling it to address the segment requiring installations with a power output of 50-250kW.

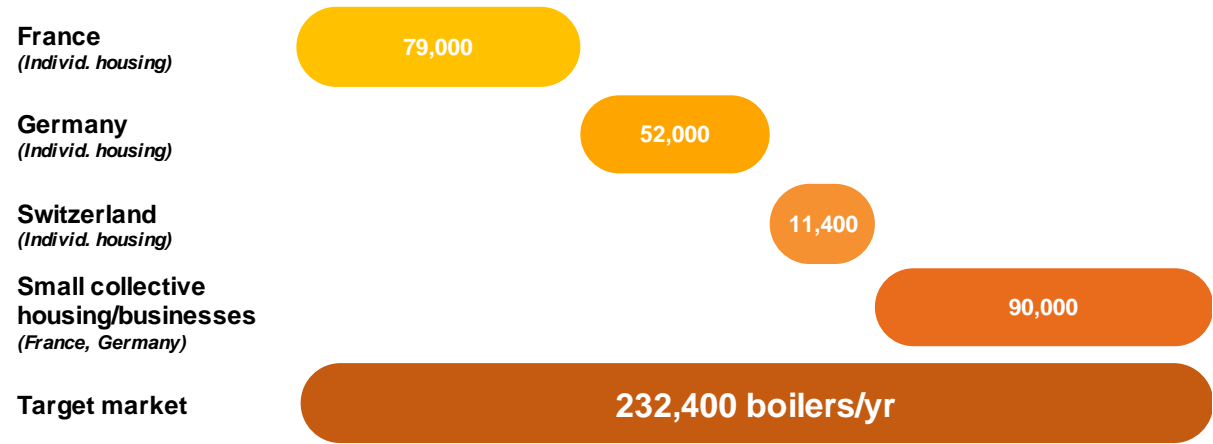
The tertiary sector represents 17% of France’s total energy consumption, and 45% of that consumption is used to heat buildings. As part of the national low-carbon strategy, the French government has set a target of reducing the tertiary sector’s energy consumption by 50% by 2050.

In 2016, 52% of energy consumed for heating purposes in this sector related to gas, 20% to fuel oil and 18% to electricity⁴⁷. The shift in the economy towards the services sector resulted in 973 million m² of heated floorspace in 2016, a 47% increase relative to 1990. According to scenarios established by GRTgaz, the estimated replacement rate for heating systems in the tertiary sector could be between 5% and 7% per year.

As regards multi-family residential buildings, the number of apartments heated by gas are split almost equally between individual and central systems, with around 3.2 million apartments in each category. In both cases, the boiler handles both space heating and domestic hot water.

There are also many very low-power collective heating systems with capacity of up to 50kW supplying small blocks, part of blocks and apartment and housing complexes. This is BOOSTHEAT’s target segment of the collective housing market, which it will be partly able to address in the near term with the BOOSTHEAT.20. According to scenarios established by GRTgaz, the replacement rate for heating systems in the collective housing sector could be between 5% and 7% per year. According to the aforementioned BSRIA study, the potential collective housing market with very low power requirements (less than 70kW) represents 90,000 installations per year in France and Germany, i.e. 52,000 and 38,000 units respectively.

Overall, the Company estimates that its potential market consists of 232,400 boilers representing €3.3 billion per year.



5.2.3 BOOSTHEAT’s competitive position

Given its market position and innovative technology, the solutions offered by BOOSTHEAT do not compete head-on with any other existing heating solutions or equipment. More broadly, in the view of the Company, BOOSTHEAT offers an alternative to wet central heating systems that use gas- or fuel oil-powered boilers, and to electric heat pumps.

In France and Europe more broadly, the industry producing radiators and central heating boilers is highly concentrated. There are fewer than 50 manufacturers, and the top three accounted for 60% of the total production in 2017 according to BRSIA.





The largest players in the industry are the heating equipment subsidiaries of diversified groups: Vaillant Group, Viessmann and Bosch (Home Equipment division) in Germany, Anglo-Dutch company BDR Therma, Switzerland’s Zehnder and Atlantic in France. This concentration is the result of high entry barriers, since the industry is capital-intensive and the equipment is very technical. Since 2000, these leading groups have acquired a number of other brands.

The heat pump industry is more fragmented. Although boiler producers also make heat pumps, there

⁴⁷Source CEREN, October 2018.

are also specialists such as Daikin, LG, Samsung, Panasonic and Fujitsu.

PRODUCT COMPARISON

				
System type	Gas-powered heat pump	Floor-standing condensing boiler	Air/water heat pump	Hybrid heat pump
Manufacturer	BOOSTHEAT	VISSMANN	DAIKIN	ATLANTIC
Model	BOOSTHEAT.20	VITODENS 222-F	ALTHERMA 16	Alféa Hybrid Duo Gaz
TECHNICAL FEATURES				
Max. power (kW)	20	26	16	24
Max. initial temperature	> 65 °C	80 °C	55 °C	80 °C
Type of refrigerant fluid	R744 (CO ₂)	N/A	R410A (HFC)	R410A (HFC)
Global warming potential (kg of CO ₂ equivalent)	1	0	2087	2087
Outdoor sound power level	48 dB	N/A	66 dB	66 dB
PERFORMANCE				
Seasonal efficiency (35 °C)	150%	96%	149%	117%
Efficiency class (energy-related products regulation No. 811/2013)	A++	A	A+	A+
Seasonal efficiency (55 °C)	130%	96%	119%	112%
Efficiency class (energy-related products regulation No. 811/2013)	A++	A	A+	A+
DHW COMPARISON				
Load profile	XL	XL		XXL
Specific flow rate according to EN 13203	21 l/min	18.2 l/min		20 l/min
DHW storage capacity (l)	65 l	130 l	160 l	120 l
DHW comfort according to EN 13203	***	***	***	***
DHW energy efficiency (SEER)	96%	96%	98%	74%

(Source: manufacturer data)

The product comparison features solutions that are representative of the various technologies existing in the market and delivering comparable power outputs, i.e. wall-mounted condensing boilers, electric air/water heat pumps and hybrid heat pumps. The comparison is based on the seasonal energy efficiency ratio (SEER) of heating equipment. This calculation method provides a basis for comparing equipment using different energy sources (e.g. electricity, gas and biomass).

Hybrid heat pump solutions involve an air/water electric heat pump with low thermal power combined with a condensing boiler. In the right conditions, they combine the reliability of a condensing gas boiler with the efficiency of an electric heat pump. By comparison, the technology developed by BOOSTHEAT is a more effective hybrid solution, combining a gas boiler with a heat pump that also runs on gas, using the thermal compressor specially developed by BOOSTHEAT. It offers greater performance and comfort, particularly when external temperatures are sub-zero (see section 5.1.1.3 of the Registration Document). Performance in homes requiring a high water flow temperature is also better than that offered by electric heat pumps. Water flow temperatures are used to match thermal requirements with the house's energy efficiency. A house heated using a low water flow temperature (27-35°C) is well insulated and usually has underfloor heating. An old, poorly insulated house will require a higher water flow temperature of up to 65°C.

5.3 IMPORTANT EVENTS IN THE DEVELOPMENT OF THE COMPANY'S BUSINESS

Please refer to section 5.1.2 of the Registration Document.

5.4 STRATEGY AND OBJECTIVES

The objectives presented below are based on IFRS financial statements and data, assumptions and estimates that the Company regarded as reasonable on the Registration Document's filing date. The outlook and objectives result from the Company's strategy and do not represent forecasts or estimates of the Company's earnings. The data and assumptions set out below may change or be adjusted, particularly as a result of changes in the regulatory, economic, financial, competitive, accounting or tax environment or as a result of other factors of which the Company was not aware on the Registration Document's filing date. Were one or more of the risks described in section 3 "Risk factors" of the Registration Document to materialise, this could have an impact on the Company's business activities, financial position, results or outlook, and therefore threaten its ability to attain the objectives set out below. The attainment of objectives also assumes that the Company's strategy will be successful. As a result, the Company makes no representation and gives no warranty regarding the attainment of objectives presented in this section.

5.4.1 Two main strategic aspects

BOOSTHEAT's ambition is to become a major European player in the energy transition market by providing solutions that make heating more energy-efficient. Based on its proprietary thermal compression technology and entirely through its in-house efforts, the Company has developed and obtained certification for the world's first gas-powered heat pump: the BOOSTHEAT.20. A high-capacity production system has been set up to meet demand in a replacement market that is huge because of the old age of existing systems and because of regulatory requirements in most countries aimed at reducing energy consumption and limiting global warming. The marketing phase for the BOOSTHEAT.20 started in the fourth quarter of 2018, with installations taking place from late September 2019.

BOOSTHEAT's strategy between now and 2023 has two major aspects:

- the commercial roll-out of the BOOSTHEAT.20 in France, Germany and across Europe;
- the expansion of the product range, extending the BOOSTHEAT.20 range and developing the BOOSTHEAT.50.

5.4.1.1 Commercial roll-out

At an early stage, BOOSTHEAT decided that it would address consumers directly as part of its sales strategy, in order to shorten the commercial chain and reduce costs for customers.

BOOSTHEAT started to prepare its sales strategy in spring 2018 for the French market. It has finalised its process – encompassing marketing and customer-relations teams and the technical centre – in order to be ready for initial deliveries from late September 2019. For customer installations and subsequent maintenance overseen by BOOSTHEAT, a partner network is currently being set up (see sections 5.1.1 and 5.1.4.4).

Germany is also a priority country: gas is even more widely used in Germany than in France and there is much more potential for the Company's products to be installed in individual homes. BOOSTHEAT set up a sales subsidiary in Nuremberg in August 2018, with a staff of four people at 30 June 2019.

Switzerland represents one of BOOSTHEAT's first commercial successes: in that market, the Company has the support of Holdigaz, a Swiss group that is a leading player in natural gas distribution and renewable energies, and also a BOOSTHEAT shareholder.

The Company expects to install boilers in Switzerland and Germany from the fourth quarter of 2019 onwards.

The Company is planning to open another commercial subsidiary in Belgium in the second half of 2020. The Company then intends to expand its sales efforts to other European countries, prioritising gas-friendly countries such as the UK, Italy and Spain from 2021, then Central Europe and the Nordic countries in 2022.

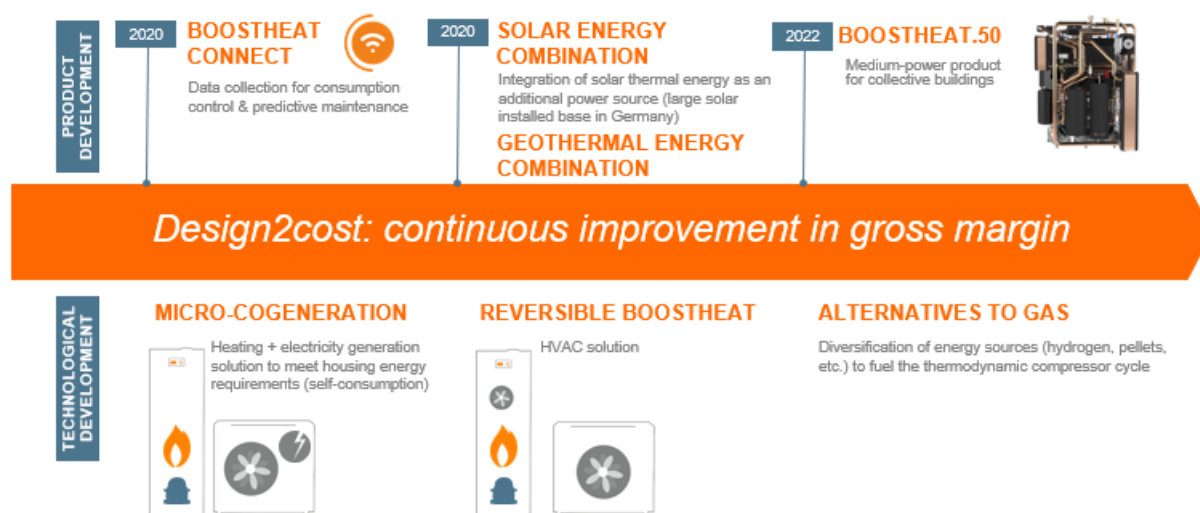
BOOSTHEAT is also preparing to market its products outside of Europe. In September 2019, initial testing will begin at Canada's NGTC laboratory (Natural Gas Technology Center) and at the USA's GTI laboratory (Gas Technology Institute). Those tests are intended to demonstrate the Company's new technology, allowing very high efficiency to be achieved using gas, and to initiate development partnerships with the HVAC industry and North American energy utilities.

5.4.1.2 Extending the product range

The Company has adopted a technological roadmap (see below) aimed at enhancing its product range, strengthening its competitive position and extending its commercial reach to new markets. The main aspects of the roadmap are as follows.

- Developments in thermal compressor technology:
 - development of micro-cogeneration technology (patent filed in March 2019) allowing the generation of not only heat but also electricity to meet housing energy demand (self-consumption);
 - development of a reversible heat pump that provides both heating but also air conditioning: a feasibility study was carried out in collaboration with Mines ParisTech in 2017, resulting in COP21-related funding from ADEME;
 - energy diversification, aimed at offering alternatives to gas (e.g. hydrogen) in order to achieve the temperature levels required by the compressor's thermodynamic cycle.
- Developments to enhance the product range:
 - enhanced functional analysis and data processing related to the BOOSTHEAT.20, based on connections to a centralised BOOSTHEAT server. This will strengthen direct links with customers, by offering them personalised services so that they play an active role in reducing resource use and providing predictive maintenance that will optimise operating costs resulting from maintenance visits;
 - integration of solar power with the BOOSTHEAT.20 as an additional renewable energy source, to address the significant proportion of individual homes in Germany that are already solar-equipped (as part of the collaborative European H2020 "Sun Horizon" project);
 - efforts to improve the design (Design2Cost) in order to increase operating margin;
 - development of a more powerful heat pump, the BOOSTHEAT.50, work on which has already begun with the aim of bringing it to market in 2022.

AN EXPANDING PRODUCT RANGE



5.4.2 Business outlook

With the completion of the planned IPO, the Company intends to generate parts of the financial resources necessary to implement its commercial roll-out strategy and to further follow up on its planned business targets. For 2019, the Company targets to achieve 200 BOOSTHEAT.20 orders, major part of which might only be installed during the first months of 2020 and, hence, generate revenues only in 2020⁴⁸. At the date of the Registration Document, more than 60% (124 orders: 50 Holdigaz orders, 48 B2C orders, 26 B2B orders) of that order target have been received by the Company.

Within three years from now, BOOSTHEAT aims to reach an order target of circa 4,500 units of BOOSTHEAT.20 per year. 4,500 installations of BOOSTHEAT.20 is estimated to mark its breakeven threshold (recurring operating income). Assuming each target market develops in line with the Company's estimates, the Company is aiming at achieving more than 5% market share in each of its target markets France, Germany and Switzerland within five years after respective market entry. In France, it estimates that the market is worth €1.9 billion (more than 130,000 units), in Germany €1.3 billion (90,000 units) and in Switzerland €160 million (more than 11,000 units) based on various external market data (see section 5.2.2 of the Registration Document).

Furthermore, the Company is aiming at achieving a recurring operating income of up to 25% in the mid to long term as illustrated below.

As an example for the Company's mid to long term target unit economics, the following illustrates the possible costs of buying a BOOSTHEAT.20 boiler for a French end-consumer. The calculation is based on the assumption of the customer qualifying for government incentives in an indicative amount of €9,000⁴⁹. Assuming no changes to the current BOOSTHEAT.20 selling price of €18,000 including VAT, this would result in the customer being required to pay (or finance) €9,000 of the €18,000 selling price. In the mid to long term, the Company intends to decrease the cost of buying components, based on supplier cost negotiation and improvements in the design of some of the components, from currently €14,000 by up to 45%, i.e., down to €7,700 on the upper end of such cost reduction range, which would, based on an unchanged assumed selling price of €18,000, result in gross profit (see section 7.1.1.3) of approximately 50%. Based on operating current expenses of around €4,750 remaining stable (including ca. €1,600 of sales costs and ca. €2,600 of installation costs) and assuming realisation of cost reductions at the upper range, mid to long term recurring operating income may be increased to approximately 25%.

⁴⁸The revenue is recognised when the installation is carried out.

⁴⁹At the date of the Registration Document, there are currently four kinds of incentives available in France: CITE tax credits, "coup de pouce CEE" incentives, zero-interest-rate loans and ANAH incentives. They can amount to up to €14,000 for a low-income household in the Paris region (see section 9.2). The BAFA incentive in Germany currently amounts to €6,750 (see section 9.2).

Based on the Company's mid term capacity expansion plans, production capacity could be increased to 20,000 boilers per year subject to staff recruitment but without additional investment. In the mid term to long term, the Company is aiming at achieving a production of 15,000 BOOSTHEAT.20 boilers per year, which would then represent 75% of the production system's capacity. Depending on capacity needs, the Company will then need to invest in order to take capacity to 50,000 units per year at the existing production site (see section 5.1.3.1).

5.5 RESEARCH AND DEVELOPMENT, PATENTS, LICENCES, TRADEMARKS AND DOMAIN NAMES

BOOSTHEAT's commercial success will be closely linked to its ability to protect its technologies and the solutions and products that result from them. In the individual gas boiler and heat pump industry, to the Company's knowledge, the vast majority of manufacturers simply assemble tried and tested technological solutions, and any boiler development does not concern the core technology but simply makes marginal improvements to efficiency. BOOSTHEAT, however, has, in its own view, developed a technological breakthrough in its gas-powered heat pumps through its regenerative thermal compressor (see section 5.1.1.3 of the Registration Document).

As a result, obtaining patents in France, Europe, USA and the rest of the world is very important for BOOSTHEAT.

5.5.1 Research and development policy

The research and development work done by the Company forms part of a policy involving constant efforts to innovate and find scientific and technical solutions to new environmental and industrial requirements in the field of energy efficiency.

Energy efficiency is becoming a key environmental priority because of global warming. This is shown by increasing legislation, including changes to greenhouse gas emissions standards. A great deal of research and development work is underway to meet these new requirements but, to the Company's knowledge, little work is taking place to address the subject of heating in such an innovative way as that done by BOOSTHEAT, or that delivers such an improvement in performance.

Since BOOSTHEAT was founded, most of its R&D resources have been used to develop its thermal compressor and to develop a gas-certified test bench, which allows the Company to take a novel approach, applying the principles of thermodynamics to the heating industry. More than 500 tests have been carried out using this test bench since 2013, validating the models on which BOOSTHEAT has developed its process.

As detailed in section 5.4 regarding the Company's strategy, it has adopted a technological roadmap for developing new products and enhancing its existing ones.

R&D work is done by a dedicated team which, at 30 June 2019, consisted of 29 experienced members of staff with a range of expertise (mechanics, thermodynamics, combustion, digital simulation, heating system regulation, software and embedded systems, validation of heating and cooling systems/equipment etc.). This in-house expertise is strongly supported by teams of partners through partnership agreements and collaborative projects (see section 5.5.3 below).

In 2017, the R&D budget was €2,365 thousand and research tax credits amounted to €623 thousand; in 2018, the figures were €3,653 thousand and €944 thousand respectively.

5.5.2 Patents and patent applications

5.5.2.1 Company's policy regarding patent applications

The Company protects itself in two different and complementary ways:

- a proactive policy of filing patent applications for each innovation; and
- trade secrecy with respect to its manufacturing processes.

Since it was founded, BOOSTHEAT has applied an active, dynamic policy of protecting its industrial property by filing patent applications to protect technologies under development, in an essentially proactive way. Its procedure usually involves covering France first, then using the PCT (Patent Cooperation Treaty) procedure, and then making applications in selected countries.

For this, the Company uses a specialist firm that drafts patent applications and carries out operational monitoring of each family of patents and patent applications.

Because of the highly competitive nature of the heating solutions market, it is crucial to ensure that the Company protects its innovations and is free to exploit any new design from the outset. With that in mind, ongoing technology intelligence work is carried out in conjunction with a consultancy. The employment contracts of specialist R&D staff members also include a clause transferring all rights relating to inventions to the Company.

5.5.2.2 Patent portfolio and patent applications

To date, BOOSTHEAT has filed seven families of patents and patent applications:

- patents have already been granted in four families, covering several countries, and applications are currently being examined for other countries in three of those families; and
- applications are currently being examined in three families.

Another patent application has been under examination since it was filed on 7 March 2019, when the Company applied for a patent for its “thermal and volumetric compressor combination”, the direct application of which should be the development of a BOOSTHEAT micro-cogeneration boiler.

A patent lasts for 20 years from the filing date in France and in most of the countries in which the Company files patent applications.

Overview of patents and patent applications currently being examined

		Family 1	Family 2	Family 3	Family 4	Family 5	Family 6	Family 7
Region	Country	TWO-STAGE LINEAR REGENERATIVE THERMAL COMPRESSOR	MODULAR MULTISTAGE	DEVICE FOR THERMAL COMPRESSION OF A GASEOUS FLUID	ENERGY SAVING METER FOR INVOICING	BOILER WITH A REGENERATIVE THERMAL COMPRESSOR	CO2 OVERHEATING FOR AUXILIARY HEATING AND DOMESTIC HOT WATER	THERMAL + VOLUMETRIC COMPRESSOR COMBINATION
Patent Cooperation Treaty		PCT/EP2012/052114 Engaged	PCT/EP2013/065786 Engaged	PCT/FR2014/051476 Engaged	PCT/FR2014/050967 Engaged	PCT/EP2016/075271 Engaged	FR2018/050925 Engaged	
France (priority)		Granted on 29/03/2013, then abandoned in favour of the European patent*	Granted on 03/10/2014, then abandoned in favour of the European patent*	granted on 22/12/2017	Granted on 04/11/2016, then abandoned in favour of the European patent*	under examination (filed on 23/10/2015)	under examination (filed on 20/04/2017)	under examination (filed on 07/03/2019)
Europe	France (French part of the European patent)	Granted on 14/01/2015	Granted on 14/11/2018		Granted on 25/04/2018			
	Other	Granted on 14/01/2015	Granted on 14/11/2018	under examination	Granted on 25/04/2018	under examination		
Russia	Russia	Granted on 24/03/2016	Granted on 28/03/2017	Granted on 22/03/2018		Examination due to start by 20 October 2019		
Middle East	Qatar		under examination	under examination				
	UAE		grant process underway	under examination				
Americas	United States	Granted on 01/03/2016	Granted on 01/03/2016	Granted on 21/08/2018	under examination	under examination		
	Canada	Granted on 12/06/2018	under examination	Examination due to start by 16 June 2019	Examination due to start by 22 April 2019	Examination due to start by 20 October 2021		
Japan	Japan	Granted on 04/09/2015	Granted on 05/01/2018	Granted on 15/06/2018	Granted on 06/04/2018	Examination due to start by 20 October 2019		
Asia	China	Granted on 23/03/2016	Granted on 23/03/2018	Granted on 01/05/2018		under examination		
	India		under examination	under examination		Examination due to start by 23 October 2019		

*See the following row of the table

5.5.2.3 Expenditure on the patent portfolio

The Company's expenditure on its portfolio of patent and patent applications amounted to €50 thousand in 2017 and €147 thousand in 2018. That expenditure mainly concerns:

- making applications (applications in France, file review, prior art research);
- monitoring and managing granted patents (including the cost of patent granting procedures, renewal fees and fees relating to international extension requests).

5.5.3 Collaboration, research, service and licensing agreements granted by or to the Company

Since its creation, the Company has collaborated with major players within its ecosystem, including energy providers, in order to benefit from their technical expertise and financial support, but also to ensure that its R&D activities are fully in line with expected developments in market requirements.

5.5.3.1 Collaboration agreements

Industrial and business partnership agreement with GRDF

The partnership initiated in 2013 between BOOSTHEAT and GRDF had a public service remit and was also intended to promote GRDF's gas activities. As a major player in developing the natural gas market and France's leading distributor of natural gas, GRDF helps develop high-performance solutions to meet the needs of various markets – both in the residential and tertiary sectors – in relation to space heating, air conditioning and domestic hot water.

This collaboration is based on the fact that the market share of natural gas is falling steadily in the tertiary sector, particularly in the office, hotels and retail segments, whereas that of VRF (Variable Refrigerant Flow) technology is increasing. In addition, changes in thermal regulations in the collective residential market and likely changes in performance standards could lead to the implementation of solutions combining natural gas with renewable energies. There was a shared interest in developing a gas-powered heat pump using CO₂-based thermal compression that would allow BOOSTHEAT and GRDF to increase their market shares, as both believe that this type of product would add value for customers in terms of energy efficiency and economic performance.

Between 2013 and 2017, three successive agreements were formed, generating a total of €2.1 million of partnership revenue for the Company, all of which was received in late 2017.

The first two agreements, signed on 3 December 2013 and 4 December 2014, relate to the development of a medium-power gas-powered heat pump aimed at the tertiary and small collective housing segments. The partners took part in an invitation to tender by ADEME in relation to a collaborative project called COMANCHE, described in section 5.5.3.2.

In respect of the first agreement, all rights and patents belong to the Company.

The third agreement, dated 4 December 2014, is aimed at developing a gas-powered heat pump targeted more specifically at individual homes, since the renovation segment offered a broader market (see section 5.2.2 of the Registration Document). Accordingly, the two partners and the Ecole des Mines d'Albi submitted a collaborative proposal to a FUI (single interministerial fund) invitation to tender called APACHE, which is described in the following section.

The first of those agreements specifies that the Company is responsible for the development and production of the gas-powered heat pump involving a CO₂ thermal compressor, that the related rights belong to the Company and that any related patents also belong to it. In practice, all of the development work was done by the Company.

The second and third agreements specify that the results of joint works belong jointly to the parties. The parties have a non-exclusive right to exploit, directly and indirectly, the results of their joint works for commercial and industrial purposes. The parties may allocate ownership of those results to one party according to terms determined on the basis of discussions between them.

In practice, the Company has not carried out any joint works with GRDF that could have led to the creation of joint property under any of the three aforementioned agreements. In any event, GRDF, as

part of its public service remit, does not have the capability to market heating systems. As a result, the Company holds the exclusive exploitation rights.

Technical and commercial agreement with Butagaz

On 28 March 2017, Butagaz and the Company reached a 5-year referral agreement under which the parties are working together to develop a version of the BOOSTHEAT.20 – which had until then run solely on natural gas – that can run on propane (distributed by Butagaz). The agreement involves Butagaz paying a fixed sum of €275 thousand, of which €69 thousand was recognised in 2017 and the remaining €206 thousand in 2018 after the propane version was completed.

The referral agreement states that the developed product belongs to BOOSTHEAT, free of any other rights, since BOOSTHEAT is responsible for the adaptations, developments and creations involved in the LPG boiler are, under the technical and commercial agreement, with Butagaz's technical assistance being limited to the provision of its technical laboratory. In practice, Butagaz has provided no assistance and carried out no technical development.

On the same day, Butagaz and the Company formed a partnership agreement for lead generation in the LPG market for a period of 5 years from the time that the LPG version of the BOOSTHEAT.20 comes to market, i.e. the fourth quarter of 2018. In particular, this agreement sets out the terms and arrangements under which each party (Butagaz and the Company) will promote the other party and its activities to its own prospective trade and consumer customers, in order to develop both parties' commercial relationships and generate new business for them. It enabled the Company to form a relationship with the Iserba group (see section 5.1.1).

5.5.3.2 Collaborative projects

The close relations between the Company and participants in its ecosystem have resulted in collaborative projects and associated financing.

1 - FUI-APACHE: this project began in June 2014, was subject to an agreement formed on 25 September 2015 and was completed on 30 April 2019. Its aim is to develop a new generation of very high efficiency gas-powered heat pumps for new and existing individual houses. The project, supported by the Derbi and Advancity business clusters, was presented jointly by BOOSTHEAT (co-ordinator), GRDF, ENGIE and the Ecole des Mines d'Albi Carmaux. It resulted in the Company receiving a conditional advance from Bpifrance and the Languedoc-Roussillon region, and BOOSTHEAT's portion amounted to €620 thousand, of which €490 thousand had been received at 31 December 2018.

The specific results of this project belong to the respective party that generated them. The results of joint works belong jointly to the parties that generated them in proportion to their intellectual and financial contributions, which in the event of a patent application being made will be determined by a joint ownership agreement formed by the parties or, in the event of disagreement, will be referred to the steering committee. The parties remain free to allocate full ownership to either party through a separate instrument. If any of the joint results are patentable, and if the parties decide to patent them, a joint ownership agreement must be signed, partly to determine their respective proportions.

At the date of the Registration Document, the project had not generated any joint results. The Company is not aware of any specific results generated by its partners that may have resulted in the creation of specific intellectual property for its partners.

2 - COMANCHE: this project was initiated by a consortium consisting of GRDF, BOOSTHEAT, GDF Suez and LaTep (thermal energy and process laboratory), which in June 2014 won a call for proposals held by ADEME's buildings department relating to "responsible buildings in 2020". The project, which was the subject of a financing agreement dated 13 May 2014, aims to develop a new generation of very high efficiency thermal compressors, intended for use in a medium-power CO₂ heat pump for the collective housing and tertiary markets (existing and new buildings). The product would halve gas consumption compared with a condensing boiler, by making extensive use of renewable energy. As part of that project, BOOSTHEAT, using a specific test bench and a test report, believes it has demonstrated the technical feasibility of a 50kW BOOSTHEAT boiler for the collective housing and tertiary market.

The total amount of eligible expenditure has been set at around €1,046 thousand for all partners, including €795 thousand for BOOSTHEAT which, of that total, had received a €159 thousand grant at 31 December 2018.

Under the financing agreement, the results of joint works are classed as joint intellectual property. The commercial exploitation of the technology is carried out solely by BOOSTHEAT. GDF Suez, GRDF and LaTEP have undertaken not to file any patents relating to the project. As regards matters of intellectual property relating to the results of joint works, the financing agreement refers to the consortium agreement.

Under that consortium agreement, the specific results are the property of the party that generated them. The results of joint works belong jointly to the parties that generated them, subject to the conditions and procedures specified in the agreement, it being stipulated that the parties remain free to allocate full ownership to BOOSTHEAT through a separate instrument. Each party has a non-exclusive right to exploit the joint results subject to the rights of the other parties provided for in the agreement or to the possible assignment of those rights to BOOSTHEAT. Each owner of specific results and/or joint owner of joint results undertakes to grant a non-exclusive licence to the parties that do not own or jointly own such results when carrying out the project, for its full duration, without financial consideration and after the formation of a written agreement: the exploitation of their specific results, provided that the request was made in writing within 18 months of the end of the project and that the terms of the licence were determined in writing with financial consideration; internal research and learnings, without financial consideration.

At the date of the Registration Document, the project had not generated any joint results. The Company is not aware of any specific results generated by its partners at the date of the Registration Document that may have resulted in the creation of specific intellectual property for its partners.

3 - H2020 “Sun Horizon”: this project is being carried out jointly by the Company and more than 20 French and European partners as part of a consortium formed on 1 October 2018. It relates to the development of an innovative heat pump that will operate in conjunction with advanced solar panels to provide heating and air conditioning in residential and tertiary buildings with the lowest possible emissions, energy bills and fossil fuel dependency. The project is due to last for four years and its total budget is €9 million, of which BOOSTHEAT's share is €1 million. Of that amount, the Company obtained a grant of €641 thousand from the European Commission in 2018, of which it has still to receive €416 thousand between 2020 and 2023.

This prototype will be deployed over five European sites, including sites in Germany and Belgium, two of BOOSTHEAT's strategic markets. The project is contributing to the development and validation of the BOOSTHEAT.20 boiler for the small collective housing and tertiary market, and to the integration of additional renewable energy sources such as solar.

The results of this collaborative project are the property of the party that generated them. The results of joint works belong jointly to the parties that generated them, subject to conditions and reservations specified in the agreement. If the results are protected by intellectual property rights, the joint owners must, before exploiting the results for industrial or commercial purposes, sign a joint ownership agreement to determine the arrangements for allocating and exploiting the results.

At the date of the Registration Document, the project had not generated any joint results. The Company is not aware of any specific results generated by its partners at the date of the Registration Document that may have resulted in the creation of specific intellectual property for its partners.











5.5.3.3 *Licensing agreements*

At the date of this Registration Document, the Company had not granted any licences over any patent it holds and had not been granted any licences by any third parties.

5.5.4 Other intellectual property elements

5.5.4.1 *Registered trademarks*

The Company owns the following trademarks and trademark applications, in relation to which it is assisted by a specialist consultancy:

Logo	File number	Trademark	Country	Class(es)	Filing date	Filing number	Registration date	Registration no.	Trademark status	Expiry date	Pre-expiry action	Comments
	MA39868FR242931	BOOSTCONNECT	FRANCE	9, 35, 36, 39, 42	21/08/2015	154204488	21/08/2015	154204488	Registration	21/08/2025	Renewal	
	MA39868CA251547	boostHEAT	CANADA	9, 11, 37	30/10/2015	1752798			Filing			Deadline of 30/10/2019 to file the declaration of use
	MA39868FR251547	boostHEAT	FRANCE	9, 11, 37	04/05/2015	154178381	04/05/2015	154178381	Registration	04/05/2025	Renewal	
	MA39868WO251547	boostHEAT	INTERNATIONAL	9, 11, 37	30/10/2015	1282507	30/10/2015	1282507	Filing	30/10/2025	Renewal	
	MA39868WO251547	boostHEAT	UNITED STATES (INT)	9, 11, 37	30/10/2015	1282507	25/10/2016	5066476	Registration	25/10/2021	Declaration of use	
	MA39868WO251547	boostHEAT	UNITED STATES (INT)	9, 11, 37	30/10/2015	1282507	25/10/2016	5066476	Registration	30/10/2025	Renewal	
	MA39868WO251547	boostHEAT	INDIA (INT)	9, 11, 37	30/10/2015	1282507	30/10/2015	1282507	Filing	30/10/2025	Renewal	Under examination following a hearing
	MA39868WO251547	boostHEAT	JAPAN (INT)	9, 11, 37	30/10/2015	1282507	10/03/2017	1282507	Registration	30/10/2025	Renewal	
	MA39868WO251547	boostHEAT	RUSSIA (INT)	9, 11, 37	30/10/2015	1282507	30/10/2015	1282507	Registration	30/10/2025	Renewal	
	MA39868WO251547	boostHEAT	SWITZERLAND (INT)	9, 11, 37	30/10/2015	1282507	30/10/2015	1282507	Registration	30/10/2025	Renewal	
	MA39868WO251547	boostHEAT	EUROPEAN UNION (INT)	9, 11, 37	30/10/2015	1282507	30/10/2015	1282507	Registration	30/10/2025	Renewal	
	MA39868FR539615	BOOSTHEAT (semi-figurative)	FRANCE	9, 11, 37	14/11/2018	4499826	14/11/2018	4499826	Registration	14/11/2028	Renewal	
	MA39868WO539615	BOOSTHEAT (semi-figurative)	INTERNATIONAL	9, 11, 37	07/02/2019	N/A			Filing	07/02/2029	Renewal	
	MA39868WO539615	BOOSTHEAT (semi-figurative)	GERMANY (INT)	9, 11, 37	07/02/2019	N/A			Filing	07/02/2029	Renewal	
	MA39868WO539615	BOOSTHEAT (semi-figurative)	BENELUX (INT)	9, 11, 37	07/02/2019	N/A			Filing	07/02/2029	Renewal	
	MA39868WO539615	BOOSTHEAT (semi-figurative)	SWITZERLAND (INT)	9, 11, 37	07/02/2019	N/A			Filing	07/02/2029	Renewal	
	MA39868CN320092	BOOSTHEAT + 保思迪 + logo (semi-figurative in colour)	CHINA	11	26/06/2017	24982008	28/12/2018	24982008	Registration	27/12/2028	Renewal	
	MA39868CN320092	BOOSTHEAT + 保思迪 + logo (semi-figurative in colour)	CHINA	37	26/06/2017	24982007	28/12/2018	24982007	Registration	27/12/2028	Renewal	
	MA39868FR539614	BOOSTHEAT ENERGY UNITES PEOPLE (semi-figurative)	FRANCE	11, 35, 37	14/11/2018	4499833	14/11/2018	4499833	Registration	14/11/2028	Renewal	
	MA39868WO539614	BOOSTHEAT ENERGY UNITES PEOPLE (semi-figurative)	INTERNATIONAL	11, 35, 37	07/02/2019	N/A			Filing	07/02/2029	Renewal	
	MA39868WO539614	BOOSTHEAT ENERGY UNITES PEOPLE (semi-figurative)	GERMANY (INT)	11, 35, 37	07/02/2019	N/A			Filing	07/02/2029	Renewal	
	MA39868WO539614	BOOSTHEAT ENERGY UNITES PEOPLE (semi-figurative)	BENELUX (INT)	11, 35, 37	07/02/2019	N/A			Filing	07/02/2029	Renewal	
	MA39868WO539614	BOOSTHEAT ENERGY UNITES PEOPLE (semi-figurative)	SWITZERLAND (INT)	11, 35, 37	07/02/2019	N/A			Filing	07/02/2029	Renewal	
	MA39868FR243347	Compresseur JOFFROY	FRANCE	7, 9, 11, 35, 37	21/08/2015	154204554	21/08/2015	154204554	Registration	21/08/2025	Renewal	
	MA39868FR539613	ENERGY UNITES PEOPLE	FRANCE	11, 35, 37	14/11/2018	4499836	14/11/2018	4499836	Registration	14/11/2028	Renewal	

5.5.4.2 Domain names

The domain names registered by BOOSTHEAT are as follows:

- BOOSTHEAT.com
- BOOSTHEAT.fr
- BOOSTHEAT.eu
- BOOSTHEAT.us
- BOOSTHEAT.cn
- BOOSTHEAT.org
- BOOSTHEAT.be
- BOOSTHEAT.ch
- BOOSTHEAT.uk
- BOOSTHEAT.co.uk
- BOOSTHEAT.de
- BOOSTHEAT.es
- BOOSTHEAT.it
- dualfuelboiler.com
- dualfuelheatpump.com
- eatpumpboiler.eu
- heatpumpboiler.info
- heatpumpboiler.org
- hybridboiler.info
- hybridheatpump.info
- thermalcompression.com
- thermalcompressionboiler.com
- thermalcompressionfurnace.com
- thermalcompressionheatpump.com
- thermodynamicboiler.com
- thermodynamicfurnace.com]

5.6 COMPETITIVE POSITION

Please refer to section 5.2.3 of the Registration Document.

5.7 CAPITAL EXPENDITURE

5.7.1 Main capital expenditure in the 2018, 2017 and 2016 financial years

Details about the Company's main capital expenditure in the last three financial years are provided below.

Capital expenditure (in € thousands)	2018	2017	2016	1 st half 2019	1 st half 2018
Intangible assets	2,065	1,447	1,089		
Property, plant and equipment	2,945	767	329		
of which finance leases	1,905		54		
Financial assets	3	35	12		
TOTAL	5,103	2,249	1,430		

2018 Movements mainly concerned:

- Intangible assets with €1,896 thousand of capitalised R&D expenses (resulting in the completion of BOOSTHEAT.20 boilers), €79 thousand of expenses related to the development of the boilers' connectivity platform and €90 thousand of patent expenses;
- Property, plant and equipment, with €2,794 thousand relating to industrial equipment for the production site that commenced operations in November 2018 (including €1,905 thousand under finance leases) and a marginal amount of equipment purchases for the R&D team;
- Financial assets corresponding to lease collateral.

2017 Movements mainly concerned:

- Intangible assets, with €1,410 thousand of capitalised R&D expenses and €37 thousand of patent-related expenses;
- Property, plant and equipment, with technical equipment (€671 thousand) and office equipment; and
- A marginal amount of financial assets, mainly €24 thousand relating to the purchase of shares in Somudimec, UIMM's financing company, as part of obtaining a medium-term funding facility and an €11 thousand increase in guarantee deposits.

2016 Movements mainly concerned:

- Intangible assets with €1,068 thousand of capitalised R&D expenses and €21 thousand of patent-related expenses;
- Property, plant and equipment, with equipment for R&D activities (€274 thousand including €54 thousand financed through leases) and IT hardware and office fittings;
- Financial assets corresponding to lease collateral.

5.7.2 Capital expenditure in progress or in relation to which firm commitments have been made

The capital expenditure required to build the compressor assembly line has been completed and financed in full. There is likely to be a significant pause in BOOSTHEAT's capital expenditure in 2019.

5.7.3 Information about joint ventures and companies in which the issuer owns an equity stake

None.

5.7.4 Environmental matters

BOOSTHEAT offers a heating solution that meets demanding environmental requirements by reducing energy consumption, having zero fine particle emissions, using a natural, non-polluting refrigerant fluid (CO₂; see section 5.1.1.4 of the Registration Document) and taking some of its energy from renewable sources, while being highly efficient.

The Company cannot precisely assess the overall energy consumed in producing a BOOSTHEAT boiler. However, as part of its manufacturing activity, which is limited to assembly operations, BOOSTHEAT also takes into account environmental considerations by opting for equipment that produces the least possible amount of pollution. For example, the Company opted to use a solvent-free component cleaning machine. Also, since the boiler's expected life is more than 20 years and the first units were only produced in late 2018, the Company has not yet considered the recycling methods to be used when the boilers reach the end of their lives.

In June 2019, BOOSTHEAT initiated a continuous improvement approach regarding its social and environmental responsibility (CSR). This approach, which is entirely consistent with its values and strategic position, has the advantage of strengthening BOOSTHEAT's image as a conscientious and committed company. To assist with that effort, EthiFinance – a French extra-financial ratings agency – was asked to rate BOOSTHEAT in relation to CSR matters.

The EthiFinance strategic extra-financial rating combines two equally weighted scores:

- a business-focused score based on the Gaïa Rating guidelines (ESG maturity). BOOSTHEAT's score is 58/100, which corresponds to an "advanced" level of ESG maturity, representing an increase of 28 points relative to 2017 across all rating themes. This shows a promising level of maturity in terms of ESG (environmental, social and governance) for a recently established company, and is already substantially higher than EthiFinance's ratings for companies in the "Capital goods and industrial products" sector benchmark, in which the average is 43.
- a product-focused score based on the UN's Sustainable Development Goals (SDGs), known as the sustainable development contribution. BOOSTHEAT's score is 75/100, which corresponds to a "major" sustainable development opportunity. This high score is explained in particular by the scope of the opportunity (100% of the product portfolio contributes to the score, mass deployment is possible and organised and the production system is operational) and the quality of BOOSTHEAT's approach (radical innovation, overall coherence and continuous improvement).

BOOSTHEAT's overall score is 67/100, which makes the Company a "Sustainable leader".

The rating process enabled the Company to identify areas for future improvement, particularly in the workforce-related and HR theme.

75/100

Opportunity score: 75/100
Rated as a “**Sustainable leader**” for its
major contribution to the UN’s
Sustainable Development Goals



58/100

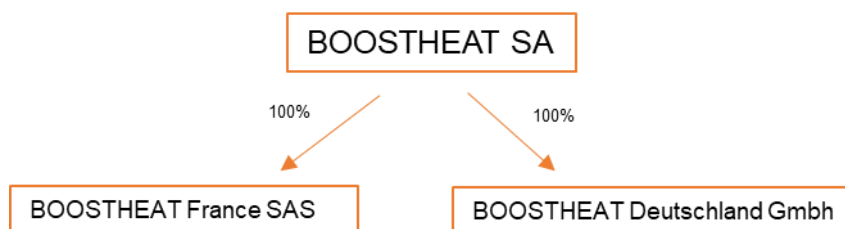
ESG maturity score: 58/100
“**Advanced**” maturity
Sector average: 43/100



6 ORGANISATIONAL STRUCTURE

6.1 LEGAL STRUCTURE

The Company's legal structure at this Registration Document's filing date was as follows:



6.2 GROUP COMPANIES

BOOSTHEAT SA: BOOSTHEAT SA is the Group's parent company, housing its R&D activities and production facilities and carrying out support functions for its commercial subsidiaries.

BOOSTHEAT France SA and **BOOSTHEAT Deutschland GmbH** are subsidiaries whose purpose includes marketing, installing and maintaining the heat pumps produced by the Company, in order to enable customers to benefit from tax incentives in their respective sales regions, i.e. France and Germany.

They were set up in the second half of 2018 and did not have any operational activity in the 2018 financial year.

Key figures at 31 December 2018

Name	in thousands of euros			
	Share capital	Equity (of which share capital)	Revenue	Net profit/(loss)
BOOSTHEAT SA	1,511	4,864	252	(8,069)
BOOSTHEAT France SAS	25	The first financial year will end on 31 December 2019		
BOOSTHEAT Deutschland GmbH	25	4	0	(21)

6.3 MAIN INTRAGROUP TRANSACTIONS

Given that the two commercial subsidiaries were set up only recently, the main intragroup transactions in 2018 comprised:

- transactions to pay up the subsidiaries' share capital;
- the invoicing of rent by the Company to its French subsidiary, whose registered office is located on the Vénissieux site.

In 2019, the Company intends to form transfer pricing and cash management agreements with its subsidiaries.

- Transfer pricing agreement

BOOSTHEAT designs, develops and produces boilers that it sells to its subsidiaries at the transfer price. Each subsidiary will market the heating equipment directly.

- Cash management agreement

To limit cash flows between BOOSTHEAT and its subsidiaries, transactions will be recorded in a current account. Those transactions will be subject to a cash management agreement, with interest being charged on market terms (EONIA or EURIBOR plus a margin).

7 EARNINGS AND FINANCIAL POSITION

Readers are invited to read the following information relating to the Company's financial position and earnings together with the whole of the Registration Document and in particular:

- The Company's consolidated financial statements for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 prepared according to IFRSs (International Financial Reporting Standards) as adopted by the European Union presented in section 18.1 of the Document, audited by the Company's statutory auditors, whose report is included in section 18.3.1; and
- The Company's condensed consolidated financial statements prepared in accordance with IAS 34 "Interim financial reporting" for the period from 1 January 2019 to 30 June 2019, presented in section 18.2 of the Document, which has undergone a limited review by the Company's statutory auditors, whose report is included in section 18.2.2.

The comments set out in sections 7 and 8 below are based solely on these consolidated financial statements.

7.1 FINANCIAL POSITION

7.1.1 General presentation

7.1.1.1 *The Company's business*

BOOSTHEAT was founded in 2011 and has designed and developed, on the basis of proprietary innovative thermal compressor technology, a new generation of gas boilers capable of meeting the challenges of energy transition. The Company believes that this technology combines the benefits of two other common systems available in the market, i.e. the reliability of gas boilers and the energy efficiency of electric heat pumps, therefore offering significant advantages compared to traditional boiler systems.

After almost eight years of development led by the Company's teams and through collaborative projects (see section 5.5.3.2 of the Registration Document), the BOOSTHEAT.20 boiler – aimed at the home renovation market – received the CE mark in September 2018.

The Company has used most of the funds raised from partners, including industry partners, and subsidies received for the development and the design of this product, starting in 2016. In 2017, BOOSTHEAT chose to set up its factory in Vénissieux, on an industrial site where a revitalisation programme was taking place following the planned departure of several Bosch-group subsidiaries. The Company received local and regional assistance, which enabled it to recruit 35 production employees who are experts in their fields.

The Company gradually started to market its boiler by the end of the fourth quarter of 2018, and is about to commence installing boilers in three current priority markets (France from late September 2019, Germany and Switzerland in the fourth quarter of 2019), having sold the boilers either directly to end-consumers or through commercial agreements such as the agreement with Holdigaz in Switzerland.

7.1.1.2 *Main items of the Company's consolidated income statement*

The main items on the Group's consolidated income statement, which management uses to analyse its consolidated financial results, are described below.

Revenue

Revenue corresponds to the fair value of the consideration received or receivable with respect to goods and services sold as part of the Group's usual course of business. Revenue is stated net of value added tax, returns of goods, discounts and rebates, and after the deduction of intragroup sales.

The Group recognises revenue in accordance with IFRS 15.

Revenue arises from sales of boilers. Although the marketing of boilers started gradually in the fourth quarter of 2018, the first installations will not take place until late September 2019 in France and the fourth quarter of 2019 in Germany and Switzerland. Those sales are likely to constitute the Group's main source of revenue in future.

Purchases consumed

Purchases consumed include the cost (net of changes in inventories) of raw materials, supplies and components involved in the production of boilers, as well as the cost of studies relating to the manufacturing process and innovation, non-stored purchases (EDF) and purchases of merchandise.

Other purchases and external expenses

Other purchases and external expenses include subcontracting (production of components from parts etc.), rent and service charges relating to the premises occupied by the Group, expenditure on maintaining and repairing sites and equipment, studies relating to the assembly of the production line, payments to intermediaries (accountants, auditors, lawyers, CIR tax credit specialist etc.), marketing expenditure (participation in trade shows, digital advertising, travel etc.) and various costs relating to insurance policies and training.

Personnel costs

Personnel costs include wages, social security charges, additions to termination benefit provisions and share-based payment expenses (IFRS 2).

Taxes other than on income

This item relates to continuing professional development and land-related taxes and contributions.

Net additions to depreciation, amortisation and provisions

This item includes:

- Additions to amortisation of intangible assets (mainly R&D-related) and depreciation of property, plant and equipment (relating to industrial and office equipment); and
- Additions to provisions for impairment and for contingencies and losses, net of reversals.

Other operating income and expenses

Other operating income includes the following:

- Private-sector financial support consists of development support agreements with private-sector partners. The financial support received is recognised under "Other income", separate from IFRS 15 revenue and recognised over time in a way that reflects BOOSTHEAT's fulfilment of its commitment to developing a heat pump that runs on LPG. This support includes recruitment support and technical co-operation revenue;
- Tax credits consist of the CICE tax credits and the non-capitalised portion of the CIR and CII tax credits;
- Investment subsidies consist of support received to finance non-current assets. The proportion recognised under other operating income corresponds to the gradual recognition of the support over the asset's useful life.

Other operating expenses mainly correspond to attendance fees paid to directors.

Recurring operating income

BOOSTHEAT regarded it as appropriate to present, on the income statement, a "Recurring operating income" item to better reflect the Group's operating performance.

BOOSTHEAT separates out income and expenses that are uncommon, unusual, infrequent and of a particularly significant amount under “non-recurring operating income and expense”, in order to make it easier to understand its underlying operating performance. Such items may include:

- Significant and unusual disposal gains or losses, or impairment, relating to non-current property, plant and equipment and intangible assets;
- Certain restructuring or reorganisation charges that would affect the clarity of underlying operating profit;
- Other operating income and expense such as provisions relating to highly material litigation.

Items that are of an identical nature to those mentioned above but that do not show the stated characteristics are classified under recurring operating income.

Other non-recurring operating income and expense

See above.

Operating income

Operating income corresponds to recurring operating income plus non-recurring operating items.

Pre-tax income

This corresponds to operating income minus the cost of net debt (mainly consisting of interest expense), and the IFRS 2 charge related to the allotment/issue of securities giving access to the capital to non-employee recipients.

Net income

Net income equals pre-tax income minus tax expense.

7.1.1.3 Indicators monitored by management

Given the current stage of its development, the Company focuses on two indicators:

- The R&D budget, which measures overall R&D efforts regardless of the expense recognition method (combination of R&D expenses capitalised and expensed during the year); and
- Recurring operating income as shown by the IFRS consolidated financial statements, measuring the Group's operating performance.

Once the installations of boilers have started, the “Gross profit” indicator will also be monitored in order to emphasise future improvements to the Company's products and the way they are manufactured.

Gross profit will be defined as follows:

Gross profit = Revenue less consumed purchases of raw materials and components involved in the production of boilers sold.

7.1.1.4 Partnerships and subcontracting

To carry out its activities, the Company uses various suppliers of raw materials and components specific to the production of heat pumps, along with various entities with which the Company works as part of collaborative projects (see section 5.5.3). These projects contributed €206 thousand to the financing of R&D work in 2018, €772 thousand in 2017 and €754 thousand in 2016, and €30 thousand in the first half of 2019 and €138 thousand in the first half of 2018.

7.1.1.5 Main factors affecting operating income

Certain key factors and certain past events and operations have affected or may in future affect the Group's business and operating income as presented in this chapter 7. In BOOSTHEAT's view, given the current early stage of the Company's commercialisation phase, the main factors affecting its business and operating income are or could be:

- **Structural and environmental trends in the heating market:** Since heating is an important area in terms of energy transition, environmental issues and trends are having a major impact on the development of the Company's market, where growth is also being spurred on by government incentives. Unlike competitors, the Company is targeting end-customers directly. The level of demand for the Company's solutions is therefore influenced by the general market and regulatory environment, demand for new heating solutions and the level of personal and disposal income as well as state subsidies to incentivise households to buy or replace energy efficient boiler solutions as part of the CO₂ reduction plan. The Company has for now determined France, Germany and Switzerland as initial priority markets for the commercial roll-out of the BOOSTHEAT.20 due to, inter alia, its existing network in France, the German market's strong focus on environmentally friendly solutions and high energy costs, and its partnership with Holdigaz in the Swiss market. As the Company expects to enter into further markets in the future, it will be influenced by demand and trends in those markets as well.
- **Securing of required funding:** As the Company so far has not generated any revenues, it has been dependent on its ability to secure sufficient external funding which includes, for example, issues of debt instruments, tax credits, subsidies and loans from shareholders. Capital expenditure has so far related mainly to the development of the gas-powered heat pump technology, the BOOSTHEAT.20 boiler, the installation and fit-out of the "Industry 4.0" production facility and, to a lesser extent, maintenance costs. The Company's commercial roll-out and further expansion plans will depend on the availability of sufficient funding. Any difficulties in this regard could delay the implementation of the Company's strategy and influence its profitability.
- **Success and timing of the commercial roll-out aimed at increasing the number of orders:** Given the early stage of the Company's business, the Company's successful implementation of its commercial roll-out, the increase in order numbers and revenue generation will depend on its ability to attract new customers through its multi-channel marketing and sales strategy. The Company has invested significantly in marketing to increase awareness of its products, for example, through advertising campaigns as well as attending specialized trade fairs and shows. The future timetable of its commercial roll-out and expansion plans will also be influenced by the Company's intended investments in sales and marketing as well as its recruitment plan, aimed particularly at strengthening the sales force and production teams in order to increase production capacity (additional team).
- **Research and development:** The Company has invested significantly in research and development, validation testing and implementation of the technological development plan in order to improve the BOOSTHEAT.20, both with enhancements to the current gas-powered heat pump and the development of a medium-power heat pump for the tertiary market. The Company has filed seven families of patents and patent applications protecting its developed product and has formed a policy involving constant efforts to innovate and find scientific and technical solutions to new environmental and industrial requirements in the field of energy efficiency. The Company believes that its commercial success is closely linked to its ability to protect its technologies and the solutions and products that result from them and that its internal know-how and research capabilities are a competitive advantage and influence the attractiveness of its products.
- **Costs of materials and supplies:** Costs for purchasing raw materials, supplies and components involved in the production of boilers represent a significant component of the Company's operating income. The Company expects that once production is fully established, such costs will also become subject to economies of scale. The Company intends to implement a proactive policy of streamlining fixed costs through the development of an industrial version

of the BOOSTHEAT.20. It also intends to work on a cost-cutting plan involving the optimisation of manufacturing processes and the choice of materials.

However, changes in the prices of certain raw materials used to make its boilers, such as stainless steel, aluminium and copper would further affect the cost of purchases consumed in the business and therefore the Group's gross profit. With respect to its suppliers, the Group will seek to negotiate, in the terms of framework agreements that it may form, possible price adjustments depending on movements in raw materials prices in order to limit the financial impact of fluctuations in raw materials prices. With respect to its customers, the Group could adjust its selling prices in order to pass on any increase in raw materials costs as far as possible. To date, the Group has not arranged any instruments intended to hedge against the risk of movements in raw materials prices. If the Group were unable to implement some or all of these measures to manage the risk of changes in certain raw materials prices, it could see a significant variation in its revenue and an impact on its gross profit in the event of a substantial change, particularly an increase, in the price of the raw materials concerned.

- **Seasonal variations:** For all market players, boiler orders and installations are subject to seasonal variations, with substantially lower business levels in the summer months (June, July and August). The busiest time commercially is always in September, October and November. This is also the period in which companies focus their communication efforts (print, radio and TV). The Company will focus its communication efforts on this period of the year. BOOSTHEAT, through communication geared towards the replacement of operational boilers, will seek to reduce its seasonal dependency. In addition, the Company's approach to human resources management and particularly working hours management already factors in these seasonal variations, so that more hours are worked in peak season and fewer hours in the quiet season.

7.1.1.6 Segment reporting

The Group only recognises one business segment, i.e. the production and marketing of new-generation boilers designed and developed by BOOSTHEAT on the basis of its thermal compression technology. From 2020, the Company will report information on orders and revenue by country.

7.1.2 Comments on the 2018, 2017 and 2016 financial years and the first-half periods ended 30 June 2019 and 30 June 2018

7.1.2.1 Recurring operating income and net income

A- Recurring operating income

The change in recurring operating income during the period presented was as follows:

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Net revenue	-	-	-	25	-
Purchases consumed	(1,598)	(259)	(111)	(902)	(659)
Other purchases and external expenses	(2,646)	(983)	(662)	(1,351)	(1,003)
Personnel costs	(3,963)	(2,083)	(1,483)	(2,375)	(1,640)
Taxes other than on income	(207)	(169)	(65)	(124)	(127)
Net additions to depreciation, amortisation and provisions	(761)	(429)	(371)	(1,069)	(239)
Other operating income and expense	1,108	1,887	3,066	504	799
Recurring operating income	(8,067)	(2,036)	374	(5,292)	(2,869)

Recurring operating income deteriorated during the period presented, from €374 thousand in 2016 to losses of €2,036 thousand in 2017, €8,067 thousand in 2018 and €5,292 in the first half of 2019. That change was mainly due to:

- The installation of production facilities at Vénissieux in the fourth quarter of 2017, which required various works and equipment to bring them into operation;

- Purchases of components and other supplies required for the production of initial boilers intended for pilot tests; and
- Increased efforts to prepare and start the marketing campaign from October 2018 after obtaining the CE mark;

bearing in mind that, in 2016, BOOSTHEAT received a €2,000 thousand subsidy relating to the reindustrialisation of the Vénissieux site, without which it would have made a recurring operating loss of €1,626 thousand.

Revenue

- 2018, 2017 and 2016

No boiler sales were made in 2016, 2017 and 2018. Marketing efforts did not start until the fourth quarter of 2018, after the boiler obtained the CE mark.

- First half 2019

The Company's Germany subsidiary sold one boiler in the first half of 2019 for €25 thousand. That sale, to Innogy, made it possible to carry out a set of tests and measurements in order to obtain BAFA accreditation. The Company is currently in discussions with Innogy – a subsidiary of German conglomerate RWE AG, which operates in the energy sector – to adopt a commercial strategy and promote BOOSTHEAT boilers in Germany's various regions.

Purchases consumed

The "Purchases consumed" item breaks down as follows:

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Purchases of raw materials, supplies and other inputs	(1,327)			(899)	(89)
Change in inventories of raw materials, suppliers and other inputs	915			484	
Production held in inventory				215	
Change in the inventory of merchandise	33			15	
Purchases of studies	(715)	(146)	(56)	(310)	(457)
Other purchases	(20)			(5)	(9)
Purchases of materials and supplies not held in inventory	(443)	(113)	(55)	(380)	(104)
Purchases of merchandise	(41)			(22)	
Purchases consumed	(1,598)	(259)	(111)	(902)	(659)

- 2018, 2017 and 2016

The steep increase in purchases consumed in 2018 was in particular due to:

- Purchases of raw materials and merchandise (net of changes in inventories) in an amount of €420 thousand in 2018, used for the production of boilers intended for the testing phase;
- Purchases of studies, mainly initiated by R&D teams in Toulouse relating to industrial production and innovation in an amount of €715 thousand, whereas the amounts concerned remained limited in 2017 and 2016; and

- Purchases of materials and supplies not held in inventory (mainly for development of the BOOSTHEAT.20 boiler) in an amount of €443 thousand as opposed to €113 thousand in 2017 and €55 thousand in 2016, resulting from the Vénissieux site commencing production activities.

- First half 2019

The 37% increase in purchases consumed in the first half of 2019 compared with the first half of 2018, along with the nature of the purchases, arose from the operational build-up of activity in the first half of 2019. The increase was mainly due to:

- A €333 thousand increase in purchases of raw materials and merchandise (net of changes in inventories) to €422 thousand in the first half of 2019 compared with €89 thousand in the first half of 2018, to be used to make the first boilers, some of which were recorded under production stored in inventory in an amount of €215 thousand;
- Purchases of materials and supplies not held in inventory almost quadrupled, from €104 thousand in the first half of 2018 to €380 thousand in the first half of 2019, due to the fact that the Vénissieux site was operational throughout the first half of 2019; and
- A substantial decrease in purchases of studies (down 32% from €457 thousand in the first half of 2018 to €310 thousand in the first half of 2019). Such studies relate in particular to the industrial process, with the aim of helping to increase gross margins on equipment sales in the medium term.

Other purchases and external expenses

The “Other purchases and external expenses” item breaks down as follows:

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
General subcontracting	(243)			(125)	(32)
Finance lease payments	-				
Rent and service charges	(567)	(200)	(171)	(41)	(292)
Maintenance and repairs	(74)	(35)	(23)	(59)	(32)
Studies and research	(118)			(57)	(29)
Remuneration of intermediaries and fees	(390)	(283)	(259)	(549)	(181)
Advertising	(619)	(122)	(20)	(152)	(116)
Various (insurance, banking services, training etc.)	(608)	(329)	(178)	(340)	(298)
Other external expenses	(27)	(14)	(11)	(27)	(23)
External expenses	(2,646)	(983)	(662)	(1,351)	(1,003)

- 2018, 2017 and 2016

External expenses increased by 169% between 2017 and 2018. The increase was due in particular to:

- One-off subcontracting expenses relating to the installation of the assembly line within the production site in 2018;
- A near-threefold increase in rent and service charges due to the combined effect of occupying the production premises at the Vénissieux site from January 2018 and leasing new premises for R&D teams in July 2017, which had an impact for the full year in 2018;
- Purchases of studies related to the development of the assembly line in 2018;
- A 38% increase in remuneration paid to intermediaries and fees (CIR tax credit service provider, legal and accounting service providers) due to higher remuneration paid to the CIR provider, the installation of ERP software, costs relating to a dispute with a former director, and advice regarding commercial law (drafting of general terms and conditions of sale) in 2018;

- A sharp increase in sales and marketing expenses, from €122 thousand in 2017 to €619 thousand in 2018, because of the Company's participation in numerous trade shows and exhibitions and large-scale digital marketing expenditure aimed at attracting potential customers; and
 - An increase in insurance and training expenses, in connection with the significant increase in the workforce as regards training (36 employees at end-2016, 67 at end-2017 and 95 at end-2018) and insurance relating to the opening of the Vénissieux site.
- First half 2019

External expenses recognised in the first half of 2019 were 35% higher than in the year-earlier period. However, the increase was limited by the first-time adoption of IFRS 16 "Leases" in the first half of 2019 (see below).

The main factors behind the increase were:

- An apparent decrease in rent and service charges from €292 thousand in the first half of 2018 to €41 thousand in the first half of 2019, whereas the amount of space being leased increased from 1 February 2019. The decrease resulted from the first-time adoption of IFRS 16 in the first half of 2019, which meant that the Company had to restate expenses relating to leases with a term of more than one year and simple finance leases by recognising the corresponding assets (buildings, equipment) as assets of the Company along with corresponding lease liabilities. The "rent and service charges" item therefore fell, with rent being replaced with asset depreciation charges and interest expense on the related liabilities (€358 thousand and €40 thousand respectively). The €41 thousand recognised in the first half of 2019 corresponds to rent on the Ramonville San Diego lease, since the lease is due to end in December 2019 (6-month term), and to lease payments under finance leases for equipment whose remaining lease term is also less than one year and for which restatement in accordance with IFRS 16 is therefore not justified;
- A very sharp increase in remuneration of intermediaries and fees, from €181 thousand in the first half of 2018 to €549 thousand in the first half of 2019, in connection with the planned IPO (accountancy, audit, legal and listing sponsor fees);
- An increase in advertising expenditure to support marketing efforts; and
- An increase in the "Various" item, which includes insurance and training expenses, because of an increase in leased space and higher staff numbers.

Personnel costs

- 2018, 2017 and 2016

Personnel costs increased sharply during the period presented, from €1,483 thousand in 2016 to €2,083 thousand in 2017 and €3,963 thousand in 2018 (see details in note 3.27 to the consolidated financial statements included in section 18.3.1 of the Registration Document). The sharp increase reflects both:

- The increase in the workforce from 36 at end-2016 to [●] in 2017 and to 95 at end-2018, mainly in the production and sales/marketing teams; and
- A substantial increase in social security charges, since wage costs at the Vénissieux site are not covered by the JEI exemption because no R&D activity is carried out there.

The overall payroll costs paid by the Group consist of personnel expenses recognised as expenses for the relevant period, along with the portion of personnel expenses relating to development work and included in R&D expenses capitalised on the balance sheet under intangible assets. That portion amounted to €1,757 thousand in 2018, €1,410 thousand in 2017 and €1,091 thousand in 2016.

- First half 2019

Personnel costs amounted to €2,375 thousand in the first half of 2019 as opposed to €3,963 thousand in full-year 2018 (including only €1,640 thousand in the first half of 2018). This item reflects the cost, over the full six-month period, of a workforce that has stabilised at 96 people following recruitment in 2018.

After taking into account capitalised R&D-related wage costs (€929 thousand in the first half of 2019 and €876 thousand in the first half of 2018), personnel costs amounted to €3,304 thousand in the first half of 2019 and €2,516 thousand in the year-earlier period.

Taxes other than on income

- 2018, 2017 and 2016

This item relates to continuing professional development and land-related taxes and contributions, and did not change substantially during the period.

- First half 2019

No notable change was recorded between 30 June 2019 and 30 June 2018.

Net additions to depreciation, amortisation and provisions

- 2018, 2017 and 2016

The increase in recurring net additions to depreciation, amortisation and provisions rose from €371 thousand in 2016 to €429 thousand in 2017 and €761 thousand in 2018, because of:

- An increase in depreciation of property, plant and equipment resulting from multiple purchases of equipment from 2017 onwards, mainly allocated to the production site (€2,945 thousand in 2018, €767 thousand in 2017 and €329 thousand in 2016); and
- Amortisation of the cost of developing the BOOSTHEAT.20 boiler starting in October 2018 after the CE mark was obtained on 24 September 2018.

- First half 2019

Net additions to depreciation, amortisation and provisions rose very sharply from €239 thousand in the first half of 2018 to €1,069 thousand in the first half of 2019, due in particular to:

- €336 thousand of amortisation on R&D costs in the first half of 2019; amortisation did not begin until October 2018, after the boiler obtained the CE mark on 24 September 2018, and so there was no such amortisation in the first half of 2018;
- A €358 thousand impact from the first-time adoption of IFRS 16 (rights of use in relation to leased assets), increasing depreciation costs by the same amount in the first half of 2019 after the restatement of operating leases on leased sites in France and finance leases; and more marginally
- Depreciation of property, plant and equipment relating to equipment at the production site, which was recognised throughout 2018 but only for part of the first half of 2019.

Other operating income and expense

Other recurring operating income and expense breaks down as follows:

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Private-sector financial support	614	1,448	2,754	258	549
Tax credits	434	224	114	198	225
Public subsidies	-	49	25		
Investment subsidies	107	254	206	85	61
Purchasing/reselling of spare parts	40	-	-	64	
Other income	31	2	-	5	1
Total other operating income	1,226	1,977	3,099	610	836
Other operating expense	(118)	(90)	(33)	(106)	(37)
Total other operating expense	(118)	(90)	(33)	(106)	(37)
Total other operating income and expense	1,108	1,887	3,066	504	799

- 2018, 2017 and 2016

Private-sector financial support includes:

- Recruitment support provided by Robert Bosch France (owner of the premises where the production facilities have been installed) in an amount of €45 thousand per employee recruited, i.e. €405 thousand in 2018 for nine recruits and €675 thousand in 2017 for 15 recruits. No support of that type was received in 2016;
- Technical co-operation revenue, including:
 - €206 thousand in 2018 and €69 thousand in 2017 under the Butagaz agreement relating to the development of a propane-fired boiler, intended to avoid any problem connecting to the gas grid for potential customers who currently own fuel oil-fired boilers;
 - €673 thousand in 2017 and €754 thousand in 2016 under the GRDF agreement relating to the development of a small- and medium-power heat pump;
 - €30 thousand in 2017 under an agreement with Dalkia; and
 - A €2,000 thousand subsidy in 2016, granted by Bosch in relation to the takeover of the Vénissieux site.

Tax credits consist of the CICE tax credits and the non-capitalised portion of the CIR and CII tax credits.

Investment subsidies correspond to support received to finance non-current assets. The proportion recognised under other operating income corresponds to the gradual recognition of the support over the asset's useful life.

In 2018, the figure relating to the purchase and resale of spare parts amounted to €40 thousand, with the Company selling spare parts to a supplier and then buying them back in the form of a component that it incorporates into its boilers. Those transactions relate to the build-up of its production system and the Company's use of such services is limited and temporary.

Other expenses mainly correspond to attendance fees paid to directors in 2018, 2017 and 2016.

- First half 2019

In the first half of 2019, private-sector financial support included:

- recruitment support provided by Robert Bosch France amounting to €228 thousand (€411 thousand in the first half of 2018);
- a €30 thousand subsidy in relation to the revitalisation agreement formed in 2017 in relation to the Vénissieux site.

No technical co-operation revenue was recognised in the first half of 2019. The €138 thousand recorded in the first half of 2018 concerned the agreement with Butagaz, discussed above.

Tax credits consist of the CICE tax credits and the non-capitalised portion of the CIR and CII tax credits.

The recognised proportions of investment subsidies reflect the gradual recognition of subsidies received over the assets' useful lives. Their amount increased slightly.

Sales of spare parts to a third party amounted to €64 thousand in the first half of 2019.

Other expenses mainly corresponded to attendance fees for which provisions are set aside in the first six months of the year.

Given these other operating items that have limited recurring operating losses, the Company made a recurring operating loss of €5,292 thousand in the first half of 2019, €8,067 thousand in 2018 and €2,036 thousand in 2017 as opposed to a profit of €374 thousand in 2016.

B- Net income

Based on the movements in recurring operating income discussed above and after taking into account non-recurring operating items and the cost of net debt, consolidated net income during the period presented has been as follows:

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Recurring operating income	(8,067)	(2,036)	374	(5,292)	(2,869)
Other non-recurring operating income and expense	(515)	(100)	(13)		
Operating income	(8,582)	(2,136)	361	(5,292)	(2,869)
Cost of net debt	(456)	(248)	(26)	(378)	(417)
Income before tax	(9,038)	(2,384)	335	(5,670)	(3,286)
Income tax		-	-		
Net income	(9,038)	(2,384)	335	(5,670)	(3,286)

Other non-recurring operating income and expense

- 2018, 2017 and 2016

€515 thousand of non-recurring operating expense was recognised in 2018, mainly consisting of €500 thousand of contingency and loss provisions relating to a settlement reached in May 2019 concerning a dispute with a former director.

€100 thousand of non-recurring operating expense was recognised in 2017 relates to the net carrying amount of non-current assets scrapped after some of the workforce moved from Nîmes to Vénissieux.

- First half 2019

No non-recurring operating income or expense was recorded in the first halves of 2019 or 2018.

Cost of net debt

Movements in the cost of net debt have been as follows:

(in € thousands)	Year ended 31 December		
	2018	2017	2016
Interest expense on borrowings	(49)	(20)	(25)
Warrants - IFRS 2	(394)	(227)	
IFRS 16 accretion impact			
Other financial expense	(12)	(1)	(1)
Cost of net debt	(455)	(248)	(26)

(in € thousands)	First half ended	
	30 June 2019	30 June 2018
Interest expense on the bonds issued in February 2019	(232)	(22)
Interest expense on bonds with warrants	(63)	
Other interest expense	(41)	
Warrants – IFRS 2		(394)
IFRS 16 accretion impact	(40)	
Other financial expense	(2)	
Cost of net debt	(378)	(416)

- 2018, 2017 and 2016

The two main components of the cost of net debt are as follows:

- Interest expense on borrowings increased sharply in 2018 compared with 2016 and 2017 because of greater use of debt to fund the fit-out of the Vénissieux site (see section 8.1 below); and
- the recognition of an IFRS 2 expense in 2017 and 2018 concerning the fair value of the 2017 and 2018 warrants attached to the shares with warrants issued during those two years in an amount of €227 thousand in 2017 and €394 thousand in 2018.

- First half 2019

The cost of net debt fell year-on-year in the first half of 2019.

The €378 thousand recognised with respect to the first half of 2019 includes:

- Accrued interest on the €6,980 thousand of bonds issued in February 2019;
- Interest on bank debt;
- Interest expense on the bonds with warrants issued in June 2019 at the total effective rate of 12.07% taking into account part of the 20% redemption premium provided for in the event of early redemption, including in the event of an IPO (see notes 2 and 15 to the condensed consolidated financial statements for the six months ended 30 June 2019 presented in section 18.2);
- The accretion effect recognised in relation to the first-time adoption of IFRS 16, resulting in a €40 thousand expense.

In the first half of 2018, the cost of debt included:

- A €394 thousand IFRS 2 expense relating to the 2018 warrants attached to the 2018 shares with warrants issued in June 2018;
- Interest on bank debt.

Net income

After deducting these various items, the Company made a consolidated net loss attributable to equity holders of the parent (which is the same as the Company's overall net income since it owns 100% of its consolidated subsidiaries) of €9,038 thousand in 2018 and €2,384 thousand in 2017 as opposed to a profit of €335 thousand in 2016.

First-half losses amounted to €5,670 thousand in 2019 and €3,286 thousand in 2018.

7.1.3 Comments on the main balance-sheet items

7.1.3.1 Net non-current assets

Of the total assets on the balance sheet, almost 71% consisted of net non-current assets at 30 June 2019 (as opposed to 63% at 31 December 2018), most of which were property, plant and equipment resulting from the first-time adoption of IFRS 16 in the first half of 2019.

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Intangible assets	5,887	4,138	2,836	6,588	
Property, plant and equipment	3,694	1,222	849	9,136	
Financial assets	67	64	29	197	
Total non-current assets	9,648	5,424	3,714	15,921	

Net intangible assets

The amounts mainly relate to the cost of developing the BOOSTHEAT.20 boiler.

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Development costs	5,723	70	199	5,387	
Concessions, patents, trademarks and software	85	37	17	95	
Intangible assets in progress	79	4,031	2,621	1,106	
Intangible assets	5,887	4,138	2,836	6,588	

- 2018, 2017 and 2016

Until 1 October 2018, when the BOOSTHEAT.20 received the CE mark, boiler development costs had been recognised under "Other non-current assets in progress". On 1 October 2018, those costs, plus €921 thousand of purchased outsourced R&D work, were transferred to "Development costs" and have been amortised on a straight-line basis since that date, which marks the start of the marketing phase, with the first communication campaign having started in the fourth quarter of 2018. At 31 December 2018, the total gross amount of development costs relating to the heat pump amounted to €6,682 thousand (after deducting a total of €2,237 thousand representing the sum of annual CIR tax credits that have funded certain capitalised costs). After the amortisation recognised from October 2018 onwards, the net amount is €5,723 thousand.

Taking into account the remaining R&D expenses recognised as such in the year in which they were incurred (€1,128 thousand in 2018, €518 thousand in 2017 and €148 thousand in 2016), the annual R&D budget in the last three years (net of CIR tax credits) was €3,103 thousand in 2018, €1,928 thousand in 2017 and €1,216 thousand in 2016.

At the end of 2018, the remaining intangible assets in progress concerned downpayments made to a third party for IoT developments not completed at that date, which will be integrated into a future smart version of the boiler.

The “concessions, patents, trademarks and software” item mainly concerns software and the cost of obtaining the CE mark.

- First half ended 30 June 2019

In the first half of 2019, the Company recognised €1,065 thousand of intangible assets of which €1,027 thousand related to developments of the BOOSTHEAT.20 boiler (net of the proportions of CIR and CII tax credits receivable, totalling €303 thousand).

Taking into account R&D expenses recognised as such in the period incurred (i.e. €428 thousand in the first half of 2019), the R&D budget in the first half of 2019 amounted to €1,455 thousand (net of the CIR tax credit).

Net property, plant and equipment

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Rights of use relating to leased buildings	-	-	-	5,062	
Technical installations, industrial plant and machinery	3,435	1,049	618	1,924	
Rights of use relating to leased plant and machinery				1,384	
Other property, plant and equipment	234	148	166	236	
Rights of use relating to other leased assets	-	-	-	505	
Property, plant and equipment in progress	25	25	65	25	
Property, plant and equipment	3,694	1,222	849	9,136	

- 2018, 2017 and 2016

Property, plant and equipment mainly consists of industrial installations and equipment at the Vénissieux production site that came on-stream in November 2018 and, more marginally, R&D equipment.

The change in the “Technical installations, industrial plant and machinery” item during the period presented reflects initial installation work at the site, which started in 2017 and accelerated in 2018, allowing the plant to start production at the end of 2018, after taking into account the corresponding depreciation. The compressor assembly line installed in July 2018 alone represented total expenditure of €1.7 million of which €1.0 million was funded through a finance lease (restated under non-current assets) and a €0.7 million subsidy from the Auvergne Rhône Alpes region.

Other property, plant and equipment concerns office and IT equipment.

- First half ended 30 June 2019

Property, plant and equipment increased sharply in the first half of 2019 because of the first-time adoption of IFRS 16, which caused the Company to recognise, under assets, rights of use relating to leased items. The restatement of sites leased in France led the Company to recognise a net €5,062 thousand under “buildings” at 30 June 2019. The restatement of finance leases, relating to production equipment and other assets, led to the recognition of €1,384 thousand of production equipment and €505 thousand of other assets (net amounts).

Net financial assets

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Equity interests	24	24	-	24	
Other long-term investment securities	-	-	-	-	
Other financial assets	43	40	29	173	
Financial assets	67	64	29	197	

- 2018, 2017 and 2016

The €24 thousand of “Equity interests” in 2017 relates to the purchase of shares in Somudimec, UIMM’s financing company, as part of obtaining a medium-term funding facility.

“Other financial assets” consist of guarantee deposits on rented premises.

- First half ended 30 June 2019

The only change consisted of a €130 thousand increase in guarantee deposits following an increase in space occupied at the Vénissieux site, negotiated in 2018 but effective from February 2019.

7.1.3.2 Net current assets

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Inventories and work in progress	948	-	-	1,661	
Trade receivables	785	129	-	-	
Tax receivables	1,064	662	411	1,483	
Other receivables	617	693	153	661	
Cash and cash equivalents	2,223	3,284	2,213	2,561	
Prepaid expenses	105	46	36	93	
Total current assets	5,742	4,814	2,813	6,459	

- 2018, 2017 and 2016

Inventories and work in progress

The Company first established its inventories in 2018. Given the stage of the Company’s development and the start of operations at the production site in late 2018, there were no inventories of work in progress or finished goods at 31 December 2018. Inventories consist of parts for use in boiler production, amounting to €915 thousand.

Trade receivables

Since the Company has not started selling its boilers, receivables relate to private-sector partners that have provided financial support to the Group. At 31 December 2018, the increase in receivables related in particular to an additional €526 thousand invoiced to Robert Bosch France (owner of the Vénissieux site), in connection with VAT on recruitment support in 2018.

Tax receivables

This item includes various tax receivables due to be settled in the near future, mainly relating to the CIR, CII and CICE tax credits. A breakdown is provided in section 8.2.1.3 below.

Other receivables

At 31 December 2018, the €617 thousand of other receivables mainly included €537 thousand of VAT-related tax receivables (VAT credits and deductible VAT).

At 31 December 2017, the item included €411 thousand of downpayments made to the supplier of the assembly line installed in 2018 and €196 thousand of tax receivables.

At 31 December 2016, the receivables included €89 thousand of VAT-related tax receivables.

Cash and cash equivalents

The amounts at the end of each period consist solely of cash, bank overdrafts and bank credit balances, as shown in note 3.16 to the consolidated financial statements.

Changes over the period resulted from expenditure incurred and the schedule for receiving the various sources of funding such as capital increases and subsidies (see section 8.1 below).

Prepaid expenses

This item mainly consists of operating expenses such as rent. Their amount was non-material in the three periods.

- First half ended 30 June 2019

Inventories and work in progress

The inventories item changed significantly in the first half of 2019 with €1,398 thousand of inventories of raw materials and other components (versus €915 thousand at 31 December 2018) and €215 thousand of production held in inventory.

Trade receivables

In the first half of 2019, the Company received payment of all amounts due from various partners at 31 December 2018.

Tax receivables

This item includes various tax receivables due to be settled in the near future, mainly relating to CIR research tax credits due with respect to 2018 in the first half of 2019, and CII innovation tax credits.

The breakdown is shown in section 8.2.1.3 below.

Other receivables

The change in this item in the first half of 2019 relates only to VAT-related receivables.

Cash and cash equivalents

The change in cash and cash equivalents in the first half of 2019 resulted from both expenditure and payments received in the same period (see section 8.1 below).

Prepaid expenses

This item mainly consists of operating expenses such as rent. Their amount remained non-material.

7.1.3.3 Equity

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Share capital	1,511	1,410	1,216	1,551	
Share premiums	15,267	8,957	4,768	16,012	
Consolidated reserves	(5,245)	(2,866)	(3,200)	(14,242)	
Net income for the period	(9,038)	(2,384)	336	(5,670)	
Equity attributable to equity holders of the parent	2,495	5,117	3,120	(2,349)	

- 2018, 2017 and 2016

The main changes in equity, for each of the full-year and half-year periods presented, relate to:

- The proceeds of capital increases (€6,002 thousand in 2018, €4,156 thousand in 2017 and €2,675 thousand in 2016 (see section 8.2.1.1 below); and
- Net income in each period.

- First half ended 30 June 2019

Changes in equity in the first six months of 2019 related to:

- the first-half loss of €5,670 thousand;
- a capital increase following the exercise of warrants in June 2019 for €823 thousand (net of expenses), which resulted in the creation of 156,843 shares at €5.35 per share (see note 3.14 to the condensed interim financial statements).

7.1.3.4 Non-current liabilities

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Borrowings and financial liabilities	5,946	2,938	993	12,393	
Lease liabilities (part at more than one year)				5,679	
Contingency and loss provisions	76	44	24	116	-
Deferred tax liabilities	-	-	-	-	
Other non-current liabilities – prepaid income (part at more than one year)	393	68	94	-	
Total non-current liabilities	6,415	3,050	1,111	18,188	

- 2018, 2017 and 2016

Borrowings and financial liabilities

The “Borrowings and financial liabilities” item mainly consists of bank debt, conditional advances and liabilities relating to the restatement of finance leases including those for production equipment. Detailed changes in the main items of debt are presented in sections 8.2.1.4 and 8.2.1.5 below and in note 3.18 to the consolidated financial statements for the year ended 31 December 2018, included in section 18.1 of the Registration Document.

Their increase during the period presented was due to the move to the Vénissieux site in 2018 and the conditional advances obtained in relation to R&D projects.

Contingency and loss provisions

Non-current contingency and loss provisions concern provisions for termination benefits. Their increase results from changes in the workforce.

Other non-current liabilities

Other non-current liabilities concern prepaid income, mainly including financial support provided by private-sector partners in connection with services not yet provided at the closing date, and investment subsidies received and still to be recognised over multiple periods. They break down as follows:

(in € thousands)	Year ended 31 December		
	2018	2017	2016
Financial support received from private-sector partners	529	236	698
Public-sector investment subsidies	776	121	300
Prepaid revenue	25		
Total prepaid income	1,330	357	998
<i>Of which part at less than one year (current part)</i>	937	289	904
<i>Of which part at more than one year (non-current part)</i>	393	68	94

The sharp increase in 2018 was mainly the result of:

- The receipt of €499 thousand under an agreement with GRDF to support the pilot and commercial launch phase through a one-off financial contribution paid by GRDF in an amount of:
 - €10,000 per unit for the first 10 units installed in the pilot phase, allowing the Company to check how the units perform in real-life conditions;
 - €3,596 per unit, i.e. 20% of the selling price, for the first 111 units sold.
- The receipt of an initial payment (€484 thousand out of a total of €768 thousand) from the Rhône-Alpes region as part of a subsidy intended to finance various equipment at the Vénissieux site. The payments will be spread out over the life of the equipment, and resulted in the recognition of €107 thousand of other operating income in 2018;
- The receipt of an initial payment (€224 thousand out of a total of €641 thousand) from the European Commission on the H2020 "Sun Horizon" project (see description in section 8.2.1.6); and
- €30 thousand for the remainder of the €60 thousand Dalkia subsidy relating to the revitalisation agreement signed on 30 May 2017 for the first 20 50kW boilers received by Dalkia.

All of the non-current portion concerns public-sector investment subsidies.

The amounts at 31 December 2017 and 31 December 2016 concerned more specifically the receipt of payments relating to the agreements with Butagaz and GRDF, which led to the recognition of other operating income in subsequent years. Most of those amounts were at less than one year (current part).

- First half ended 30 June 2019

Borrowings and financial liabilities

The "Borrowings and financial liabilities" item increased sharply in the first half of 2019, mainly because of:

- a €6,980 thousand bond issue in February 2019, of which €6,860 thousand was subject to an early redemption request. The receivables arising from that early redemption (nominal plus accrued interest) enabled their holders to subscribe the issue of bonds with warrants in June 2019. At 30 June 2019, the balance of the February 2019 issue of bonds and the June 2019 issue of bonds with warrants represented a total non-current liability of €7,275 thousand, including €583 thousand corresponding to the fair value of the "derivative" component relating to the warrants attached to the bonds with warrants, whose exercise price is not fixed because it depends on the future IPO price (for more details, see notes 2 and 15 to the condensed consolidated financial statements for the six months ended 30 June 2019 in section 18.2.1);
- a new loan of €460 thousand in April 2019 (refinancing production equipment that had been subject to a finance lease at 31 December 2018);

- the receipt of €67 thousand as an initial payment under a €110 thousand conditional advance obtained from ADEME in the first half of 2019.

Detailed changes in the main items of debt in the first half of 2019 are presented in sections 8.2.1.4 and 8.2.1.5 below and in note 3.15 to the condensed consolidated financial statements for the six months ended 30 June 2019, included in section 18.2 of the Registration Document.

Lease liabilities

€5,679 thousand of lease liabilities were recognised because of the adoption of IFRS 16 using the modified retrospective approach from 1 January 2019. This figure corresponds to the current portion of liabilities arising from restatements relating to the first-time adoption of IFRS 16 in the first half of 2019.

Contingency and loss provisions

The change in non-current contingency and loss provisions relates solely to provisions for termination benefits.

Other non-current liabilities

There were no longer any non-current liabilities (prepaid income) at 30 June 2019.

7.1.3.5 Current liabilities

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Borrowings and debt (part at less than 1 year)	958	207	150	554	
Lease liabilities (part at less than 1 year)				1,104	
Contingency and loss provisions (part at less than 1 year)	500	35	-	-	
Trade payables	2,296	593	484	1,586	
Other current liabilities	1,789	947	758	1,972	
Prepaid income	937	289	904	1,324	
Total current liabilities	6,480	2,071	2,296	6,540	

- 2018, 2017 and 2016

Borrowings and financial liabilities

The changes in this item in each period are detailed in sections 8.2.1.4 and 8.2.1.5 below and in note 3.18 to the consolidated financial statements for the year ended 31 December 2018, included in section 18.1 of the Registration Document.

Contingency and loss provisions

In 2018, a €500 thousand contingency and loss provision was set aside in relation to a settlement then being negotiated regarding a dispute with a former director, covering all the amount concerned. The settlement ended the dispute and removed the associated risk. The only provision set aside at 31 December 2017 concerned an employee dispute (€35 thousand) that was resolved in 2018, at which point the provision was released.

Trade payables

The significant increase in trade payables between 31 December 2017 and 31 December 2018 mainly relates to suppliers of equipment, raw materials and components held in inventory at the end of the period but not yet paid for.

Other current liabilities

Most of the other current liabilities item relates to social security and taxes (other than income tax) as indicated in the table below.

(in € thousands)	Year ended 31 December		
	2018	2017	2016
Social security liabilities	1,044	803	651
Tax liabilities (other than income tax)	633	51	16
Other liabilities	111	91	73
Other current liabilities	1,789	947	758

Prepaid income

At 31 December 2018, the amount of €937 thousand mainly consisted of: €529 thousand of private-sector financial support (€499 thousand relating to the GRDF agreement to facilitate the pilot phase and commercial launch and €30 thousand representing the balance due under the Dalkia agreement), €25 thousand of expected revenue (first boiler sold in Germany in 2018 but not delivered as of the period-end), with the remainder exclusively concerning public-sector investment subsidies.

At 31 December 2017, the amount of €287 thousand concerned the receipt of payments under the Butagaz agreement, which led to the recognition of other operating income in 2018, the remainder due under the Dalkia agreement as mentioned above, and more marginally stage payments of investment subsidies.

At 31 December 2016, the amount of €904 thousand concerned the receipt of payments under the GRDF agreement, which led to the recognition of other operating income in 2017, and more marginally stage payments of investment subsidies.

- First half ended 30 June 2019

Borrowings and financial liabilities

The change in this item in the first half of 2019 is detailed in sections 8.2.1.4 and 8.2.1.5 below and in note 3.15 to the condensed consolidated financial statements for the six months ended 30 June 2019, included in section 18.2.1 of the Registration Document.

Lease liabilities

€1,104 thousand of lease liabilities were recognised. This figure corresponds to the current portion of liabilities arising from restatements relating to the first-time adoption of IFRS 16 in the first half of 2019.

Contingency and loss provisions

All of the €500 thousand provision set aside at the end of 2018, in relation to a settlement then being negotiated regarding a dispute with a former director, was reversed in the first half of 2019, since the settlement was finalised in April 2019.

Trade payables

The decrease in trade payables in the first half of 2019 resulted from the fact that, at 31 December 2018, the item still included a large amount of equipment purchases for which payment was made during the first half of 2019. At 30 June 2019, the only remaining trade payables related to purchases of raw materials and components held in inventory but not yet paid for at the end of the period.

Other current liabilities

Most of the other current liabilities item relates to social security charges, as indicated in the table below.

(in € thousands)	Year ended 31 December 2018	First half ended 30 June 2019
Customer downpayments	-	46
Shareholder loans	-	118
Social security liabilities	1,044	1,290
Tax liabilities (other than income tax)	633	86
Other liabilities	111	432
Other current liabilities	1,789	1,972

Prepaid income

(in € thousands)	Year ended 31 December 2018	First half ended 30 June 2019
Financial support received from private-sector partners	529	499
Public-sector investment subsidies	776	825
Prepaid revenue	25	-
Total prepaid income	1,330	1,324

At 30 June 2019, the amount of €1,324 thousand broke down as follows:

- €499 thousand of private-sector financial support relating to the GRDF agreement to facilitate the pilot phase and commercial launch, already recognised at 31 December 2018 (see above); and
- €825 thousand of investment subsidies as opposed to €776 thousand at 31 December 2018, including €133 thousand received in relation to a new subsidy (totalling €220 thousand) granted by ADEME in the first half of 2019 to support the initial roll-out of BOOSTHEAT.20 boilers in real-life conditions as part of pilot projects.

At 30 June 2019, there was no longer any prepaid income, since that existing at 31 December 2018 was recognised as revenue in the first half of 2019.

7.2 OPERATING INCOME

7.2.1 Main factors affecting operating income

See description in section 7.1.1.5 and comments in section 7.1.2 regarding the breakdown of recurring operating income.

7.2.2 Material changes in net revenue

Not applicable.

8 CASH POSITION AND CAPITAL

8.1 INFORMATION ABOUT THE ISSUER'S CAPITAL

The comments below are based on the same financial statements as those used in section 7.

Net debt changed substantially during the period presented, as indicated in the table below.

(in thousands of euros)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Time deposits	-	-	-		
Cash	2,223	3,284	2,213	2,561	
Total cash and cash equivalents (A)	2,223	3,284	2,213	2,561	
Borrowings and debt - Non-current portion	5,946	2,938	993	18,072	
Borrowings and debt - Current portion	958	207	150	1,658	
Debt (B)	6,904	3,145	1,143	19,730	
Net debt (B) - (A)	4,681	(139)	(1,070)	17,169	

2018, 2017 and 2016

At 31 December 2018, net debt totalled €4,681 thousand due to increased use of bank debt as well as conditional advances obtained in 2018 and 2017 relating to the installation, fit-out and commissioning of the production site and work to develop the BOOSTHEAT.20 boiler.

At 31 December 2018, the amount of available net cash (available cash minus bank overdrafts) was €2,123 thousand as opposed to €3,186 thousand at 31 December 2017 and €2,113 thousand at end-2016.

First half ended 30 June 2019

At 30 June 2019, net debt amounted to €17,169 thousand and the amount of available net cash (available cash minus bank overdrafts) was €2,493 thousand as opposed to €2,123 thousand at 31 December 2018.

Out of that €17,169 thousand, €6,692 thousand (excluding the derivative related to the attached warrants) related to the fair value of the non-redeemed balance of the bonds issued in February 2019 and the bonds with warrants issued in June 2019. In the event of an IPO, those two bond issues will be redeemed early. Bondholders have undertaken to use the proceeds of that early redemption (nominal + accrued interest + 20% redemption premium) to subscribe to the capital increase forming part of the IPO. In that event, no cash payment will be made to redeem the bonds.

Since the end of the first half of 2019

Since the end of the first half of 2019, the Company carried out a new bond issue subscribed by Holdigaz in a nominal amount of €10 million in September 2019 (see section 8.2.1.8 below).

In the event of an IPO, these bonds will be redeemed early in an amount equal to nominal value, interest and a 20% redemption premium. They will not be redeemed in cash; the resulting receivable will be used to subscribe to the capital increase taking place as part of the forthcoming IPO.

8.2 ISSUER'S FUNDING SOURCES AND CASH FLOWS

8.2.1 Information on funding sources

Since its creation, including income from technical co-operation agreements recognised as revenue, the Company had received a total of €44.5 million at 30 June 2019 (and €35.8 million at 31 December 2018) of funding, the main sources of which were:

- Capital increases for cash;
- Tax rebates resulting from the CIR, CII and CICE tax credit systems;
- A bond issue;
- Bank debt;
- Subsidies;
- Repayable advances; and
- Support in the form of market exploration insurance.

The contribution of each of these main funding sources during the period presented is as follows:

8.2.1.1 Equity funding

At 30 June 2019, the Company had received a total of €17,977 thousand (before deducting costs relating to the capital increases) through contributions from the founders and successive issues of shares and shares with warrants since its creation, including those resulting from exercises of warrants attached to the shares with warrants. The amounts raised per year have been as follows (see also details by transaction in section 19.1.7.1 of the Registration Document):

Period	Amount raised (in € thousands)
2011	520
2012	415
2014	996
2015	2,355
2016	2,681
2017	4,162
2018	6,009
First half 2019	839
Total gross amount raised	17,977

8.2.1.2 February 2019 bond issue and Issue of 2019 bonds with warrants

In February 2019, the Company carried out a bond issue subscribed by existing shareholders in a total nominal amount of €6,980 thousand, increasing its available cash position by the same amount.

Pursuant to a decision by shareholders in the 7 June 2019 to carry out an issue of bonds with warrants (hereinafter the "2019 bonds with warrants") reserved for holders of the aforementioned bonds, some of them requested early redemption of their bonds in a nominal amount of €6,860 thousand (out of €6,980 thousand) plus €157.8 thousand of accrued interest at 7 June 2019 and a premium equal to one per cent (1%) of the total nominal amount of bonds held by the bondholders concerned, representing a total of €68.6 thousand, in accordance with the bond issue agreement and the undertakings they had made at the time.

The nominal amount of the June 2019 issue of bonds with warrants was €7,086.4 thousand, but that did not increase the Company's cash position relative to the €6,980 thousand received from the February 2019 bond issue. The subscription price of the 2019 bonds with warrants was paid up by setting off receivables arising from the early redemption of bonds held by subscribers to the 2019 bonds with warrants.

The characteristics of the 2019 bonds with warrants and in particular their early redemption in the event of an IPO, to enable their holders to subscribe the future capital increase forming part of the IPO through the set-off of receivables, are described in section 19.1.4.2 of the Registration Document.

Since the end of the first half of 2019, the Company carried out a new bond issue in a nominal amount of €10 million in September 2019 (see section 8.2.1.8 below).

8.2.1.3 CIR, CII and CICE tax credits

Details of the CIR, CII and CICE tax credits are as follows.

	In € thousands
Amount receivable at 1 January 2016	377
Receipt of the 2015 CIR	(346)
Receipt of the 2015 CICE	(30)
CIR with respect to 2016	386
CICE with respect to 2016	25
Amount receivable at 31 December 2016	412
Receipt of the 2016 CIR	(386)
Receipt of the 2016 CICE	(25)
CIR with respect to 2017	623
CICE with respect to 2017	39
Amount receivable at 31 December 2017	663
Receipt of the 2017 CIR	(623)
Receipt of the 2017 CICE	(39)
CIR with respect to 2018	944
CII with respect to 2018	37
CICE with respect to 2018	82
Amount receivable at 31 December 2018	1,064
CIR with respect to the first half of 2019	481
Receipt of the 2018 CICE	(82)
CII with respect to the first half of 2019	20
CICE with respect to the first half of 2019	
Amount receivable at 30 June 2019	1,483

The Company usually receives settlement of its CIR receivable in the third quarter in the year after it is recognised. The CIR due with respect to 2017 was received in November 2018.

8.2.1.4 Funding through bank debt and finance leases

In the period presented, changes in debt (including adjustments relating to equipment purchased under finance leases) were as follows:

(in € thousands)	Bpi start-up loan	Bpi innovation loan	Total loan	Crédit Coopératif loan	Banque Populaire du Sud	Société Générale	BANK DEBT	Liabilities resulting from the restatement of finance leases and lease liabilities
Nominal amount of loan	400	75	400	800	500			
Balance due at 01/01/2016	400	75	-	-	-	-	475	-
+ amounts received	-	-	-	-	-	-		
+ finance lease liabilities	-	-	-	-	-	-	54	54
- repayments	-	(4)	-	-	-	-	(4)	(15)
Balance due at 31/12/2016	400	71	-	-	-	-	471	39
+ amounts received	-	-	150	800	-	-	950	-
+ finance lease liabilities	-	-	-	-	-	-		-
- repayments	(20)	(15)	-	-	-	-	(35)	(11)
Balance due at 31/12/2017	380	56	150	800	-	-	1,386	28
+ amounts received	-	-	150	-	500	-	650	0
+ finance lease liabilities	-	-	-	-	-	-		1,684
- repayments	(80)	(15)	-	-	(57)	-	(151)	(104)
Balance due at 31/12/2018	300	42	300	800	443	-	1,885	1,608
+ amounts received + finance lease liabilities and lease liabilities (1)						460	460	5,600
- repayments	(40)	(8)	(8)		(49)	(10)	(115)	(425)
Balance due at 30/06/2019	260	34	292	800	394	450	2,230	6,783

(1) Lease liabilities correspond to liabilities recognised as a balancing entry to assets resulting from the restatement of rights of use under leases caused by the first-time adoption of IFRS 16 in the first half of 2019.

The terms of these loans still outstanding at 31 June 2019 are shown in section 8.3 below.

8.2.1.5 Funding through conditional advances

The Company has received conditional advances that have helped fund the development of the BOOSTHEAT.20 (FUI-APACHE collaborative project) and the production facility (PIAVE). See sections 11.3.2 and 6.5.1 of the Registration Document and the detailed terms of the advances in note 3.18 to the consolidated financial statements, contained in section 8.1 of the Registration Document.

In the first half of 2019, it received a further advance of €67 thousand from ADEME to support the initial roll-out of BOOSTHEAT.20 boilers as part of pilot projects.

Financial support developed as follows during the period presented:

(in € thousands)	FUI (1)	FUI (1)	PIAVE	ADEME	TOTAL
Amount of support obtained at 1 January 2016	310	310			620
Amount already received at 1 January 2016	155	155			310
Balance due at 1 January 2016	155	155	-	-	310
Amount of support obtained in 2016					0
+ amounts received	90	90			0
- repayments	-	-	-	-	-
Balance due at 31 December 2016	245	245	-	-	490
Amount of support obtained in 2017			3,415		3,415
+ amounts received	-	-	1,055		1,055
- repayments	-	-	-		-
Balance due at 31 December 2017	245	245	1,055		1,545
Amount of support obtained in 2018	-	-	-		-
+ amounts received	-	-	1,666		1,666
- repayments	-	-	-		-
Balance due at 31 December 2018	245	245	2,721		3,211
+ amounts received	0			67	67
- repayments	-				-
Balance due at 30 June 2019	245	245	2,721	67	3,278
Balance still to be received at 30 June 2019	65	65	694	43	867

(1) The total advance was split into two parts.

Since the end of the first half of 2019, the Company has received the balance of the two FUI advances, in a total amount of €130 thousand.

8.2.1.6 Funding through subsidies

Since its creation, the Company has received several subsidies totalling €2,632 thousand, of which €1,910 thousand had been received at 31 December 2018. The nine subsidies had the following purposes:

ANR: this subsidy was granted in 2011 by French national research agency Agence Nationale de la Recherche and two business clusters, to help fund *“theoretical and experimental studies of a trithermal system with a new process for thermal compression of the working fluid, for the residential heating or combined heat and power market”*, which led to the design of the heat pump.

OSEO (2013): this subsidy was granted by OSEO and helped fund the development of the combustion system for a boiler integrating the BOOSTHEAT thermal compression module, which is now integrated in the heat pump;

ADEME “COMANCHE” (2014): this subsidy was granted by ADEME with respect to a collaborative project led jointly by BOOSTHEAT, GRDF, GDF Suez and the University of Pau and Pays de l'Adour, relating to the project to develop a highly efficient natural gas-fired thermal compressor with CO₂ as the working fluid, intended for medium-power heat pumps (for the tertiary sector);

ADEME CLIM (2016): this subsidy was granted by ADEME with respect to a collaborative project led jointly by BOOSTHEAT and Armines, relating to a study for adapting the BOOSTHEAT boiler to meet building cooling requirements;

BOSCH: the former owner of the Vénissieux site granted the Company a €2,000 thousand subsidy to contribution to the revitalisation of the industrial site;

Auvergne Rhône-Alpes region: this subsidy was granted in 2017 by the Auvergne Rhône Alpes region, and helped fund the purchase of various items of technical equipment: test benches, casings, automation lines, machinery, metrology instruments etc.;

H2020 “Sun Horizon” (2018): this subsidy was granted by the European Commission with respect to a collaborative project led jointly by BOOSTHEAT and more than 20 French and European partners. It relates to the development of an innovative heat pump that will operate in conjunction with advanced solar panels to provide heating and air conditioning in residential and tertiary buildings with the lowest possible emissions, energy bills and fossil fuel dependency;

ADEME (leasing offering): this subsidy was granted by ADEME to fund the study relating to the leasing offering intended for BOOSTHEAT’s individual customers;

ADEME (2019): this subsidy was granted by ADEME to support the initial roll-out of BOOSTHEAT.20 boilers as part of pilot projects.

The development of subsidies during the period presented is summarised in the following table:

(in € thousands)	ANR (2012)	OSEO (2013)	ADEME (2014)	ADEME CLIM (2016)	BOSCH recruitment support	Rhône Alpes region (2017)	Sun Horizon (2018)	ADEME (leasing offering)	ADEME (2019)	TOTAL
Subsidies granted at 1 January 2016	602	273	159	154	-	-	-	-	-	1,188
Cumulative amount received at 1 January 2016	602	273	119	79	-	-	-	-	-	(1,073)
Balance still to be received at 1 January 2016	0	0	40	75	0	0	0	0	0	115
Subsidies obtained in 2016	-	-	-	-	2,000	-	-	-	-	2,000
- amounts received	-	-	-	-	(2,000)	-	-	-	-	(2,000)
Balance still to be received at 31 December 2016	0	0	40	75	0	0	0	0	0	115
Subsidies obtained in 2017	-	-	-	-	-	768	-	-	-	768
- amounts received	-	-	-	(75)	0	-	-	-	-	(75)
Balance still to be received at 31 December 2017	0	0	40	0	-	768	0	0	0	808
Subsidies obtained in 2018	-	-	-	-	-	-	641	35	-	676
- amounts received	-	-	(40)	-	-	(484)	(224)	(14)	-	(762)
Balance still to be received at 31 December 2018	0	0	0	0	0	284	417	21	0	722
Subsidies obtained in the first half of 2019	-	-	-	-	-	-	-	-	220	220
- amounts received	-	-	-	-	-	-	-	-	(133)	(133)
Balance still to be received at 30 June 2019	0	0	0	0	0	284	417	21	87	809

8.2.1.7 Market exploration insurance

During the period, the Company benefited from market exploration insurance from Coface⁵⁰, to support its international expansion. This support, provided in 2016, covered the period from 2016 to 2018 and was for a total amount of €97 thousand. It is being recognised over a five-year period from 1 January 2019 to 31 December 2023.

⁵⁰ The public export guarantee activities managed by Coface were transferred to BPI in January 2017.

At the end of each year, BPI pays compensation to the Company if its qualifying expenditure is not covered by revenues in the geographic areas specified in the policy (Canada, China, the United States, Hong Kong, Macao and the United Kingdom in this case). The Company must repay to BPI compensation received during the insurance period over the repayment period as a function of revenue received. If the revenue generated does not allow the compensation to be repaid in full, the Company keeps the remainder.

Compensation received during the period was as follows:

	In € thousands
Amount received at 1 January 2016	
+ amounts received	39
- repayments	-
Amount received at 31 December 2016	39
+ amounts received	47
- repayments	-
Balance due at 31 December 2017	86
+ amounts received	11
- repayments	-
Balance due at 31 December 2018	97
+ amounts received	
- repayments	
Balance due at 30 June 2019	97

8.2.1.8 New funding obtained since 30 June 2019

Since 30 June 2019, the Company carried out a new €10,000 thousand bond issue fully subscribed by Holdigaz on 6 September 2019. The bonds are due to mature on 5 September 2022 and pay an annual coupon of 5%.

In the event of an IPO, all principal and interest on those bonds will fall due early, along with a redemption premium of 20% of the total nominal amount of the bonds issued. Holdigaz has undertaken to subscribe to the capital increase forming part of the IPO at the final IPO price through the set-off of receivables resulting from that early redemption.

In that event, no cash payment will be made to redeem the bonds.

8.2.2 Cash flow

During the period presented, cash flow was as follows:

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Net cash flow from operating activities	(6,732)	(2,872)	211	(5,706)	(2,809)
Net cash flow from investing activities	(2,347)	(2,174)	(1,232)	(1,744)	(1,579)
Net cash flow from financing activities	8,016	6,119	2,705	7,820	7,077
Change in cash	(1,063)	1,073	1,684	370	2,689

8.2.2.1 Cash flow from operating activities

The net amount of cash used in operating activities was €5,706 thousand in the first half of 2019, €6,732 thousand in 2018 and €2,872 thousand in 2017, whereas in 2016, operating activities generated a net cash inflow of €211 thousand.

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Consolidated total net income	(9,038)	(2,384)	335	(5,670)	(3,286)
Net depreciation, amortisation and provisions	1,166	240	184	444	210
Tax expense/(income)	-	-	-		
Other calculated income and expense	424	327	(1)	(3)	
Funds from operations	(7,448)	(1,817)	518	(5,229)	(3,076)
Change in inventories	(948)	-	-	(714)	-
Change in trade receivables	(1,207)	(129)	-	1,336	100
Change in trade payables	1,989	109	31	(994)	(436)
Change in other receivables and payables	821	(1,056)	(363)	(483)	186
Cost of debt	61	21	25	378	417
Net cash flow from operating activities	(6,732)	(2,872)	211	(5,706)	(2,809)

- 2018, 2017 and 2016

These changes were mainly due to:

- A sharp decrease in funds from operations because of losses that increased between 2017 and 2018 for reasons set out in section 7.1.2 above, whereas the Company made a profit in 2016 because it recognised €2,754 thousand of operating subsidies, including €2,000 thousand granted for taking over the Vénissieux industrial site by its previous owner (Bosch France); and
- The €716 thousand reduction in the working capital requirement (WCR) in 2018, after a €1,055 thousand increase in 2017. In 2018, the increase in operational liabilities, which covered initial inventory-building expenditure and the sharp increase in trade receivables because of VAT adjustment invoices sent to Bosch at the end of the year. In 2017, the WCR increased, due in particular to downpayments made to suppliers for equipment at the industrial site. The €307 thousand increase in the WCR in 2016 was mainly due to a substantial decrease in prepaid income.
- First half ended 30 June 2019

In the first six months of 2019, the Group's net consumption of cash increased sharply relative to the year-earlier period, because:

- Funds from operations deteriorated substantially for reasons set out in section 7.1.2 above,
- Changes in the various components of the WCR led to a €477 thousand increase in the WCR, mainly because of money used to build inventory, whereas it fell by €267 thousand in the first half of 2018.

8.2.2.2 Cash flow from investing activities

Cash used in investing activities was as follows during the period presented:

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Purchases of property, plant and equipment and intangible assets	(3,106)	(2,214)	(1,364)	(1,749)	(1,594)
Change in loans and advances granted	(3)	(35)	4	(131)	(25)
Investment subsidies received	762	75	127	133	40
Disposals of non-current assets	-	-	1	3	-
Net cash flow from investing activities	(2,347)	(2,174)	(1,232)	(1,744)	(1,579)

- 2018, 2017 and 2016

Most of the amounts relating to purchases of non-current assets relate to:

- €2,065 thousand of intangible assets, including expenditure on developing the BOOSTHEAT.20 boiler totalling €1,896 thousand in 2018 (comprising €921 thousand of external expenditure and €975 thousand of capitalised internal costs), €1,410 thousand in 2017 and €1,068 thousand in 2016, net of CIR tax credits relating to capitalised expenditure, in addition to which there was a €79 thousand downpayment in 2018 relating to outsourced IoT development. Purchases of intangible assets also include patent and software purchases amounting to €90 thousand in 2018, €37 thousand in 2017 and €21 thousand in 2016;
- The remainder relates to installations and purchases of industrial plant and machinery in connection with the commissioning of the Vénissieux production unit and the purchase of equipment for R&D teams. The difference with respect to the amounts in section 5.1 is due to the fact that certain purchases were subject to specific funding, such as a €1 million finance lease for the assembly line, and so did not generate cash outflows during the periods under consideration that were less than the equipment purchase value.

Changes in advances granted relate to rent guarantee deposits.

The €762 thousand inflow relates to investment subsidies (see detailed table of subsidies below, which features annual inflows).

- First half ended 30 June 2019

Most of the amounts relating to purchases of non-current assets relate to:

- €1,065 thousand of intangible assets, of which €1,027 related to the ongoing development of the BOOSTHEAT.20 boiler, recognised net of the portion of CIR tax credits relating to capitalised expenses (€303 thousand). Outflows were also increased to the extent of CIR tax credits recognised with respect to the first half of 2019 but not yet paid at 30 June 2019;
- Certain purchases of property, plant and equipment (equipment, furniture etc.) in the first half of 2019, along with the payment of balances due in relation to equipment purchased in 2018 and not fully paid for at 31 December 2018.

Changes in loans and advances in the first half of 2019 included €130 thousand of guarantee deposits following an increase in leased floorspace since February 2019.

€133 thousand of investment subsidies were received from ADEME to support the initial roll-out of BOOSTHEAT.20 boilers in real-life conditions as part of pilot projects.

8.2.2.3 Cash flow from financing activities

Net cash flow from financing activities was as follows during the period:

(in € thousands)	Year ended 31 December			First half ended	
	2018	2017	2016	30 June 2019	30 June 2018
Capital increase	6,003	4,156	2,675	822	4,994
New borrowings and conditional advances	2,329	2,051	219	7,507	2,166
Repayments of borrowings and conditional advances	(256)	(46)	(19)	(540)	(73)
Interest paid	(60)	(23)	(26)	(86)	(10)
Change in shareholder loans	-	(19)	(144)	117	-
Net cash flow from financing activities	8,016	6,119	2,705	7,820	7,077

- 2018, 2017 and 2016

The main changes were as follows:

2018

- Three capital increases totalling €6,003 thousand (before the deduction of costs from the issue premium) including the €5,000 thousand capital increase in June 2018 through which Holdigaz increased its stake in the Company;
- €2,327 thousand of new debt, including €650 thousand of borrowings, €1,666 thousand received under the PIAVE conditional advance (see detailed tables in section 8.2.1.5) and €13 thousand in relation to Coface market exploration insurance;
- Loan repayments and finance lease instalments totalling €256 thousand; and
- Interest expense of €60 thousand.

2017

- Five capital increases resulting in total gross proceeds of €4,156 thousand (before the deduction of costs from the issue premium) including the €2,000 thousand capital increase in September 2017 through which Holdigaz acquired a stake in the Company;
- A €2,052 thousand increase in debt resulting from €950 thousand of new borrowings, €1,055 thousand received under the PIAVE conditional advance and €47 thousand in relation to Coface market exploration insurance;
- Loan repayments and finance lease instalments totalling €41 thousand;
- Interest expense of €23 thousand in connection with the Company's debt; and
- The repayment of shareholder loans in an amount of €19 thousand.

2016

- Several capital increases resulting in gross proceeds of €2,675 thousand (before the deduction of costs from the issue premium) including the €2 million capital increase through which Fluxys acquired a stake in the Company;
- A €219 thousand increase in debt, with €180 thousand received under the APACHE FUI conditional advances and €39 thousand in relation to Coface market exploration insurance;
- Loan repayments and finance lease instalments totalling €19 thousand;
- Interest expense of €26 thousand in connection with the Company's debt; and
- The repayment of shareholder loans in an amount of €144 thousand.

- First half ended 30 June 2019

The main changes were as follows:

- An €839 thousand increase in equity (€823 thousand net of expenses) resulting from the exercise of some 2017 warrants before they expired in June 2019;

- An increase in debt, most of which concerned the April 2019 bond issue in a nominal amount of €6,980 thousand, the remainder relating to a €460 thousand loan from Société Générale and the receipt of €67 thousand under a conditional advance;
- Debt repayments amounting to €540 thousand, comprising €115 thousand of repaid bank borrowings and €425 thousand of repaid lease liabilities; and more marginally
- Interest payments of €67 thousand and a €117 thousand shareholder loan.

The two main items of cash flows from financing activities in the first half of 2018 concerned:

- An issue of shares with warrants in June 2018, through which Holdigaz increased its stake in the Company and which increased equity by almost €5 million;
- An increase in debt, consisting of a €500 thousand bank loan and €1,666 thousand received under the PIAVE conditional advance.

8.3 FUNDING STRUCTURE AND FUNDING REQUIREMENTS

8.3.1 Funding structure

At 30 June 2019, the Group's funding structure was as follows:

- Negative equity of €2,349 thousand, and
- Net debt of €17,169 thousand (taking into account available cash of €2,561 thousand), with that total including:
 - €6,692 thousand (excluding the derivative related to the attached warrants) concerns the fair value of the non-redeemed balance of the bonds issued in February 2019 and the bonds with warrants issued in June 2019. In the event of an IPO, those two bond issues will be redeemed early. Bondholders have undertaken to use the proceeds of that early redemption (nominal + accrued interest + 20% redemption premium) to subscribe to the capital increase forming part of the IPO. In that event, no cash payment will be made to redeem the bonds; and
 - €6,783 thousand of lease liabilities corresponding to restatements arising from the first-time adoption of IFRS 16 in the first half of 2019, resulting in leases on premises occupied by the Group and simple finance leases being recognised as assets of the Group along with the recognition of balancing liabilities.

Since the end of the first half of 2019, the Company carried out a new bond issue subscribed by Holdigaz in a nominal amount of €10 million in September 2019 (see section 8.2.1.8 above).

In the event of an IPO, these bonds will be redeemed early in an amount equal to nominal value, interest and a 20% redemption premium. They will not be redeemed in cash; the resulting receivable will be used to subscribe to the capital increase taking place as part of the forthcoming IPO.

Given the business levels expected by the Group (see section 5.4.2), its current net debt makes it necessary to secure new funding (see section 3.2 "Liquidity risk").

8.3.2 Funding terms

The terms of the main bank borrowings are as follows:

Bank	Amount	Interest rate	Date of advance	Term and repayment arrangements	Balance at 30 June 2019	Security
Bpi (1)	€400 thousand	Average 3-month Euribor plus 5.5% (reduced to 3.7% during the deferment period)	June 2014	8 years - repayment in 20 quarterly instalments after a 36-month deferment period	€260 thousand	80% secured by the PPA fund
Bpi (2)	€75 thousand	Average 3-month Euribor plus 5.5% (reduced to 3.7% during the deferment period)	June 2013	8 years - repayment in 20 quarterly instalments after a 36-month deferment period	€34 thousand	Death benefit insurance for Luc Jacquet in an amount of €75 thousand
Total (3)	€400 thousand (of which €300 thousand already received)	1.00%	March 2017	5 years - repayment in 36 monthly instalments after a 24-month deferment period	€292 thousand	None
Crédit Coopératif (4)	€800 thousand	2.33%	Dec 2017	7 years - repayment in 60 monthly instalments after a 24-month deferment period	€800 thousand	Bpifrance Financement 40% Pledge of business assets
Banque Populaire du Sud (5)	€500 thousand	1.30%	May 2018	5 years - repayment in 60 monthly instalments	€394 thousand	Prêt Innov Plus security (50%) Pledge of business assets
Société Générale (6)	€460 thousand	1.50%	March 2019	7 years - repayment in 84 monthly instalments	€450 thousand	None

- (1) Intended to finance business activities (start-up loan);
(2) Intended to finance business activities (start-up loan);
(3) Intended to help fund the BOOSTHEAT.20 boiler;
(4) Intended to fund R&D and innovation;
(5) Intended to fund the purchase of a production line;
(6) Intended to refinance industrial equipment (robotic production unit).

8.4 RESTRICTIONS ON THE USE OF CAPITAL

At 30 June 2019, restrictions on the use of capital related to €173 thousand tied up as guarantee deposits, mainly for office premises.

8.5 FUNDING SOURCES REQUIRED IN THE FUTURE TO HONOUR INVESTMENT UNDERTAKINGS

See:

- note 4.1 (a) to the consolidated financial statements for the six months ended 30 June 2019, contained in section 18.2 of the Registration Document; and
- section 3.2 “Liquidity risk” of the Registration Document.

9 REGULATORY ENVIRONMENT

9.1 THE PUBLIC AUTHORITIES' RESPONSE TO ENERGY TRANSITION ISSUES

To create an environment conducive to delivering energy transition, a legislative framework has been adopted to encourage change at both the European and national levels. In particular, the F-Gas Regulation (EU regulation no. 517/2014) aims to cut greenhouse gas emissions from HFC-type refrigerant fluids (see section 5.1.1.4 of the Registration Document) by a factor of five by 2030. To achieve that target, the marketing of some of the most polluting fluids is being gradually prohibited, i.e. R-134A in 2020 and R-410A in 2025. BOOSTHEAT's solution, which uses CO₂ (R-744) as a refrigerant fluid, means that it already meets these requirements, since CO₂ is a fluid that results in very low greenhouse gas emissions.

In particular, the ErP Directive (no. 2009/125/EC) requires the introduction of labelling for boilers and heat pumps. Under that directive, in August 2013 the European Commission adopted a delegated regulation (no. 814/2013) regarding the eco-design requirements applicable to water heaters and hot water storage tanks.

Since 26 September 2015, all boilers and heat pumps have had to carry an energy-performance label. The label informs buyers about a product's energy efficiency and therefore enables them to select the one that uses the least energy in order to make energy savings. Power outputs are also indicated. The best rating is A++, which equates to an efficiency of over 150%. This is the rating achieved by the BOOSTHEAT.20 gas-powered heat pump.

	Efficiency (%)	Boiler running on combustible fuel Power output ≤ 70 kw	Heat pumps (excluding low-temp heat pumps)	Low-temp heat pumps	Seasonal efficiency (%)	
	eff. ≥ 150		Water/water	Water/water	eff. ≥ 175	
A++	125 ≤ eff. < 150		Best air/water Best gas-powered	Best air/water Best gas-powered	150 ≤ eff. < 175	A++
A+	98 ≤ eff. < 125		Air/water Gas powered	Air/water Gas powered	123 ≤ eff. < 150	A+
A	98 ≤ eff. < 98	Best condensing gas			115 ≤ eff. < 123	A
B	82 ≤ eff. < 90	Condensing gas Condensing fuel oil Best low-temp gas and fuel oil			107 ≤ eff. < 1115	B
C	75 ≤ eff. < 82	Low-temp gas and fuel oil			100 ≤ eff. < 107	C
D	36 ≤ eff. < 75	Standard gas Standard fuel oil Boilers with a pilot light			61 ≤ eff. < 100	D
E	34 ≤ eff. < 36				59 ≤ eff. < 61	E
F	30 ≤ eff. < 34				55 ≤ eff. < 59	F
G	eff. < 30				eff. < 55	G

Source: AFPAC and Uniclimate, 2014.

From 26 September 2019, a new classification will be in place⁵¹.

Germany has adopted an "Energiewende" (energy transition) plan setting out a roadmap for phasing out nuclear power by 2022 and, to compensate, providing significant support for renewable energies. The "Erneuerbare Energie Wärme Gesetz" (act for the promotion of renewable energies in the heating industry) came into force in 2009 and established a target of covering at least 14% of buildings' heating and cooling energy requirements with renewable energies by 2020.

⁵¹<https://ec.europa.eu/energy/en/eeep-labels/label-type/space-heaters>

In France, various thermal regulations (RTs) have been introduced to improve the thermal efficiency of homes (in terms of kWh/m²/year) since 1975 and impose new standards, particularly for newbuild homes. The RT 2012 currently in force requires new homes to have a maximum energy consumption of around 30kWh/m²/year for heating and domestic hot water alone, which favours the installation of heating equipment that runs on renewable energies and condensing boilers. The RT 2020 will aim to take the existing approach further, requiring newbuild homes to implement the energy-positive building (EPB) concept by making extensive use of renewable energies.

France's Energy Transition for Green Growth Act, adopted in August 2015, states a target for 32% of energy consumed to come from renewable sources by 2030, well above the 23% target for 2020, despite France currently being behind schedule to meet the latter. Local authorities, and particularly the French regions, may introduce several measures to support the development of renewable energies but also to take part in the renovation of buildings, which account for 46% of energy consumed in France.

9.2 INCENTIVES

The BOOSTHEAT.20 next-generation heat pump entitles customers to all the incentives set out below to their fullest extent.

➤ France

BOOSTHEAT's gas-powered heat pumps are eligible for the reduced rate of VAT, which has been applied to renovation works since January 2014. Spending on energy-saving measures – such as the purchase of micro-cogeneration gas boilers with electrical power of less than or equal to 3kVA per home, or condensing boilers and heating regulation devices – is also eligible for VAT at 5.5%, as are purchases of energy generation equipment using a renewable energy source.

Since 2014, the French government has introduced a system of energy transition tax credits (CITE) for expenditure on equipment supporting energy saving and sustainable development. This system is re-adopted and partially changed each year by the Finance Act. The system includes condensing boilers, heating regulation devices, water/water and air/water heat pumps and thermodynamic water heaters, and is subject to change depending on each year's Finance Act. The tax credit applies to expenditure on works to improve energy efficiency. It is calculated on the basis of the price of installed materials, excluding labour, and its rate varies according to the type of equipment, with a maximum of 30% subject to a maximum of €16,000 per household. The 2019 Finance Act removed the CITE tax credit for the installation of condensing boilers, in line with incentive arrangements in Germany.

The energy-saving certificates (CEE) system also provides incentives of up to €2,500 for a single person and up to €4,000 for a low-income household when installing a hybrid heat pump (the “*Coup de pouce CEE*” incentive). In regulatory terms, BOOSTHEAT is classified for this incentive.

Zero-interest-rate eco-loans, introduced by the 2009 Finance Act and extended until 2021, are intended to finance energy-related home renovation works. A loan may be granted to an owner/landlord or occupant of an existing home, and to owners' associations of apartment buildings until 31 December 2021.

The loan is capped at €10,000 per renovation project, and may be granted to owners of homes built before 1 January 1990. It is intended to finance the installation of heating and domestic hot water equipment that uses renewable energy sources, and this therefore includes the BOOSTHEAT.20. Zero-interest-rate eco-loans are not widely used, because they are subject to complex conditions (works packages or income conditions). The 2019 Finance Act removes the conditions for granting these loans, which should make them considerably more widely used.

The ANAH (Agence Nationale de l'Habitat, French national housing agency) also provides financial assistance for carrying out works, subject to income conditions, to owner-occupiers, landlords and owners' associations experiencing difficulties. This assistance can be up to 50% of the ex-VAT cost for households with “very low” incomes or 35% for those with “low” incomes (see also the aforementioned “*Coup de Pouce CEE*” for very low-income households).

➤ Germany

In Germany, there are also incentives (from BAFA, KfW, local authorities etc.) for electric and gas heat pumps, but not for condensing boilers. The amount of the BAFA incentives (qualifying equipment installation grant) depends on the equipment's energy efficiency, with a minimum required seasonal energy efficiency ratio (SEER) of 130. When the BOOSTHEAT.20 was tested by the Karlsruhe Institute of Technology (KIT), the quality criteria defined by DVGW (the equivalent of Certigaz in France) for the "innovative product" category were met, with a SEER of 150. As a result, the BOOSTHEAT.20 is eligible for the BAFA incentive in the "innovative product" category and will receive its certification in September 2019. For the installation of a BOOSTHEAT.20 in an existing building (renovation), this incentive amounts to €6,750. The incentive can be even larger if the heat pump has additional functions (remote power management, combination with thermal collectors or solar panels), with additional incentives of €500 per function.

There are also cumulative additional local subsidies provided by local authorities (particularly in conjunction with "Stadtwerke" public utility companies) or the Länder for households replacing fuel oil-powered boilers. BOOSTHEAT is preparing for the BAFA incentive qualification for the BOOSTHEAT.20 with the DVGW at the Karlsruhe Institute of Technology (KIT). Amounts range between €100 and €1,000. Other arrangements such as the KfW incentive exist, but they are intended more for the tertiary market.

9.3 REGULATIONS APPLICABLE TO THE PRODUCTION SITE

The production site is subject to regulations applicable to ICPE environmentally classified facilities under the French Environment Code and has the environmental authorisations needed for its operations.

10 TRENDS

10.1 MAIN TRENDS SINCE THE START OF THE CURRENT FINANCIAL YEAR

All recent information is included in sections 5.1 and 5.4 of the Registration Document.

10.2 TRENDS, UNCERTAINTIES, CONSTRAINTS, COMMITMENTS OR EVENTS THAT MAY MATERIALLY AFFECT THE GROUP'S OUTLOOK

None.

11 EARNINGS FORECASTS OR ESTIMATES

The Company does not intend to make any earnings forecasts or estimates.

12 ADMINISTRATIVE AND MANAGEMENT BODIES

12.1 DIRECTORS AND EXECUTIVE OFFICERS

12.1.1 Executive Management

The Company is a public limited company (“société anonyme”) governed by a board of directors, and the board of directors has opted to separate the roles of Chief Executive Officer and Chair of the board of directors.

The current composition of the executive management team is as follows:

Name	Role	Date of first appointment and end of term of office	Functions/role in the Company	Main functions outside the Company
Luc Jacquet	Chief Executive Officer	First appointment: 26 April 2019 (1) Appointment last renewed: N/A End of term of office: AGM voting on the financial statements for the financial year ending 31 December 2022	Engineer and director	None
Jean-Marc Joffroy	Chief Operating Officer	First appointment: 26 April 2019 (2) Appointment last renewed: N/A End of term of office: AGM voting on the financial statements for the financial year ending 31 December 2020	Engineer and director	None

- (1) When the Company became a public limited company (“société anonyme”), in its first meeting on 15 December 2014, the board of directors appointed Luc Jacquet as Chief Executive Officer. When his term of office ended in the shareholders' general meeting that approved the financial statements for the financial year ended 31 December 2016, Luc Jacquet was appointed Chief Operating Officer for a term of three years by the board of directors in its 15 June 2017 meeting. In its 26 April 2019 meeting, the board of directors decided to appoint him Chief Executive Officer.
- (2) When the Company became a public limited company (“société anonyme”), in its first meeting on 15 December 2014, the board of directors appointed Jean-Marc Joffroy as Chief Operating Officer. When his term of office ended in the shareholders' general meeting that approved the financial statements for the financial year ended 31 December 2016, Jean-Marc Joffroy was appointed Chief Executive Officer for a term of three years by the board of directors in its 15 June 2017 meeting. In its 26 April 2019 meeting, the board of directors decided to appoint him Chief Operating Officer.

The business address of the Chief Executive Officer and Chief Operating Officer is that of the Company's registered office.

The expertise and management experience of the Chief Executive Officer and Chief Operating Officer result from their various previous roles as employees and managers (see section 5.1.5.2 of the Registration Document).

12.1.2 Members of the board of directors

The Company's board of directors has ten members including its Chair, of whom five are regarded by the Company as independent directors in view of the terms defined by the Middenext Governance Code.

Name	Role	Function in the Company	Date of first appointment and end of term of office
Luc Reginster (3) (related to Officium Projects)	Director and Chair of the Board (1)	None	First appointment: AGM of 29 September 2017 Appointment last renewed: N/A End of term of office: AGM voting on the financial statements for the financial year ending 31 December 2019
Luisa Helms (related to Holdigaz)	Director and Vice-Chair of the Board (2)	None	First appointment: AGM of 15 June 2018 Appointment last renewed: N/A End of term of office: AGM voting on the financial statements for the financial year ending 31 December 2020
Eric Dutilleul (3)	Director	None	First appointment: AGM of 15 December 2014 Appointment last renewed: 15 June 2017 End of term of office: AGM voting on the financial statements for the financial year ending 31 December 2019
Luc Jacquet	Chief Executive Officer and director	Engineer	First appointment: AGM of 15 December 2014 Appointment last renewed: 15 June 2017 End of term of office: AGM voting on the financial statements for the financial year ending 31 December 2022
Jean-Marc Joffroy	Chief Operating Officer and director	Engineer	First appointment: AGM of 15 December 2014 Appointment last renewed: 15 June 2017 End of term of office: AGM voting on the financial statements for the financial year ending 31 December 2020
Myriam Maestroni (3)	Director	None	First appointment: AGM of 30 March 2015 Appointment last renewed: 15 June 2018 End of term of office: AGM voting on the financial statements for the financial year ending 31 December 2020
Claudia Zimmer (4) (related to Kozinet)	Director	None	First appointment: AGM of 29 September 2017 Appointment last renewed: 15 June 2018 End of term of office: AGM voting on the financial statements for the financial year ending 31 December 2020
Claire Vanneste (3)	Director	None	First appointment: Co-opted by the Board of Directors in its meeting of 26 August 2019, subject to ratification in the next AGM Appointment last renewed: N/A End of term of office: AGM voting on the financial statements for the financial year ending 31 December 2019
Raphaël de Winter (related to Fluxys)	Director	None	First appointment: AGM of 20 January 2017 Appointment last renewed: N/A End of term of office: AGM voting on the financial statements for the financial year ending 31 December 2019
Sébastien Fuki (3)	Director	None	First appointment: Co-opted by the Board of Directors in its 22 May 2019 meeting, then ratified in the AGM of 7 June 2019 Appointment last renewed: N/A End of term of office: AGM voting on the financial statements for the financial year ending 31 December 2021

- (1) Appointed Chair by the board of directors on 1 February 2019 for his term of office as director;
- (2) Appointed Vice-Chair by the board of directors on 15 June 2018 for his term of office as director;
- (3) Members regarded by the Company as independent in view of the independence criteria defined by the Middelnext Governance Code. See table below;
- (4) Appointed to replace a director who resigned for the remainder of his term of office.

The analysis carried out by the Company to assess the independence of five directors can be summarised as follows:

Company's assessment	Independence criteria defined by the Middlednext Code				
	Is not and has not been in the last five years either an executive corporate officer of the Company or of a company in its group	Is not and has not been in the last two years in a significant business relationship with the Company or its group (as client, supplier, competitor, service provider, creditor, banker etc.)	Is not a major shareholder in the Company and does not hold a significant percentage of the voting rights	Does not have a close relationship or family ties with any corporate officer or major shareholder	Has not been a statutory auditor of the Company during the past six years
Luc Reginster	Condition met (1)	Condition met	Condition met: Equity stake: 0.60% Diluted equity stake*: 0.59%	Condition met	Condition met
Eric Dutilleul	Condition met (1)	Condition met	Condition met: Equity stake: 0.27% Diluted equity stake*: 0.27%	Condition met	Condition met
Myriam Maestroni	Condition met	Condition met	No shares held	Condition met	Condition met
Claire Vanneste	Condition met	Condition met	No shares held	Condition met	Condition met
Sébastien Fuki	Condition met	Condition met	No shares held	Condition met	Condition met

*Based on the current share capital plus the 23,071 shares that may be created through the exercise of all existing founder share warrants under the two plans (excluding the 2019 warrants – see section 19.1.4 of the Registration Document).

(1) The board of directors considers (as provided for by the Middlednext Code) that Luc Reginster and Éric Dutilleul, although they are current or past executive officers, are independent because they do not exercise, or have not exercised, executive functions within the Company.

The directors' business address is that of the Company's registered office.

There are no family connections between the persons listed above.

None of those persons, in the last five years:

- has been found guilty of fraud;
- has been associated as executive officer or director with a bankruptcy, receivership or liquidation;
- has been barred from managing a business;
- has been the subject of an adverse judgment or public penalty handed down by any statutory or regulatory authority.

The board of directors had not appointed any non-voting directors at the Registration Document's filing date.

12.1.3 Roles held currently or in the past by members of the board of directors

- Other roles currently held

Directors	Company	Role
Other roles held within the Group		
None		
Other roles held outside the Group		
Luc Register	Innovation Fund SA (BE)	Director
	PurVer SA (BE)	Director
	Chemium Sprl (BE)	Manager
	Officium Engineering Ltd (UK)	Director
Luisa Helms	Agena SA	Director
	Ecorecyclage SA	Director
	Novogaz SA	Director
	Softcar SA	Director
	Nordur Power SNG AG	Director
Eric Dutilleul	None	
Luc Jacquet	None	
Jean-Marc Joffroy	None	
Myriam Maestroni	UMA SAS	Manager
	Economie d'Energie	Chair
	ON5 company (UK/Spain/Italy)	Chair
	ON5 MS	Chair
	Mc Phy Energy (1)	Independent director, Chair of the Appointments and Remuneration Committee, member of the Strategy Committee
	Fondation e5t	Chair
	MENE	Co-Chair
	ANVIE	Vice-Chair
Claudia Zimmer	KEDGE	Member of the governance committee
	Vogo SA (1)	Director
Claire Vanneste	None	
Raphaël de Winter (representative of Fluxys)	Fluxys Bunkering BVBA/SPRL	Manager
	Flexfueler 002 BVBA/SPRL	Manager
	Flux Swiss Sagl	Managing officer
	Rostock LNG GmbH	Director
Sébastien Fuki	Aveline	Director

(1) Listed companies

- Roles that have been held in the last five years and no longer held

Directors	Company	Role
<i>Other roles previously held within the Group</i>		
Eric Dutilleul	BOOSTHEAT	Chairman of the Board of Directors
<i>Other roles previously held outside the Group</i>		
Luc Reginster		None
Luisa Helms		None
Eric Dutilleul		None
Luc Jacquet		None
Jean-Marc Joffroy		None
Myriam Maestroni		None
Claudia Zimmer		None
Claire Vanneste		None
Raphaël de Winter (representative of Fluxys)	Flux Swiss Sagl	Chief Executive Officer
Sébastien Fuki		None

12.1.4 Biographies of executive officers and members of the board of directors

Executive officers

The biographies of executive officers are set out in section 5.1.5.2 of the Registration Document.

Non-executive members of the board of directors



Luc Reginster: Luc Reginster holds a degree in materials science from the Université Catholique de Louvain in Belgium as well as an executive business certificate from INSEAD in France. He started his career at Shell in 1990, as a scientific researcher, before taking on marketing and business roles within the petrochemicals industry at Shell and its successor companies. When Basell was created in 2001, he became head of trading and responsible for setting up Basell's joint venture in Poland, which is now known as Basell Orlen Polyolefins. Between 2003 and 2005 he was vice-president of development and mergers and acquisitions at Basell. From 2006 until 2010 he was senior vice-president in charge of new ventures and member of the technology business management team of LyondellBasell. In 2010, Luc founded Chemium / Officium, a group of companies based in Asia and Europe, which develops and markets special catalysts and develops innovative, efficient processes for fine chemicals production, of which he is Chair.

As well as his role at BOOSTHEAT, Luc has several other roles in various sectors, including chemicals, life sciences and biological stimulants for the food production industry.



Luisa Helms: Luisa Helms trained as a business economist and has a degree in sustainable management. After working at various national and international companies, mainly in energy-related areas, Luisa joined gas distributor Holdigaz in 2012, where she is now in charge of energy procurement and marketing, particularly in relation to natural gas and renewable energies, along with new energy products distributed by the group. Her knowledge of the energy sector in general and of natural gas in particular, as well as business management, have led her to join several boards of directors of companies that belong to the Holdigaz group or in which Holdigaz is a shareholder.



Eric Dutilleul: Eric Dutilleul has a degree in applied mathematics from the Université Catholique de Louvain in Belgium. He has 12 years of experience in the steel industry working at Arcelor in Belgium, where he was in charge of the continuous casting maintenance and production departments. He was involved in the commissioning of a new continuous casting line in Liège in 2000 and in implementing a competitiveness plan in 2002 (automating workstations, outsourcing, negotiations with employee representatives). He currently works for Henallux.



Myriam Maestroni: Myriam Maestroni has been passionate about energy throughout her career, and has progressed to a high level within the sector. As Chief Executive Officer of Dyneff/Agip, which specialises in the downstream oil industry and the distribution of petroleum products in Spain, she contributed to the deregulation of the national market. In 1996, she joined the Primagaz group, where she started the Iberian peninsula subsidiary from scratch. She was also CEO of Primagaz Spain until 2002, before moving abroad to pursue her career in the Netherlands at SHV Holdings. In 2003, she was appointed Director of Sales and Marketing at Primagaz France, before becoming CEO in 2005. She initiated the company's shift to becoming an "energy advisor", aiming to turn it into a "designer and supplier of sustainable energy solutions". Since 2011, she has been the Chair, founder and shareholder of Economie d'Energie. This company addresses the new energy paradigm, developing innovative programmes to promote energy efficiency in all sectors concerned. In 2012, she won the Tribune Award in the Green Business category and in December 2014 she won the "Femme en Or de l'Environnement" environmental award. She also won the Vox Femina award for energy, energy efficiency and climate change in February 2015. She has been made a member of France's National Order of Merit for her professional achievements. She has written three books: "Intelligence émotionnelle, Services et Croissance", "Mutations Energétiques" and "Apprendre à comprendre le monde de l'énergie 2.0".



Claudia Zimmer: After practising as an architect at DPLG in France, Claudia Zimmer set up her own agency in London in May 1998. She jointly created a Mac-based video cataloguing product, and then founded Aquafadas in 2006. Aquafadas started off producing software for the Mac, before moving into digital publishing by making cartoons for smartphones and adapting its systems for digital publishing. In October 2012, Aquafadas was acquired by Japanese group Rakuten. Since 2017, Claudia has been sharing her experience with start-ups through the WeSprint Montpellier & Toulouse incubator, but also as a foreign trade adviser to the French government.



Claire Vanneste: Claire Vanneste has a master's degree in management from Vlerick Business School, along with a master's degree in commercial science, specialising in finance and risks. She started her career as a consultant with Deloitte Consulting. She joined Benthurst & Co seven years ago, attracted by that firm's focus on developing collaborative strategies. She also provides business development and career coaching through The Job Coach and Training & Coaching Square.



Raphaël de Winter: Raphaël de Winter holds a master's degree in mechanical engineering from Université Catholique de Louvain and an MBA from Vlerick Business School in Belgium. He started his career in 1998 as a manager at Ernst & Young Consulting in the business consultancy division. In 2004, he joined the mergers and acquisitions department of Belgian group Fluxys, which is an independent manager of gas infrastructure. He then joined Fluxys' GSML subsidiary in Cambridge (United Kingdom), where he became CEO in 2012. GSML provides dispatching services in the gas and electricity markets and develops software using its unique experience in gas and energy operations (gas and electricity operational systems in the United Kingdom and throughout Europe). In September 2013, he joined FluxSwiss in Switzerland, which manages the transmission network within the Transigas pipeline and sells around 90% of the system's capacity. Since November 2017, Raphaël has been head of Fluxys SA's Innovation and International Business Development department and a member of its executive committee.



Sébastien Fuki: Sébastien Fuki has a master's degree in business engineering from ICHEC in Brussels. After spending almost 10 years at KBC, heading the sales and equity sales teams, and then more than 11 years at Petercam, he joined ING Financial Markets in 2018 as head of equity sales. He therefore has more than 20 years of stockmarket experience, during which time he has been involved in most equity capital markets transactions in Belgium. During his career, he has established close working relationships with UK, Swiss and German institutional investors, and also with company managers in Benelux.

12.2 CONFLICTS OF INTEREST IN THE ADMINISTRATIVE AND MANAGEMENT BODIES

Certain members of the board of directors and the executive management team are shareholders, directly or indirectly, of the Company and/or holders of securities giving access to the Company's capital (see details in section 15.2 of the Registration Document).

No regulated agreement between the Company and one or more members of the executive management team and the board of directors was formed or continued during the financial years ended 31 December 2016 and 2017.

On 21 December 2018, the board of directors authorised the following regulated agreements before they were signed: (i) a memorandum of understanding regarding rights to BOOSTHEAT's technology between the Company and Jean-Marc Joffroy (then CEO and director) and (ii) a memorandum of understanding regarding rights to BOOSTHEAT's technology between the Company and Luc Jacquet (then COO and director) (see section 17.3 of the Registration Document).

Since the start of 2019, the only regulated agreements authorised by the board of directors, in its 25 February meeting, concerned the subscription by certain shareholders and/or directors, i.e. Holdigaz, Officium Projects, Kozinet, Luc Jacquet and Jean-Marc Joffroy, to the bond issue decided by the board on the same day.

To the Company's knowledge, there is no actual or potential conflict of interest between the duties owed to the Company and the private interests and other duties of members of the management and administration bodies, as mentioned in sections 12.1 and 12.2 above, except for the agreements between related parties described in sections 14.2 and 17.3 below. The commercial relations that may take place between the Company and companies to which members of the management and administration bodies are related do not involve any preferential commercial terms.

At the date of the Registration Document, the Company was not aware of:

- any arrangement or agreement with the main shareholders or with customers, suppliers or other persons, under which any of the persons referred to in section 12.1 have been selected as a

member of the administrative or management bodies or as a member of the executive management team, or

- any restrictions accepted by those same persons concerning the disposal of securities they hold in the issuer within a certain period of time.

13 REMUNERATION AND BENEFITS

13.1 REMUNERATION AND BENEFITS

Information on the remuneration of corporate officers is prepared with reference to the AMF's "Position-Recommendation DOC-2014-14, Guide to compiling registration documents for mid-caps", updated on 13 April 2015, containing the recommendation relating to disclosures relating to the remuneration of corporate officers.

TABLE NO.1

Summary of remuneration, bonus shares and stock options awarded to each executive corporate officer		
	2018	2017
Luc Jacquet - CEO (1)		
Remuneration due with respect to the year (detailed in table 2)	180 000 €	180 000 €
Value of multi-year variable remuneration awarded during the year	- €	- €
Value of options awarded during the year	- €	- €
Value of bonus shares awarded during the year	- €	- €
TOTAL	180 000 €	180 000 €
Jean-Marc Joffroy - COO (2)		
Remuneration due with respect to the year (detailed in table 2)	180 000 €	180 000 €
Value of multi-year variable remuneration awarded during the year	- €	- €
Value of options awarded during the year	- €	- €
Value of bonus shares awarded during the year	- €	- €
TOTAL	180 000 €	180 000 €
Anne Lauvergeon - Chair of the Board of Directors until 29 September 2017		
Remuneration due with respect to the year (detailed in table 2)	- €	- €
Value of multi-year variable remuneration awarded during the year	- €	12 000 €
Value of options awarded during the year	- €	- €
Value of bonus shares awarded during the year	- €	- €
TOTAL	0 €	12 000 €
Eric Dutilleul - Chair of the Board of Directors from 29 September 2017 to 1 February 2019		
Remuneration due with respect to the year (detailed in table 2)	18 000 €	15 000 €
Value of multi-year variable remuneration awarded during the year	- €	- €
Value of options awarded during the year	- €	- €
Value of bonus shares awarded during the year	- €	- €
TOTAL	18 000 €	15 000 €
TOTAL	378 000 €	387 000 €

- (1) Luc Jacquet was CEO between 1 January and 15 June 2017, then COO for the rest of the period presented. The board of directors decided to appoint him as CEO in its 26 April 2019 meeting.
- (2) Jean-Marc Joffroy was COO between 1 January and 15 June 2017, then CEO for the rest of the period presented. The board of directors decided to appoint him as COO in its 26 April 2019 meeting.

TABLE NO.2

Summary of remuneration granted to each executive corporate officer				
Name	2018		2017	
	Amounts due with respect to 2018	Amounts paid in 2018	Amounts due with respect to 2017	Amounts paid in 2017
Luc Jacquet - CEO				
Annual fixed remuneration	€180,000	€180,000	€180,000	€180,000
<i>of which with respect to his role as corporate officer (1)</i>	€108,000	€108,000	€108,000	€108,000
<i>of which with respect to his role as engineer (1)</i>	€72,000	€72,000	€72,000	€72,000
Annual variable remuneration	€0	€0	€0	€0
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration (2)	€0	€0		€20,000
Attendance fees	€0	€0	€0	€0
Benefits in kind	€0	€0	€0	€0
TOTAL	€180,000	€180,000	€180,000	€200,000
Jean-Marc Joffroy - COO				
Annual fixed remuneration	€180,000	€180,000	€180,000	€180,000
<i>of which with respect to his role as corporate officer (1)</i>	€108,000	€108,000	€108,000	€108,000
<i>of which with respect to his role as engineer (1)</i>	€72,000	€72,000	€72,000	€72,000
Annual variable remuneration	€0	€0	€0	€0
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration (2)	€0	€0		€20,000
Attendance fees	€0	€0	€0	€0
Benefits in kind	€0	€0	€0	€0
TOTAL	€180,000	€180,000	€180,000	€200,000
Anne Lauvergeon - Chair of the Board of Directors until 29 September 2017				
Annual fixed remuneration	€0	€0	€0	€0
<i>of which with respect to her role as corporate officer</i>	€0	€0	€0	€0
<i>of which with respect to her role as engineer</i>	€0	€0	€0	€0
Annual variable remuneration	€0	€0	€0	€0
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration	€0	€0	€0	€0
Attendance fees	€0	€12,000	€12,000	€15,000
Benefits in kind	€0	€0	€0	€0
TOTAL	€0	€12,000	€12,000	€15,000
Eric Dutilleul - Chair of the Board of Directors from 29 September 2017 to 1 February 2019				
Annual fixed remuneration	€0	€0	€0	€0
<i>of which with respect to his role as corporate officer</i>	€0	€0	€0	€0
<i>of which with respect to his role as engineer</i>	€0	€0	€0	€0
Annual variable remuneration	€0	€0	€0	€0
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration	€0	€0	€0	€0
Attendance fees	€18,000	€15,000	€15,000	€6,000
Benefits in kind	€0	€0	€0	€0

TOTAL	€18,000	€15,000	€15,000	€6,000
TOTAL EXECUTIVE CORPORATE OFFICERS	€378,000	€387,000	€387,000	€421,000

- (1) Annual remuneration of €180 thousand was set by the board of directors on 15 December 2014, with 60% of that amount being in respect of the relevant person's role as corporate officer and 40% in respect of his technical functions as an engineer. From 2019 onwards, all remuneration is in respect of the person's role as corporate officer.
- (2) Bonus granted on the basis of terms adopted for the executive management team at the time by the board of directors in its meeting of 21 July 2017 with respect to 2016, provisioned in the 2016 financial statements but paid in 2017.

TABLE NO.3

With respect to the accounting period presented, the only remuneration received by non-executive members of the board of directors consists of attendance fees (granted to directors on the basis of their physical attendance at meetings), which were paid as follows in each year:

Attendance fees and other remuneration received by non-executive corporate officers		
Non-executive corporate officers	2018	2017
	Amounts paid	Amounts paid
Luc Reginster - Chair of the Board of Directors		
Attendance fees	3 000 €	- €
Other remuneration	- €	- €
Luisa Helms - Vice-chair of the Board of Directors		
Attendance fees	- €	- €
Other remuneration	- €	- €
Myriam Maestroni - Director		
Attendance fees	12 000 €	9 000 €
Other remuneration	- €	- €
Denis Mersch - Director (2)		
Attendance fees	3 000 €	- €
Other remuneration	- €	- €
Claudia Zimmer - Director		
Attendance fees	3 000 €	- €
Other remuneration	- €	- €
François Samyn - Director		
Attendance fees	15 000 €	12 000 €
Other remuneration	- €	- €
Raphaël de Winter (representative of Fluxys) - Director		
Attendance fees	(1)	- €
Other remuneration	- €	- €
Attendance fees paid to directors in 2017 and/or 2018 but whose terms of office ended during those years		
Pauline Mispoulet - Resigned effective 29 September 2017		
Attendance fees	9 000 €	6 000 €
Other remuneration	- €	- €
Gilles Copin - Resigned effective 1 December 2017		
Attendance fees		3 000 €
Other remuneration	- €	- €
Xavier Bernard - Term of office ended 15 June 2018		
Attendance fees	6 000 €	- €
Other remuneration	- €	- €
TOTAL	51 000 €	30 000 €

(1) At 31 December 2018, a sum of €10,464 was still payable to Mr De Winter after withholding tax of €1,536.

(2) Resignation accepted by the board of directors on 22 May 2019.

TABLE NO.4: Stock options granted during the year to each corporate officer by the issuer

None.

Directors' attendance at meetings is remunerated solely through attendance fees.

TABLE NO.5: Stock options exercised by each executive corporate officer in 2016 and 2017

None.

TABLE NO.6: Bonus shares granted to corporate officers

None.

TABLE NO.7: Bonus shares vested in each corporate officer

None.

TABLE NO.8: Past grants of stock options

None.

TABLE NO.9: Stock options granted to the first ten employees who are not corporate officers who were awarded the greatest number of options, and options exercised by them

2017 None

2018:

Stock options granted to the ten employees who are not corporate officers who were awarded the greatest number of options, and options exercised by them	Weighted average price (1)	2018		
		2018-1 founder share warrants	AGM	Stock options
Date of shareholders' general meeting		15-Jun-17	None	None
Date of board meeting		27-Apr-18		
Number of rights granted to the ten employees who are not corporate officers who were awarded the greatest number of rights (total number)	5,35 €	10 991		
Number of rights exercised or acquired by the ten employees who are not corporate officers who hold the greatest number of rights (total number)	None	0		

TABLE NO.10: Past grants of bonus shares

None.

TABLE NO.11:

Executive corporate officers	Employment contract		Supplementary pension plan		Compensation or benefit due or liable to become due because of termination or change of role		Compensation relating to a non-compete clause	
	YES	NO	YES	NO	YES	NO	YES	NO
Luc Jacquet								
CEO		X		X		X		X
Start of term of office	First appointment: 26 April 2019 (1)							
	Last renewal: N/A							
End of term of office	AGM convened to vote on the financial statements for the period ended 31 December 2022							
Jean-Marc Joffroy								
COO		X ⁽¹⁾		X		X		X
Start of term of office	First appointment: 26 April 2019 (2)							
	Last renewal: N/A							
End of term of office	AGM convened to vote on the financial statements for the period ended 31 December 2020							
Luc Reginster								
Chairman of the Board of Directors		X		X		X		X
Start of term of office	First appointment: 29 September 2017							
	Last renewal: N/A							
End of term of office	AGM convened to vote on the financial statements for the period ended 31 December 2019							

- (1) When the Company became a public limited company ("société anonyme"), in its first meeting on 15 December 2014, the board of directors appointed Luc Jacquet as Chief Executive Officer. When his term of office ended in the shareholders' general meeting that approved the financial statements for the 2017 financial year, Luc Jacquet was appointed Chief Operating Officer for a term of three years by the board of directors in its 15 June 2017 meeting. In its 26 April 2019 meeting, the board of directors decided to appoint him Chief Executive Officer, replacing Jean-Marc Joffroy.
- (2) When the Company became a public limited company ("société anonyme"), in its first meeting on 15 December 2014, the board of directors appointed Jean-Marc Joffroy as Chief Operating Officer. When his term of office ended in the shareholders' general meeting that approved the financial statements for the 2017 financial year, Jean-Marc Joffroy was appointed Chief Executive Officer for a term of three years by the board of directors in its 15 June 2017 meeting. In its 26 April 2019 meeting, the board of directors decided to appoint him Chief Operating Officer, replacing Luc Jacquet.

The Company has taken out income protection insurance from the GSC unemployment insurance body under which executive corporate officers will receive compensation in the event they become unemployed. That insurance came into force after a 12-month period of continuous affiliation, i.e. from 1 February 2015. Compensation depends on the officer's net work income the previous year, and will be paid for a 24-month period from the 31st day of continuous unemployment.

13.2 AMOUNTS SET ASIDE BY THE COMPANY FOR THE PAYMENT OF PENSIONS, RETIREMENT BENEFITS AND OTHER BENEFITS TO CORPORATE OFFICERS

The Company has not set aside any sums for the payment of pensions, retirement benefits or other benefits to its corporate officers with the exception of the GSC insurance policy for Luc Jacquet and Jean-Marc Joffroy at a cost of €13 thousand.

14 OPERATING PROCEDURES OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

14.1 MANAGEMENT OF THE COMPANY

Through a decision by the extraordinary shareholders' general meeting of 15 December 2014, the Company was converted from a "*société par actions simplifiée*" (simplified joint-stock corporation) into a "*société anonyme*" (public limited company). The detailed composition of the board of directors is set out in section 12.1 "Executives and directors".

The Company's board of directors, in its meeting of the same day, decided to split the roles of Chair of the board of directors and Chief Executive Officer. Since then:

- The board of directors on 1 February 2019 decided to appoint Luc Reginster as Chair of the Board of Directors, replacing Eric Dutilleul; and
- The board of directors on 26 April 2019 determined the composition of the executive management team, which consists of Luc Jacquet as Chief Executive Officer and Jean-Marc Joffroy as Chief Operating Officer. The Chief Executive Officer and Chief Operating Officer each represent the Company with respect to third parties.

The composition of and information relating to the executive management team are set out in section 12 "Administrative and management bodies" of the Registration Document.

14.2 INFORMATION ON AGREEMENTS BINDING THE COMPANY'S EXECUTIVES AND/OR CORPORATE OFFICERS AND THE COMPANY

At the date of the Registration Document, there are no service contracts connecting members of the board of directors to the Company or to any of its subsidiaries that provide for the granting of benefits.

14.3 BOARD OF DIRECTORS, SPECIALIST COMMITTEES AND CORPORATE GOVERNANCE

14.3.1 Board of directors

The composition of and information relating to the board of directors are set out in section 12 "Administrative and management bodies" of the Registration Document.

14.3.2 Specialist committees

The Company has discussed the creation of specialist committees. Given the size of the Company and its stage of development, the board of directors on 26 April 2019 decided to set up an "audit committee" within six months of the Company's IPO and to hold discussions in 2020 regarding the creation of an "appointments and remuneration committee" and a "strategy committee".

Until an audit committee is set up, the board of directors, whose chair is an independent director, is performing the work of an audit committee.

14.4 STATEMENT ON CORPORATE GOVERNANCE

For the purposes of transparency and public information, particularly in view of the admission of its shares for trading on Euronext's regulated market in Paris, the Company has initiated general discussions regarding corporate governance practices.

To meet the requirements of article L. 225-37-4 of the French Commercial Code, the Company has designated the Corporate Governance Code as published in September 2016 by Middlednext (the "Middlednext Code", available at <https://www.middlednext.com/>) as the code to which it will refer after the admission of its shares for trading on Euronext's regulated market in Paris.

The Company will comply with all recommendations of the Middlednext Code.

The table below sets out the Company's position with respect to all recommendations made by the Middennext Code as of the Registration Document's filing date.

Middennext Code recommendations	Applied	Not applied
I. "Supervisory" body		
R1: Conduct of Board members	X	
R2: Conflicts of interest	X	
R3: Composition of the Board – Presence of independent members on the Board	X	
R4: Reporting to Board members	X	
R5: Organisation of Board and Committee meetings	X	
R6: Board Committees		X 1
R7: Internal rules for the Board	X	
R8: Selection of each Board member	X	
R9: Terms of office of Board members		X 2
R10: Remuneration of Board members	X	
R11: Assessment of the Board's work		X 3
R12 : Relations with shareholders	X	
II The executive body		
R13: Definition and transparency of remuneration paid to executive corporate officers	X	
R14: Succession planning for executives		X 4
R15: Combination of an employment contract and role as corporate officer	X	
R16: Severance pay	X	
R17: Supplementary pension plan	N/A	N/A (5)
R18: Stock options and bonus share awards	X	
R19: Review of areas for attention	X	

(1) R6: the board of directors on 26 April 2019 adopted the principle of setting up an "audit committee" within six months of the IPO, with discussions to be held in 2020 regarding the creation of a "strategy committee" and an "appointments and remuneration committee";

(2) R9: terms of office, according to the Company's articles of association, last for three years; given the appointment dates, the renewal of those terms is not staggered;

(3) R11: not yet applied, with the board of directors deciding that this assessment will be carried out in 2020;

(4) R14: this recommendation is not currently relevant given the current composition of the executive management team;

(5) R17: the Company has not set up a supplementary pension system for executives.

14.5 POTENTIAL MATERIAL FACTORS AFFECTING CORPORATE GOVERNANCE

At the date of the Registration Document, the administration and management bodies had not decided on any changes to the composition of the administration and management bodies. As regards specialist committees, see section 14.3.2.

On 26 April 2019, the board of directors considered reviewing, possibly with the assistance of a remuneration committee, the remuneration of the CEO and COO after the IPO, in order to align the remuneration practices adopted for the executive management team with market practices for listed companies.

At the date of the Registration Document, the Company had not decided to adjust the remuneration of executive officers with respect to the current year and until the creation of the remuneration committee (expected in 2020, see section 14.3.2), or to distribute any special bonuses related to the planned IPO.

The Company's CEO and COO do not receive the target-based bonuses introduced by the Company for its top management (see section 3.4).

In accordance with the French Commercial Code and subject to the shares being admitted on Euronext's regulated market in Paris, any change to the principles and criteria for determining, apportioning and granting elements of remuneration in 2020 would be subject, according to conditions laid down by law, to the approval of the Company's shareholders in an annual shareholders' general meeting taking place in 2021.

The Chair of the board of directors appointed by the board of directors on 1 February 2019 will only receive attendance fees.

14.6 INFORMATION ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

At the date of the Registration Document, the Company has internal control procedures relating to financial and accounting information, summarised below:

Accounting and financial information

The Company's accounts-keeping is governed by the French Commercial Code and more generally by the statutory and regulatory environment, in accordance with the provisions of France's General Accounting Plan.

Accordingly, in addition to mandatory documents, the following are prepared:

- monthly reporting documents providing details of operating income;
- a monthly statement of cash flows and updated cash forecasts;
- a weekly statement regarding the cash position, trade receivables and trade payables.

The Company uses an accountancy firm, which prepares monthly payslips, social-security and tax returns and the final presentation of the parent-company financial statements. The financial statements will be prepared on a half-yearly basis by the same firm when the Company is listed.

Internally, the CFO, assisted by auditors, manages financial transactions and produces monthly statements, weekly reporting documents on key operational indicators and monthly reporting documents for the board of directors.

Procedures

In 2017, the Company adopted a quality management approach in order to obtain ISO 9001 version 2015 certification.

That approach covers all activities recorded during process mapping. Management fulfils its commitments in this area through management reviews, which currently take place annually.

In general, these procedures are intended to ensure, according to the principle of the separation of tasks, that the information provided by all departments is traceable and reliable, that information flows between the departments concerned and that all financial transactions are properly checked. In particular, the procedures aim to ensure:

- Compliance with applicable laws and regulations, including the GDPR;
- The effective application of directives, policies and internal procedures, and of best practice as determined by executive management;
- The safeguarding of the Group's assets;
- The reliability and accuracy of financial information and financial statements disclosed to the corporate bodies and published;

- The prevention and management of identified risks arising from business activities;
- The optimisation of operational activities.

For each process (innovation, marketing, operations and support functions), the purpose, operational procedures, indicators, control resources and maturity of the process are documented.

The following procedures are therefore covered: sales administration (order management, inventory monitoring, customer invoicing), expenditure (validation and placing of orders with suppliers for equipment purchases, marketing and outsourcing expenditure, invoice control and payment) and travel (general principles and conditions for the reimbursement of expenses).

The HR process covers in detail all stages of an employment contract within the company, from recruitment until the end of the contract, including the onboarding, management, training, appraisal and departure of employees.

The IT process covers data security, back-ups and access among other aspects. Data security and back-ups are managed internally by experienced IT staff members. Authorised users connect via a VPN (virtual private network). Both sites are connected and equipped with fibre-optic technology. Access to the network is protected by passwords, which are regularly changed. Mobile peripherals containing sensitive data (laptops, external hard drives) are encrypted. Data are hosted on the servers of both sites. Those servers are subject to redundant cross-backups. The infrastructure configuration is backed up and documented so that it can be reinstalled quickly in the event of an incident. Access to the server room at the main site is restricted to members of the IT team.

15 EMPLOYEES

15.1 NUMBER OF EMPLOYEES AND BREAKDOWN BY CATEGORY

The Company's salaried workforce breaks down by function as follows:

Workforce at end of period	31/12/2017	31/12/2018	30/06/2019
Executive Management / Strategy	2	2	5
Administration and Finance Department	10	10	10
R&D / Innovation	27	33	29
Manufacturing Department	23	30	32
Sales and Marketing Department	5	15	
BOOSTHEAT France		2	16
BOOSTHEAT Deutschland		3	4
Total workforce	67	95	96

The Company's operational organisation is presented in section 5.1.5.1 of the Registration Document.

15.2 EQUITY INTERESTS AND STOCK OPTIONS HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Equity interests held directly and indirectly by members of the board of directors and the number of securities giving access to the Company's capital held by them are as follows:

Number of shares held	Securities giving access to the capital		Diluted number of shares (1)	% of capital	
	Number and type of securities awarded	Number of shares that may result from their being exercised		Total currently held	Diluted total (1)

Executive corporate officers						
Luc Jacquet	1,308,048	-	-	1,308,048	21.09%	21.01%
Jean-Marc Joffroy	1,383,244	-	-	1,383,244	22.30%	22.22%
Other corporate officers						
Eric Dutilleul	16,516	-	-	16,516	0.27%	0.27%
Luc Reginster <i>Of which directly held</i>	37,036	-	-	37,036	0.60%	0.59%
<i>Of which as representative of Officium Projects</i>	241,472			241,472	3.89%	3.88%
Luisa Helms <i>Of which directly held</i>	-	-	-	-	-	-
<i>Of which as representative of Holdigaz</i>	709,626	-	-	709,626	11.44%	11.40%
Myriam Maestroni	-	-	-	-	-	-
Sébastien Fuki		-	-	0	0.00%	0.00%
Claudia Zimmer <i>Of which directly held</i>	-	-	-	-	-	-
<i>Of which as representative of Kozinet</i>	186,915		-	186,915	3.01%	3.00%
Claire Vanneste		-	-	0	0.00%	0.00%
Raphael de Winter <i>Of which directly held</i>	-	-	-	-	-	-
<i>Of which as representative of Fluxys</i>	373,831		-	373,831	6.03%	6.01%
TOTAL	4,256,688		0	4,256,688	68.63%	68.38%

(1) Taking into account the exercise of all 2014 and 2017 founder share warrants, but not taking into account the exercise of 2019 warrants attached to the 2019 issue of bonds with warrants, to the extent that the exercise conditions depend on the future IPO Price.

The combined shareholders' general meeting of 7 June 2019 delegated authority to the board of directors, as presented in section 19.1.5, to issue securities giving access to the capital that could be granted to executives, as the case may be. If executives were to benefit from an issue of securities giving access to the capital, the Company would take care not to focus the award of such instruments excessively on executive management, in accordance with recommendation R18 of the Middledenext Code. At the date of the Registration Document, the Company had no plans to carry out such an issue.

15.3 OWNERSHIP OF THE COMPANY'S CAPITAL BY EMPLOYEES

At the Registration Document's filing date, employees directly held 0.73% of the Company's capital.

16 MAJOR SHAREHOLDERS

16.1 OWNERSHIP OF SHARES AND VOTING RIGHTS AT THE DATE OF THE REGISTRATION DOCUMENT

Certain shareholders have been combined into various sub-groups for presentation purposes only and are not connected by any action in concert.

The total equity interests of board members represent 4,379,720 shares, i.e. 68.63% of the current capital and 68.38% of the diluted capital (the interests of each member are presented in section 15.2).

	Current stake		Securities giving access to the capital (6)	Diluted stake	
	Number of shares and voting rights	% of capital and voting rights	Founder share warrants	Number of shares and voting rights	% of capital and voting rights
Luc Jacquet (founder)	1,308,048	21.09%		1,308,048	21.01%
Jacquet family and related parties (9 people)	269,964	4.35%		269,964	4.34%
Luc Jacquet sub-total	1,578,012	25.44%	0	1,578,012	25.35%
Jean-Marc Joffroy (founder)	1,383,244	22.30%		1,383,244	22.22%
Joffroy family and related parties (6 people)	95,576	1.54%		95,576	1.54%
Jean-Marc Joffroy sub-total	1,478,820	23.84%	0	1,478,820	23.76%
Industry shareholders	1,589,805	25.63%	0	1,589,805	25.54%
Holdigaz (1)	709,626	11.44%		709,626	11.40%
Officium Projects & Co (2)	506,348	8.16%		506,348	8.13%
of which Officium Projects	241,472	3.89%		241,472	3.88%
of which 5 related natural persons	264,876	4.27%		264,876	4.25%
Fluxys (3)	373,831	6.03%		373,831	6.01%
Employees (4)	45,262	0.73%	23,071	68,333	1.10%
Other shareholders (5)	1,510,179	24.35%	0	1,510,179	24.26%
TOTAL	6,202,078	100%	23,071	6,225,149	100%

- (1) Listed Swiss group consisting of natural gas suppliers and companies operating in sectors that show direct or indirect synergies with the natural gas business (energy marketing, technical activities related to the natural gas grid, gas network analysis, water and wastewater services etc.);
- (2) Officium Projects Limited, based in Hong Kong, is part of the Chemium group, a group of companies based in Asia and Europe, which develops and markets special catalysts and develops innovative, efficient processes for fine chemicals production;
- (3) Fully independent gas infrastructure manager whose registered office is in Belgium and which is 77.5%-owned by Publigaz (Belgian municipal holding company in the natural gas sector).
- (4) Currently, five employees, among whom the largest shareholder owns 0.49% of the capital. On a diluted basis, eight employees, among whom the largest shareholder owns 0.56% of the capital;

- (5) 120 shareholders, among whom the largest shareholder owns 3.01% of the current capital and 3.00% of the capital on a diluted basis;
- (6) Excluding shares that may result from the exercise of warrants detached from the bonds with warrants issued on 7 June 2019 (hereinafter the “2019 bonds with warrants”), since the exercise terms depend in particular on the future share issue price adopted for the capital increase that will take place as part of the IPO. Please refer to the description of the 2019 bonds with warrants in section 19.1.4.2 of the Registration Document.

16.2 VOTING RIGHTS OF THE MAIN SHAREHOLDERS

The voting rights of each shareholder are equal to the number of shares held by each of them.

Any mechanism that, by operation of law, confers double voting rights to shares proven to be held in registered form for at least two years in the name of the same shareholder is expressly ruled out by the articles of association.

The main shareholders do not hold voting rights that differ from those of any other shareholder in the Company.

16.3 CONTROL OF THE COMPANY

At the date of the Registration Document, no shareholder had control over the Company within the meaning of article L. 233-3 of the French Commercial Code.

As a result, the Company believes that there is no risk of control being exerted in an improper manner by any of its shareholders, and has not adopted any measures to prevent shareholders exercising their rights in an improper manner.

There is currently a shareholder pact that will become void by operation of law officio from the time the Company's shares are admitted for trading on Euronext's regulated market in Paris.

In addition, with the exception of the board of directors' internal rules, the Company does not apply any rule in addition to requirements arising by law, with which it complies.

16.4 AGREEMENTS THAT MAY LEAD TO A CHANGE OF CONTROL

No specific element of the Memorandum and Articles of Association, any charter or any rules of the issuer could have the effect of delaying, deferring or preventing a change of control over the Company. In addition, there are no plans for an agreement that may lead to a change of control to be formed between now and the time the Company's shares are admitted for trading on Euronext's regulated market in Paris.

16.5 PLEDGES

16.5.1 Pledges of Company shares

None.

16.5.2 Other pledges

The pledge of business assets covers the total amount owed by the Company to its lending banks in terms of principal, interest, commission, fees and related costs.

Pledged asset	Beneficiaries	Pledge start date	Pledge expiry date	Conditions for releasing the pledge
Trade goodwill	Crédit Coopératif and Banque Populaire du Sud	August 2017	01/12/2026 (final maturity date of loans)	Full repayment of two loans: 1 - €800 thousand loan (Crédit Coopératif): the balance due at 31 Dec 2018 was €800 thousand 2 - €500 thousand loan (Banq Pop Sud): the balance due at 31 Dec 2018 was €443 thousand

17 TRANSACTIONS WITH RELATED PARTIES

No regulated agreements were formed in 2017.

In 2018, the Company signed memoranda of understanding with Jean-Marc Joffroy (then CEO and director) and Luc Jacquet (then COO and director). Through those memoranda, Jean-Marc Joffroy and Luc Jacquet assigned to BOOSTHEAT, exclusively and irrevocably, all intellectual and industrial property rights and knowledge relating to BOOSTHEAT technology recognised as belonging to them by the legislative and regulatory provisions of all countries and by international conventions, including the assignment of copyright, sui generis rights and rights relating to know-how, in connection with all non-patentable inventions, for the full statutory term of intellectual property rights in each country and for all countries around the world.

These two regulated agreements, mentioned in the statutory auditors' special report presented below in section 17.3, were authorised by the board of directors on 21 December 2018 before they were signed, and were approved in the shareholders' general meeting of 7 June 2019.

Since the statutory auditors' special report relating to 2018 was prepared, new regulated agreements have been authorised in relation to (i) the subscription by certain shareholders and/or directors, i.e. Holdigaz, Officium Projects, Kozinet, François Samyn, Luc Jacquet and Jean-Marc Joffroy, to the bond issue decided on by the board of directors on 25 February 2019, (ii) the subscription by certain shareholders or directors to the issue of 2019 bonds with warrants (through the set-off of receivables relating to the February 2019 bond issue) and (iii) the agreement between Holdigaz (which owns 11.74% of the Company's capital and voting rights) and the Company in relation to the September 2019 bond issue.

17.1 INTRAGROUP TRANSACTIONS

None.

17.2 TRANSACTIONS WITH RELATED PARTIES

See section 17.3.

17.3 STATUTORY AUDITORS' REPORTS ON REGULATED AGREEMENTS WITH RESPECT TO THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2017 AND 2016

17.3.1 Special report on regulated agreements – 2018

To the shareholders of BOOSTHEAT,

In our capacity as your company's statutory auditors, we hereby submit our report on regulated agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. It is your responsibility, under the terms of Article R.225-31 of the French Commercial Code, to assess the benefits resulting from these agreements prior to their approval.

In addition, we are required to inform you, in accordance with Article R. 225-31 of the French Commercial Code, about the performance of the agreements during the year.

We have carried out the procedures we considered necessary for this task pursuant to the professional guidelines of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux*

Comptes). Our work consisted of verifying that the information provided to us is consistent with the underlying documents from which it was extracted.

AGREEMENTS SUBJECT TO APPROVAL BY THE SHAREHOLDERS' GENERAL MEETING

Agreements authorised and formed during the year

In accordance with article L. 225-40 of the French Commercial Code, we have been informed of the following agreements formed during the year that obtained prior approval from your board of directors.

- “Memorandum of understanding regarding rights relating to BOOSTHEAT technology (all patents and related rights)”:

Jean-Marc Joffroy has assigned to BOOSTHEAT, exclusively and irrevocably, all intangible property rights recognised as belonging to him by the legislative and regulatory provisions of all countries and by international conventions, including the assignment of copyright, sui generis rights and rights relating to know-how, relating to all non-patentable inventions, for the full statutory term of intellectual property rights in each country and for all countries around the world. This memorandum of understanding was signed on 21 December 2018. The obligations under this memorandum will remain in force until the information falls into the public domain without any wrongdoing by Mr Joffroy, and in any event for a period of at least 20 years from the date the memorandum was signed.

Amount: 0.00

This agreement concerns Jean-Marc Joffroy, director and CEO

Purpose: The purpose of the memorandum is to formalise the existing situation, so that the Company fully owns all intellectual and industrial property rights and knowledge relating to BOOSTHEAT technology developed by Jean-Marc Joffroy through his role as corporate officer.

- “Memorandum of understanding regarding rights relating to BOOSTHEAT technology (all patents and related rights)”:

Luc Jacquet has assigned to BOOSTHEAT, exclusively and irrevocably, all intangible property rights recognised as belonging to him by the legislative and regulatory provisions of all countries and by international conventions, including the assignment of copyright, sui generis rights and rights relating to know-how, relating to all non-patentable inventions, for the full statutory term of intellectual property rights in each country and for all countries around the world. This memorandum of understanding was signed on 21 December 2018. The obligations under this memorandum will remain in force until the information falls into the public domain without any wrongdoing by Mr Jacquet, and in any event for a period of at least 20 years from the date the memorandum was signed.

Amount: 0.00

This agreement concerns Luc Jacquet, director and COO

Purpose: The purpose of the memorandum is to formalise the existing situation, so that the Company fully owns all intellectual and industrial property rights and knowledge relating to BOOSTHEAT technology developed by Luc Jacquet through his role as corporate officer.

Agreements authorised and formed since the accounts closing date

We have been informed of the following agreements authorised and formed since the closing date of the financial year under review, which obtained prior approval from your board of directors on 25 February 2019.

The board of directors authorised the bond issue (the “February 2019 Bonds”) summarised in the following table:

Maximum issue amount:	€8,000,000
Unit nominal value:	€1
Subscription price per bond:	€1
Maturity date:	25 February 2022
Interest rate:	8% per year from 25 February 2019
Redemption premium:	20% of the February 2019 Bonds

In certain cases, the February 2019 Bonds may be subject to mandatory early redemption, particularly if the Company carries out an IPO, a capital increase or an issue of securities giving access to the Company’s capital in a nominal amount (including the issue premium) of at least fifteen million euros (€15,000,000) (a “Designated Transaction”). In the event of the Company carrying out an IPO or a Designated Transaction, the Company would be required to redeem early all the February 2019 Bonds in issue, effective immediately before the IPO or immediately before the said issue of securities giving access to the capital.

• “Subscription to the February 2019 Bonds”:

This agreement concerns Luc Reginster, via Officium Projects, director and chair of the board of directors

The undertakings made by Officium Projects are as follows:

to subscribe to the issue of February 2019 Bonds;

to request early redemption of the February 2019 Bonds in the event that the Company’s shareholders in a general meeting grant authority to the Board of Directors (which may delegate that authority) to issue bonds with warrants;

to subscribe to the issue of bonds with warrants and pay up the subscription price of the bonds with warrants through the set-off of its claims (those claims consisting of the principal and accrued interest payable to him as a result of the redemption of the February 2019 Bonds);

to subscribe in cash to the capital increase with preferential subscription rights withheld, carried out as part of the IPO (at the price of that capital increase, including the issue premium) through the set-off of his claims in relation to the bonds with warrants (principal, interest and issue premium).

Amount: €1,000,000.00

Purpose: This issue would allow the Company to access funds to finance its operating expenses while it ensures the reliability of its product and prepares to bring it to market.

• “Subscription to the February 2019 Bonds”:

This agreement concerns Luisa Helms via Holdigaz, director and vice-chair of the board of directors

The undertakings made by Holdigaz are as follows:

to subscribe to the issue of February 2019 Bonds;

to request early redemption of the February 2019 Bonds in the event that the Company’s shareholders in a general meeting grant authority to the Board of Directors (which may delegate that authority) to issue bonds with warrants;

to subscribe to the issue of bonds with warrants and pay up the subscription price of the bonds with warrants through the set-off of its claims (those claims consisting of the principal and accrued interest payable to him as a result of the redemption of the February 2019 Bonds);

to subscribe in cash to the capital increase with preferential subscription rights withheld, carried out as part of the IPO (at the price of that capital increase, including the issue premium) through the set-off of his claims in relation to the bonds with warrants (principal, interest and issue premium).

Amount: €5,000,000.00

Purpose: This issue would allow the Company to access funds to finance its operating expenses while it ensures the reliability of its product and prepares to bring it to market.

• “Subscription to the February 2019 Bonds”:

This agreement concerns Claudia Zimmer via Kozinet, director

The undertakings made by Kozinet are as follows:

to subscribe to the issue of February 2019 Bonds;

to request early redemption of the February 2019 Bonds in the event that the Company's shareholders in a general meeting grant authority to the Board of Directors (which may delegate that authority) to issue bonds with warrants;

to subscribe to the issue of bonds with warrants and pay up the subscription price of the bonds with warrants through the set-off of its claims (those claims consisting of the principal and accrued interest payable to him as a result of the redemption of the February 2019 Bonds);

to subscribe in cash to the capital increase with preferential subscription rights withheld, carried out as part of the IPO (at the price of that capital increase, including the issue premium) through the set-off of his claims in relation to the bonds with warrants (principal, interest and issue premium).

Amount: €300,000.00

Purpose: This issue would allow the Company to access funds to finance its operating expenses while it ensures the reliability of its product and prepares to bring it to market.

• “Subscription to the February 2019 Bonds”:

This agreement concerns François Samyn, director

The undertakings made by François Samyn are as follows:

to subscribe to the issue of February 2019 Bonds;

to request early redemption of the February 2019 Bonds in the event that the Company's shareholders in a general meeting grant authority to the Board of Directors (which may delegate that authority) to issue bonds with warrants;

to subscribe to the issue of bonds with warrants and pay up the subscription price of the bonds with warrants through the set-off of its claims (those claims consisting of the principal and accrued interest payable to him as a result of the redemption of the February 2019 Bonds);

to subscribe in cash to the capital increase with preferential subscription rights withheld, carried out as part of the IPO (at the price of that capital increase, including the issue premium) through the set-off of his claims in relation to the bonds with warrants (principal, interest and issue premium).

Amount: €100,000.00

Purpose: This issue would allow the Company to access funds to finance its operating expenses while it ensures the reliability of its product and prepares to bring it to market.

• “Subscription to the February 2019 Bonds”:

This agreement concerns Luc Jacquet, director and COO

The undertakings made by Luc Jacquet are as follows:

to subscribe to the issue of February 2019 Bonds;

to request early redemption of the February 2019 Bonds in the event that the Company's shareholders in a general meeting grant authority to the Board of Directors (which may delegate that authority) to issue bonds with warrants;

to subscribe to the issue of bonds with warrants and pay up the subscription price of the bonds with warrants through the set-off of its claims (those claims consisting of the principal and accrued interest payable to him as a result of the redemption of the February 2019 Bonds);

to subscribe in cash to the capital increase with preferential subscription rights withheld, carried out as part of the IPO (at the price of that capital increase, including the issue premium) through the set-off of his claims in relation to the bonds with warrants (principal, interest and issue premium).

Amount: €60,000.00

Purpose: This issue would allow the Company to access funds to finance its operating expenses while it ensures the reliability of its product and prepares to bring it to market.

• "Subscription to the February 2019 Bonds":

This agreement concerns Jean-Marc Joffroy, director and CEO

The undertakings made by Jean-Marc Joffroy are as follows:

to subscribe to the issue of February 2019 Bonds;

to request early redemption of the February 2019 Bonds in the event that the Company's shareholders in a general meeting grant authority to the Board of Directors (which may delegate that authority) to issue bonds with warrants;

to subscribe to the issue of bonds with warrants and pay up the subscription price of the bonds with warrants through the set-off of its claims (those claims consisting of the principal and accrued interest payable to him as a result of the redemption of the February 2019 Bonds);

to subscribe in cash to the capital increase with preferential subscription rights withheld, carried out as part of the IPO (at the price of that capital increase, including the issue premium) through the set-off of his claims in relation to the bonds with warrants (principal, interest and issue premium).

Amount: €60,000.00

Purpose: This issue would allow the Company to access funds to finance its operating expenses while it ensures the reliability of its product and prepares to bring it to market.

AGREEMENTS ALREADY APPROVED IN PREVIOUS YEARS

We have not been made aware of any agreement already approved by shareholders in shareholders' general meetings that continued to be performed in the period under review.

Méjannes-les-Alès and Montpellier, 21 May 2019

The Statutory Auditors

Serge Decons Audit

Ernst & Young Audit

Serge Decons

Marie-Thérèse Mercier

17.3.2 Special report on regulated agreements – 2017

In our capacity as your Company's statutory auditors, we hereby submit our report on regulated agreements.

Our assignment consists of informing you, based on the information provided to us, of the main terms and conditions of agreements that have been brought to our attention or that we have discovered during our audit, without having to express an opinion on their usefulness or appropriateness or having to look for other agreements. It is your responsibility, under the terms of Article R.225-31 of the French Commercial Code, to assess the benefits resulting from these agreements prior to their approval.

In addition, we are required to inform you, in accordance with Article R. 225-31 of the French Commercial Code, about the performance during the year of the agreements already approved by the shareholders in shareholders' general meetings.

We have carried out the procedures we considered necessary for this task pursuant to the professional guidelines of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*).

AGREEMENTS SUBMITTED TO SHAREHOLDERS FOR APPROVAL

We inform you that we have not been made aware of any agreement authorised during the period that needs approval in the shareholders' general meeting under article L. 225-38 of the French Commercial Code.

AGREEMENTS APPROVED IN PRIOR FINANCIAL YEARS

We have not been made aware of any agreement already approved by shareholders in shareholders' general meetings that continued to be performed in the period under review.

Alès and Montpellier, 22 May 2018

Serge Decons

The Statutory Auditors

Ernst & Young Audit

17.3.3 Special report on regulated agreements – 2016

In our capacity as your Company's statutory auditors, we hereby submit our report on regulated agreements.

Our assignment consists of informing you, based on the information provided to us, of the main terms and conditions of agreements that have been brought to our attention or that we have discovered during our audit, without having to express an opinion on their usefulness or appropriateness or having to look for other agreements. It is your responsibility, under the terms of Article R.225-31 of the French Commercial Code, to assess the benefits resulting from these agreements prior to their approval.

In addition, we are required to inform you, in accordance with Article R. 225-31 of the French Commercial Code, about the performance during the year of the agreements already approved by the shareholders in shareholders' general meetings.

We have carried out the procedures we considered necessary for this task pursuant to the professional guidelines of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*).

AGREEMENTS SUBMITTED TO SHAREHOLDERS FOR APPROVAL

We inform you that we have not been made aware of any agreement authorised during the period that needs approval in the shareholders' general meeting under article L. 225-38 of the French Commercial Code.

AGREEMENTS APPROVED IN PRIOR FINANCIAL YEARS

We have not been made aware of any agreement already approved by shareholders in shareholders' general meetings that continued to be performed in the period under review.

Alès and Montpellier, 20 May 2017

Serge Decons

The Statutory Auditors

Ernst & Young Audit

18 FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS, FINANCIAL POSITION AND EARNINGS

18.1 HISTORICAL FINANCIAL INFORMATION

18.1.1 Audited historical financial information

Since the Company has prepared its consolidated financial statements under IFRS (see section 18.1.6 below), the parent-company financial statements of BOOSTHEAT S.A. are not presented.

18.1.2 Change of accounting reference date

Not applicable.

18.1.3 Accounting standards

See section 18.1.6 below.

18.1.4 Change of accounting standards

Not applicable.

18.1.5 Not applicable

Not applicable.

18.1.6 Consolidated financial statements

Consolidated income statement

In € thousands	Notes	31 December 2018	31 December 2017	31 December 2016
Net revenue	3.22	0	0	0
Purchases consumed	3.25	-1,598	-259	-111
Other purchases and external expenses	3.25	-2,646	-983	- 662
Personnel costs	3.27	-3,963	-2,083	- 1,483
Taxes other than on income		-207	-169	-65
Net additions to depreciation, amortisation and provisions	3.8/3.9/3.22	-761	-429	-371
Other operating income and expense	3.28	1,108	1,887	3,066
Recurring operating income	3.24	-8,067	-2,036	374
Other non-recurring operating income and expense	3.29	-515	-100	-13
Operating income	3.24	-8,582	-2,136	361
Cost of net debt	3.30	-455	-248	-26
Other financial income and expense	3.30	-1	0	0
Income before tax		-9,038	-2,384	335
Income tax	3.31			
Net income		-9,038	-2,384	335
Net income attributable to equity holders of the parent		-9,038	-2,384	335
Non-controlling interests' share of net income		0	0	0
Basic earnings per share (€)	3.32	-1.55	-0.47	0.08
Diluted earnings per share (€)	3.32	-1.55	-0.47	0.08

Consolidated comprehensive income statement

In € thousands	Notes	31 December 2018	31 December 2017	31 December 2016
Consolidated net income for the period		-9,038	-2,384	335
Other comprehensive income not to be reclassified subsequently to profit or loss		4	-2	-8
Actuarial gains and losses on employee-related liabilities		4	-2	-8
Other comprehensive income that may be reclassified subsequently to profit or loss		0	0	0
Exchange differences				
Total other comprehensive income		4	-2	-8
Comprehensive income statement		-9,034	-2,386	327
Attributable to equity holders of the parent		-9,034	-2,386	327
Non-controlling interests		0	0	0

Consolidated statement of financial position

In € thousands	Notes	31 December 2018	31 December 2017	31 December 2016	1 January 2016
Development costs		5,723	70	199	350
Concessions, patents, trademarks, software and similar rights		85	37	16	12
Intangible assets in progress		79	4,031	2,621	1,553
Intangible assets	3.8	5,887	4,138	2,836	1,915
Technical installations, industrial plant and machinery		3,435	1,049	618	505
Other property, plant and equipment		234	148	166	197
Property, plant and equipment in progress		25	25	65	36
Property, plant and equipment	3.9	3,694	1,222	849	738
Equity interests		24	24	0	0
Other long-term investment securities		0	0	0	0
Other financial assets		43	40	29	35
Financial assets	3.10	67	64	29	35
Total non-current assets		9,648	5,424	3,714	2,688
Inventories	3.13	948	0	0	0
Trade receivables	3.14	785	129	0	0
Tax receivables	3.15	1,064	662	411	375
Other receivables	3.14	617	693	153	335
Cash and cash equivalents	3.16	2,223	3,284	2,213	429
Prepaid expenses		105	46	36	41
Total current assets		5,742	4,814	2,813	1,180
Total assets		15,390	10,238	6,527	3,868

In € thousands	Notes	31 December 2018	31 December 2017	31 December 2016	1 January 2016
Share capital	3.17	1,511	1,410	1,216	1,090
Share premiums		15,267	8,957	4,768	2,219
Consolidated reserves		-5,245	-2,866	-3,200	-3,192
Net income for the period		-9,038	-2,384	336	0
Equity attributable to equity holders of the parent		2,495	5,117	3,120	117
Non-controlling interests		0	0	0	0
Total equity		2,495	5,117	3,120	117

Borrowings and financial liabilities	3.18	5,946	2,938	993	789
Contingency and loss provisions	3.21	76	44	24	12
Deferred tax liabilities		0	0	0	0
Prepaid income (part at more than one year)	3.19	393	68	94	639
Total non-current liabilities		6,415	3,050	1,111	1,440

Borrowings and debt (part at less than one year)	3.18	958	207	150	0
Contingency and loss provisions (part at less than one year)	3.22	500	35	0	0
Trade payables	3.19	2,296	593	484	453
Other current liabilities	3.19	1,789	947	758	329
Prepaid income (part at less than one year)	3.19	937	289	904	1,529
Total current liabilities		6,480	2,071	2,296	2,311
Total liabilities		15,390	10,238	6,527	3,868

Statement of changes in consolidated equity

In € thousands	Number of shares	Share capital	Share premiums	Accumulated reserves and earnings	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
01/01/2016	4,361,520	1,090	2,219	- 3,192	117		117
Net income for the period				336	336		336
Items recognised as OCI*				-8	-8		-8
Comprehensive income				327			
Capital increase		126	2,549		2,675		2,675
Issue of warrants							
31/12/2016	4,862,706	1,216	4,768	- 2,864	3,120	-	3,120
Net income for the period				-2,384	-2,384		-2,384
Items recognised as OCI*				-2	-2		-2
Comprehensive income				-2,386			
Capital increase		194	3,962		4,156		4,156
Issue of warrants			227		227		227
31/12/2017	5,640,603	1,410	8,957	- 5,250	5,117	-	5,117
Net income for the period				-9,037	-9,037		-9,037
Items recognised as OCI*				4	4		4
Comprehensive income				-9,034			
Capital increase		101	5,901		6,002		6,002
Issue of warrants			394		394		394
Issue of founder share warrants			15		15		15
31/12/2018	6,045,235	1,511	15,267	- 14,283	2,495	-	2,495

*Other comprehensive income

At 31 December 2015, BOOSTHEAT's share capital consisted of 4,361,520 shares with par value of €0.25 each.

After various fundraising transactions in 2016 and the exercise of warrants, the number of shares at 31 December 2016, each with par value of €0.25, was 4,862,706.

After various fundraising transactions in 2017 and the issue of shares with warrants, the number of shares at 31 December 2017, each with par value of €0.25, was 5,640,603.

After various fundraising transactions in 2018 and the exercise of warrants, the number of shares at 31 December 2018, each with par value of €0.25, was 6,045,235.

A summary of transactions involving the share capital since the Company was founded in 2011 is provided in note 3.17.

Consolidated cash flow statement

In € thousands	Notes	2018	2017	2016
Total consolidated net income		-9,038	-2,384	335
Net depreciation, amortisation and provisions		1,166	240	184
Tax expense/(income)				
Other calculated income and expense		424	327	-1
Funds from operations		-7,448	-1,817	518
Change in inventories		-948	0	0
Change in trade receivables		-1,207	-129	0
Change in trade payables		1,989	109	31
Change in other receivables and payables		821	-1,056	-363
Cost of net debt		61	21	25
Cash flow from operating activities		-6,732	-2,872	211
Purchases of property, plant and equipment and intangible assets		-3,106	-2,214	-1,364
Change in loans and advances granted		-3	-35	4
Investment subsidies received		762	75	127
Disposals of non-current assets		0	0	1
Cash flow from investing activities		-2,347	-2,174	-1,232
Capital increases	3.17	6,003	4,156	2,675
New borrowings and conditional advances	3.18	2,329	2,051	219
Repayments of borrowings and conditional advances	3.18	-256	-46	-19
Interest paid		-60	-23	-26
Change in shareholder loans		0	-19	-144
Cash flow from financing activities		8,016	6,119	2,705
Impact of changes in exchange rates		0	0	0
Change in cash position		-1,063	1,073	1,684
Net cash and cash equivalents at start of period	3.16	3,186	2,113	429
Net cash and cash equivalents at end of period	3.16	2,123	3,186	2,113
Change in cash position		-1,063	1,073	1,684

Notes to the consolidated financial statements

Note 1: General information

BOOSTHEAT (“BOOSTHEAT” or the “Company”) was founded in 2011, and is a public limited company (*société anonyme*) that produces and markets the BOOSTHEAT.20 gas boiler, which is particularly efficient because of its proprietary patented technology. Its innovation consists of a thermal compressor that works in a low friction manner, which means that the boiler experiences almost no wear and is the most energy-efficient boiler in the market, consuming half the gas of a standard boiler.

The BOOSTHEAT.20 boiler is aimed at the home renovation market in the Company’s priority markets of France, Germany, Switzerland and Belgium, and will be produced at the Vénissieux plant, which has been operational since October 2018.

Since it was founded, the Company has focused most of its resources on funding innovation, particularly thanks to equity investment and innovation funding, loans and tax breaks such as the CIR research tax credit.

The BOOSTHEAT.20 obtained the CE mark on 24 September 2018, and the Company is now beginning its commercial roll-out. That roll-out will be handled by the Company’s own teams, supported by marketing subsidiaries and a network of installers. Two subsidiaries were set up in the second half of 2018 in France and Germany, to enable the Company’s future customers to benefit from specific tax breaks in each country.

The Company is continuing its R&D efforts, with the aim of developing a version of the BOOSTHEAT.20 suited to the requirements of the tertiary market.

The Company is a public limited company (*société anonyme*) governed by a board of directors. Its registered office is located at 41 and 47 Boulevard Marcel Sembat, 69200 Vénissieux.

It is registered at the Lyon Trade and Companies Registry under registration number 531 404 275.

The BOOSTHEAT group’s consolidated financial statements for the period consisting of the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018 were finalised on 30 July 2019 by the board of directors, which authorised their publication. They were prepared on a voluntary basis for the purpose of the registration document prepared in accordance with Appendix I of Delegated Regulation (EU) 2016/908, subject to the AMF’s approval, as part of the plan to float the Company on Euronext in Paris.

The accounting policies applied are set out in note 3 below.

The Company’s consolidated financial statements for the years ended 31 December 2016 and 2017 relate to BOOSTHEAT SA only. Those for the year ended 31 December 2018 relate to BOOSTHEAT SA and its distribution subsidiaries (together referred to as the “Group”) created in August and September 2018.

The scope of consolidation at 31 December 2018 was as follows:

	Address of registered office	SIREN number	Consolidation method	Value of shares (in €)	% control	% interest
BOOSTHEAT SA	41-47 Boulevard Marcel Sembat, 36920 Vénissieux	531 404 275	Parent company			
BOOSTHEAT France SAS	41-47 Boulevard Marcel Sembat, 36920 Vénissieux	842 462 947		25,000	100%	100%
BOOSTHEAT Deutschland GmbH	Äußere Bayreuther Straße 59 90409 Nürnberg, Deutschland	Nürnberg, HRB 35455	Full consolidation	25,000	100%	100%

The financial years ended 31 December 2016, 2017 and 2018 each cover a 12-month period.

Note 2: Key events

• Key events in 2016

➤ Transactions to strengthen the equity base

Several capital increases were carried out totalling €2,477 thousand, including a €2,000 thousand capital increase in December through which Fluxys, a Belgian group operating in the European natural gas transport infrastructure sector, became a shareholder.

➤ Key stages in the development of operating activities

July: Co-operation agreement with Bosch, an equipment supplier, regarding the revitalisation of the Vénissieux site where the Company decided to set up its production facility and transfer its registered office. This agreement enabled the Company to benefit from operational grants and recruitment subsidies amounting to almost €3.08 million between 2016 and 2018.

December: recruitment of Jean Luc Margand, Head of Manufacturing, and of the manufacturing project team from Bosch.

• Key events in 2017

➤ Transactions to strengthen the equity base

Five capital increases were carried out resulting in total gross proceeds of €4,162 thousand (before the deduction of costs from the issue premium) including the €2,000 thousand capital increase in September 2017 through which Holdigaz acquired a stake in the Company.

➤ New funding obtained/received

- A €400 thousand participating loan was obtained from TDR API (part of the Total group), of which the first tranche of €150 thousand was received in May 2017 and a second tranche of €150 thousand in October 2018.
- An €800 thousand medium-term loan was obtained from Crédit Coopératif. To fund capital expenditure at the Vénissieux site;
- €1,055 thousand was received as part of the PIAVE conditional advance relating to the production facility:

In 2017, the Company obtained innovation support from Bpifrance relating to the “industrialisation and commissioning of a production line for 20kW thermodynamic boilers at the Vénissieux site”. That support totalled €3,414 thousand, of which €1,055 thousand was paid in 2017 at the time the support agreement was formed and €1,666 thousand in 2018. The remainder yet to be received at 31 December 2018 was €693 thousand.

Barring technical or commercial failure, the repayment of this funding will take place as follows:

- €1 million on 30/06/2020,
- €1.2 million on 30/06/2021 and
- €1.34 million on 30/06/2022.

In the two years following repayment, the Company will make additional payments equal to 1% of the revenue generated by the supported project if cumulative revenue generated by the project exceeds €150 million ex-VAT. Those additional payments are capped at €0.9 million and the period over which the support will be repaid and additional payments made is limited to 10 years.

➤ **Key stages in the development of operating activities**

In 2017, BOOSTHEAT's investments continued in various forms.

On 3 May, it started to map out and define all of its processes, in order to implement a Quality Management System, under the authority of Executive Management. Those efforts will allow BOOSTHEAT to obtain ISO 9001:2015 certification in 2019.

On 1 July, a lease was signed with SCI El Paso for additional space in Ramonville. This added 375m² of office, workshop and laboratory space to the existing 600m², allowing the Company to welcome new colleagues and ensure the long-term development of R&D work at the current site. That lease was classified as an operating lease under IAS 17 and will be restated in accordance with IFRS 16 from 01/01/2019 (see note 3.1).

On 13 July, BOOSTHEAT ordered its compressor assembly line from FSA. Of that €1.34 million investment, 75% was due to be refinanced through a finance lease with Credit Agricole at the expected time of delivery in July 2018. That arrangement, which was classified as a finance lease under IAS 17, has been restated as a non-current asset and debt (see notes 3.9 and 3.18).

Recruitment of production staff continued, with six new staff members recruited on 4 September and nine more on 4 December, increasing to 24 the total number of staff members taken on under the 2016 co-operation agreement with Bosch.

In addition, Lionel Scaloni, Head of Sales for Europe, was recruited on 20 June and François Barjon, Head of Digital Marketing, was recruited on 13 November.

The Company presented the latest version of its boiler in the Interclima trade show between 7 and 10 November.

Some promising business agreements were also signed in 2017.

On 28 March, two agreements were signed with Butagaz.

- A referral agreement under which Butagaz provided €0.27 million of funding (received on 5 May) to adapt the 20kW boiler to run on propane,
- A partnership agreement for the referral of prospective LPG customers.

On 21 August, an agreement was signed with Dalkia, including a €60 thousand job-creation subsidy (received on 8 December).

The Company also achieved some crucial technological breakthroughs and efficiency improvements in 2017.

On 4 November, ahead of a PIAVE milestone payment, performances measured by the Company's test bench showed a GUE of 1.77 on a working point very close to that required for the milestone (A7/W35).

On 5 December, when Certigaz validated the application of regulation 2016/426/EU on gas safety, an efficiency level of 182% was confirmed by ARGB, the official measurement laboratory.

On 20 December, CETIAT carried out on-site measurements regarding the efficiency of the APACHE 1 prototype, and measured a GUE figure of 1.97.

• **Key events in 2018**

➤ **Transactions to strengthen the equity base**

- On 15 June, Holdigaz renewed its support for the Company's business plan and subscribed a €5 million capital increase, increasing its equity stake in BOOSTHEAT to 11.74%.

- On 10 September, Naxos Holding SPRL, a company investing in the energy, energy transition and ecological transition sectors, as well as in eco-technologies and eco-companies, subscribed a €1 million capital increase.

➤ **New funding obtained/received**

- On 31 January, Bpifrance assessors reviewed “key stage no.1” of the PIAVE project in Ramonville. On 12 February, Bpifrance accepted the results and expenditure presented and accepted the fulfilment of the specific conditions provided for in key stage no.1 to continue funding the project, releasing the second payment of €1.7 million.
- In June, BOOSTHEAT was selected as part of a European H2020 project called “Sun Horizon”. This long-term project includes over 20 European partners and aims to combine heat pumps with solar panels at pilot sites (five for BOOSTHEAT). The financing of this project takes the form of a €641 thousand subsidy for BOOSTHEAT, payable between 2018 and 2023. The Company’s success in that project coincided with the rejection of the H2020 SME Instrument application, from which it expected to receive €2 million to develop its 50kW boiler.
- ADEME renewed its interest in BOOSTHEAT’s developments, drawing up two funding proposals. It awarded a €35 thousand subsidy in October 2018 for a study relating to the boiler leasing offering, of which €14 thousand was paid in December. The BOOSTHEAT.20, presented as part of the Investissements d’Avenir programme’s innovation competition, was selected in late December. The resulting €330 thousand funding will support the initial roll-out of BOOSTHEAT.20 boilers in real-life conditions as part of pilot projects.
- GRDF maintained its support by entering into a partnership agreement that creates favourable conditions for the pilot phase and commercial launch. The agreement involves a one-off financial contribution amounting to:
 - €10,000 per unit for the first 10 units installed in the pilot phase, allowing the Company to check how the units perform in real-life conditions;
 - €3,596 per unit, i.e. 20% of the selling price, for the first 111 units sold.
- The total amount (€499 thousand) was received on 31 December 2018 and was recognised as prepaid income since the Group had not started marketing its boilers at 31/12/2018.
- Finally, the Company entered into a commercial relationship with Société Générale, which confirmed an initial €460 thousand financing agreement for industrial equipment. That funding was arranged in March 2019.

➤ **Key stages in the development of operating activities**

- On 9 March 2018, following the site review carried out with Bosch, BOOSTHEAT took possession of the production facility in Vénissieux.
- In July, the compressor assembly line was installed with the assistance of teams from Fabricom Systèmes d’Assemblage. After a testing and validation period, the acceptance certificate was signed on 12 November. The initial investment decided in July 2017 amounted to €1.3 million, but there were subsequent adjustments and additional orders. The final amount of €1.7 million was funded through a €1 million finance lease from Crédit Agricole and a €0.7 million subsidy from the Auvergne Rhône Alpes region.
- After the decision by the board of directors on 28 February to authorise the creation of subsidiaries to sell, install and service BOOSTHEAT boilers in the Company’s first four target countries,
 - BOOSTHEAT Deutschland GmbH, registered in Nürnberg, was created on 18 August,
 - BOOSTHEAT France SAS, registered in Lyon, was created on 19 September.
- The business activities of those subsidiaries will develop from 2019 onwards.
- On 24 September 2018, the Company obtained the CE mark for the BOOSTHEAT.20 boiler.

- On 29 November, the official opening of the Vénissieux site took place, attended by more than 400 shareholders, employees, financial and industrial partners, suppliers and customers, and gave rise to major communication efforts.

Note 3: Main accounting policies

The main accounting policies applied in the preparation of the consolidated financial statements are described below. These policies were applied consistently to all the financial years shown.

3.1 Statement of compliance

The Group's consolidated financial statements were prepared in compliance with IFRSs (International Financial Reporting Standards) and with IFRIC and SIC interpretations as adopted by the European Union and mandatorily applicable at 31 December 2018. IFRSs are available on the European Commission's website:

http://ec.europa.eu/internal_market/accounting/ias_fr.htm

These consolidated financial statements were finalised by the board of directors on 30 July 2019.

In accordance with paragraph 28 of Commission Regulation (EC) No 1136/2009 of 25 November 2009, it is hereby disclosed that the Company has never previously published consolidated financial statements since it was created, since BOOSTHEAT SA did not control any subsidiary until 2018.

These IFRS consolidated financial statements were prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The transition date adopted by the Company is 1 January 2016. The Group has used the following exemptions provided for by IFRS 1:

Actuarial gains and losses on employee benefits have not been reconstituted retrospectively and so were reset to zero at 1 January 2016 with a balancing adjustment to retained earnings.

The Group opted against early application of the following new standards, amendments and interpretations that have not been adopted by the European Union or whose date for mandatory application is later than 31 December 2018:

Standard / Interpretation	Application date intended by the IASB	EU application date
	(period starting on or after)	(at the latest for periods starting on or after)
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture / Effective date of amendments to IFRS 10 and IAS 28	<i>Postponed indefinitely</i>	<i>Suspended</i>
IFRIC 23 "Uncertainty over Income Tax Treatments"	01/01/2019	01/01/2019
IFRS 17 "Insurance contracts"	01/01/2021	N/A
Amendments to IFRS 9: Prepayment Features with Negative Compensation	01/01/2019	01/01/2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	01/01/2019	01/01/2019
Annual Improvements to IFRS 2015-2017 cycle	01/01/2019	01/01/2019
Amendments to IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements"		
Amendments to IAS 12 "Income taxes"		
Amendments to IAS 23 "Borrowing costs"		
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1/01/2019	Endorsement expected in Q1 2019
Amendment to IFRS 3: Definition of a Business	01/01/2020	Endorsement expected in 2019
Amendment to IAS 1 and IAS 8: Definition of Material	01/01/2020	Endorsement expected in 2019

- IFRS 16 "Leases"

On 13 January 2016, the IASB published IFRS 16 "Leases". IFRS 16 will replace IAS 17 and the associated IFRIC and SIC interpretations and will remove, for lessees, the previous distinction between "operating leases" and "finance leases".

Lessees will have to recognise all leases with a term of more than one year using the same methods as those that currently apply to finance leases under IAS 17, and therefore recognise an asset and a liability relating to the rights and obligations created by a lease. The new standard, adopted by the European Union on 31 October 2017, became mandatorily applicable on 1 January 2019.

The Group has not applied this standard early.

The Group has applied IFRS 16 using the modified retrospective approach from 1 January 2019, i.e.:

- No restatement of comparative data
- Measurement of lease liabilities: remaining payments discounted at the lessee's marginal borrowing rate at the date of first-time adoption.
- Measurement of the right of use: option to measure the lease liability for each lease at the date of first-time adoption, adjusted for the lease amounts paid in advance or to be paid.

IFRS 16 will be applied for all contracts regarded as leases under IAS 17 and IFRIC 4. However, the exemptions allowed by IFRS 16 have been adopted by the Group: contracts with a remaining term of less than 12 months and contracts regarding items that have a low value (less than \$5,000) when new.

The impact of restating these contracts according to IFRS 16 from 1 January 2019 would be to increase property, plant and equipment and debt by €3,363 thousand, equal to 21.6% of total consolidated assets.

This increase in property, plant and equipment and debt is mainly due to the IFRS 16 restatement of BOOSTHEAT SA's leases on property in Ramonville and Vénissieux, detailed below:

Property	Lessor	Lease start date	Lease end date	Annual rent excluding VAT and charges	Future liabilities at 31/12/2018
Head office lease	Robert Bosch France	01/01/2018	31/12/2026	327,540	2,620,320
Ramonville lease	SCI IRIS	01/08/2014	22/12/2019	67,500	67,500
Ramonville lease	SCI El Paso	25/10/2017	30/06/2026	42,000	315,000

The difference between the lease liabilities presented in note 5.1 and the expected impact of applying IFRS 16 is due to the discounting of future liabilities at a rate of 1.30%.

3.2 Basis for preparing the financial statements

The consolidated financial statements have been prepared according to the historic cost convention, with the exception of financial assets, which are measured at fair value.

The euro is the Group's presentation currency. The consolidated financial statements are presented in thousands of euros, and all values are rounded to the nearest thousand euros (€ '000) unless otherwise indicated.

The Group expects to need new sources of funding to be able to cover its planned operating and investing activities in the 12 months following the closing date of these financial statements.

The board of directors has taken the view that the Group is a going concern given the following factors:

- available net cash at 30 June 2019 was €2,561 thousand, taking into account:
 - The bond issue recognised by a decision of the board of directors on 26 April 2019 in a nominal amount of €6,980 thousand;
 - €839 thousand received in June 2019 from a capital increase taking place through the exercise of 2017 warrants before their expiry in June 2019;
- CIR tax credits in respect of 2018 amounting to €944 thousand and CII tax credits amounting to €37 thousand are expected to be received in the second half of 2019;
- The Company expects to receive money in relation to various subsidies and conditional advances already granted to it in a total amount of around €1,197 thousand;

and the Company foresees:

- On the basis of advanced discussions with two investors, a second bond issue in a nominal amount of €7,000,
- An initial public offering of its shares in 2019 if market conditions allow,

If those transactions are postponed, the main shareholders, which subscribed the first bond issue in February 2019, will be asked to cover operational cash requirements until a comprehensive refinancing can be arranged (IPO, private equity, EIB venture loan). The Company could be forced to limit its sales and marketing efforts, reduce boiler production and slow or postpone certain R&D programmes, which would jeopardise expected growth.

In addition to these transformative funding transactions, the Company is continuing to seek other additional funding:

- Significant funding (explored since 2016) from the European Investment Bank, which should now be possible given that the Company has passed key development milestones since its initial discussions with the EIB, with an initial tranche of €10,000 thousand sought in October 2020;
- Future funding of the working capital requirement (inventories and trade receivables)
- A BPI innovation loan

3.3 Significant post-balance sheet events

- March 2019: Selection of partners to assist the Company with its plans to list on Euronext in order to give the Company additional financial resources, particularly in view of accelerating its commercial roll-out.
- Bond issue in a nominal amount of €6,980 thousand recognised by the board of directors in its 26 April 2019 meeting;
- March: initial funding of €460 thousand from Société Générale for industrial equipment (robotic unit) in the form of a loan with an 84-month term;
- April: Agreement settling a dispute with a former director. The settlement amount of €500 thousand was fully provisioned at 31 December 2018.
- June 2019: Issue of bonds with warrants recognised by the board of directors on 21 June 2017 after a grant of authority in the shareholders' general meeting of 7 June 2019. The bonds were subscribed through the set-off of receivables arising from the early redemption of part of the bonds issued in February 2019, i.e. €6,860 thousand (out of €6,980 thousand) plus accrued interest and a 20% redemption premium.
The bonds with warrants were analysed as hybrid instruments, of which one component was recognised as debt and another component as equity.
- June 2019: exercise of 156,843 2017 warrants before their expiry on 15 June 2019, leading to a capital increase with gross proceeds of €839 thousand.

3.4 Consolidation

(a) Consolidation rules

Subsidiaries for which the Group has the power to govern financial and operating policies, which is generally accompanied by ownership of more than half of the voting rights, are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control is no longer exerted.

This method consists of replacing the value of equity securities on the balance sheet with all of those subsidiaries' assets and liabilities, and to incorporate in the income statement all of their income and expenses, while recognising the rights of non-controlling shareholders as regards reserves and income.

The equity method is used for all companies over which the Group has significant influence as well as joint ventures.

(b) Non-controlling interests

Non-controlling interests represent the portion of income or loss and of net assets that is not attributable to the equity holders of the Group. They are presented in the income statement and in equity on the consolidated balance sheet separately from items attributable to equity holders of the Group's parent.

The Group did not have any non-controlling interests in the three periods presented.

(c) Intra-group transactions

Intra-group transactions, along with balances and unrealised profits on transactions between Group companies, are eliminated. Unrealised losses are also eliminated for divested assets, and they are regarded as an indicator of impairment. The accounting policies of subsidiaries have been aligned with those of the Group.

(d) Business combinations

Since all subsidiaries have been created by the Group, no goodwill has been recognised since the Company was created.

3.5 Significant estimates and accounting judgements

Estimates and judgements, which are continually updated, are based on historical information and other factors deemed reasonable in the circumstances, particularly expected future events.

The Group makes estimates and assumptions about the future. The resulting accounting estimates, by definition, rarely equal actual results. Estimates and assumptions in relation to which there is a large risk of a significant adjustment to the carrying value of assets and liabilities in the following period are analysed below.

(a) Impairment of intangible assets

Intangible assets relate mainly to the development of the BOOSTHEAT.20 boiler. They are amortised on a straight-line basis over their useful lives. Impairment must be recognised in relation to intangible assets where there is an indication of an impairment loss. In such a situation, their recoverable amounts are estimated. Intangible assets are tested on the basis of all cash flows arising from the most recent 5-year business plans. Value in use is determined on the basis of a model that discounts expected future cash flows, excluding the impact of restructuring that has not yet commenced or future investments that would increase the scope of the CGU (cash generating unit) tested. Value in use is sensitive to the discount rate, future cash flow estimates and long-term growth rate adopted.

Management has taken the view that there was no indication of any impairment loss at 31 December 2018, and that the value of intangible assets remained justified.

In the periods presented, the Group did not recognise any impairment of intangible assets.

(b) Recognition of income tax

The Group is subject to income tax in France and abroad in respect of its international activities. Tax laws are often complex and subject to differing interpretations by the taxpayer and the competent tax authority. The Group must use judgement and interpretations regarding the application of those laws when determining provisions for tax liabilities.

Deferred tax assets corresponding mainly to tax loss carryforwards are only recognised to the extent that it is probable that future taxable profits will be available. The Group must use its judgement to determine the probability that future taxable profits will exist. That analysis is done for each jurisdiction, and the general rule is to only recognise deferred tax assets corresponding to tax loss carryforwards where an entity has generated taxable profits for two consecutive years.

As regards the treatment of deferred taxes within the Group, see note 3.31.

(c) Share-based payments

The Group measures the cost of transactions with staff members and executives settled in equity instruments with reference to the fair value of the equity instruments on the date they were granted. Estimating fair value requires the use of a financial model described in note 3.17 "Share capital".

3.6 Segment reporting

The Group has only one business segment, i.e. the production and marketing of thermodynamic boilers designed and developed by BOOSTHEAT on the basis of its thermal compression technology.

The Company has not yet recognised any revenue in connection with sales of the BOOSTHEAT.20 boiler. The German subsidiary sold a boiler in 2018, but it will not be produced and delivered until 2019. The proceeds from that sale were recognised under prepaid income at 31 December 2018 in an amount of €25 thousand.

All of the Group's property, plant and equipment and intangible assets are located in France. R&D activities are located in France.

As a result, the Company's management does not regard it as appropriate to create separate business segments in its internal reporting.

3.7 Impairment of non-financial assets and definition of cash-generating units

Non-financial assets, including property, plant and equipment and intangible assets, are subject to impairment tests when, because of specific events or circumstances, a doubt arises about whether their carrying amount is recoverable. An impairment loss is recognised to the extent of the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. For the purposes of measuring an impairment loss, non-financial assets, with the exception of certain intangible assets dedicated to specific products, are grouped into cash-generating units corresponding to the business segments identified by the Group, which represent the lowest level of units that generate separate cash flows. Since the Group believes that it has only one business segment, there is only one cash-generating unit.

3.8 Intangible assets

(a) Patents and licences

Acquired patents and licences are recognised at their purchase cost less accumulated amortisation based on the period of legal protection for each technology.

Where an asset is no longer used, the corresponding gross value and accumulated amortisation are removed from assets.

(b) Research and development

Research expenditure is recognised as an expense when it is incurred.

Costs corresponding to project development – designing and testing new or improved solutions – are recognised under intangible assets where the following criteria are met:

- The Group has the intent and the financial and technical ability to see the development project through to completion.
- The Group has the resources needed to finish the development project and to use or market the product developed.
- There is a high probability that the future economic benefits of the products developed will accrue to the Group.
- Expenditure attributable to the intangible asset during its development can be measured reliably.

Development expenditure that does not meet these criteria is expensed during the period in which it is incurred.

Capitalised development costs, which mainly consist of personnel expenses, are amortised on the income statement on a straight-line basis over the product's estimated remaining useful life. That estimated remaining useful life is reviewed at each accounts closing date.

After the Company obtained the CE mark for its thermodynamic boiler on 24 September 2018, it started a large-scale marketing campaign in the fourth quarter of 2018. As a result, amortisation of the boiler's development costs started on 01/10/2018.

The period of use of those development costs is estimated to be five years, and equipment is being depreciated on a straight-line basis over that period.

(c) Intangible assets in progress

R&D expenses recognised as such in the year in which they were incurred amounted to €1,128 thousand in 2018, €518 thousand in 2017 and €148 thousand in 2016.

Intangible assets break down as follows:

in € thousands	31/12/2017	Acquisitions	Disposals	Transfers	Additions during the year	31/12/2018
Development costs	756	921		5,005		6,682
Concessions, patents and similar rights	171	90				261
Other intangible assets	0					0
Intangible assets in progress	4,030	1,054		(5,005)		79
Total intangible assets	4,957	2,065	0	0	0	7,022
Amortisation/impairment of development costs	-686				-273	-959
Amortisation/impairment of concessions, patents and similar rights	-134				-42	-176
Amortisation/impairment of other intangible assets						0
Total amortisation/impairment of intangible assets	-820	0	0	0	-315	-1,135
Total net value	4,137	2,065	0	0	-315	5,887

At 31 December 2018, development costs in a gross amount of €6,683 thousand related to the development of the BOOSTHEAT.20 boiler, after the deduction of a portion of research and innovation tax credit receivables in a cumulative amount of €2,237 thousand.

Intangible assets in progress (€79 thousand) relate to downpayments made to Devenson, the subcontractor for IoT development work relating to the boiler, which had not been completed by 31/12/2018.

in € thousands	31/12/2016	Acquisitions	Disposals	Additions during the year	31/12/2017
Development costs	756				756
Concessions, patents and similar rights	134	37			171
Other intangible assets	0				0
Intangible assets in progress	2,621	1,410			4,031
Total intangible assets	3,511	1,447			4,958
Amortisation/impairment of development costs	-557			-129	-686
Amortisation/impairment of concessions, patents and similar rights	-117			-17	-134
Amortisation/impairment of other intangible assets					
Total amortisation/impairment of intangible assets	-674			-146	-820
Total net value	2,837	1,447		-146	4,138

in € thousands	31/12/2015	Acquisitions	Disposals	Additions during the year	31/12/2016
Development costs	756				756
Concessions, patents and similar rights	112	21			133
Other intangible assets	0				0
Intangible assets in progress	1,553	1,068			2,621
Total intangible assets	2,421	1,089	0	0	3,510
Amortisation/impairment of development costs	-406			-151	-557
Amortisation/impairment of concessions, patents and similar rights	-100			-17	-117
Amortisation/impairment of other intangible assets					0
Total amortisation/impairment of intangible assets	-506	0	0	-168	-674
Total net value	1,915	1,089	0	-168	2,836

3.9 Property, plant and equipment

The Group does not own any of its premises.

Technical installations consist mainly of equipment used in research and development activities and the production line.

Office furniture and equipment consists of IT hardware and office fittings.

Property, plant and equipment are recognised at historic cost less depreciation. Historic cost comprises the costs directly attributable to the acquisition of the assets.

Repair and maintenance costs are recognised as expenses in the relevant period as and when incurred.

Depreciation is calculated on a straight-line basis, so that the residual values of the assets are allocated over their useful lives, which are estimated as follows:

- Installations and fittings 10 years
- Plant and machinery 5 years
- Furniture, office and IT equipment, vehicles 5 years

The residual values and useful lives of these assets are reviewed and, where appropriate, adjusted at each closing date.

Profits or losses on asset disposals are determined by comparing the disposal proceeds with the carrying amount of the asset sold, and are recognised in the income statement under “Other operating income and expense”.

Property, plant and equipment break down as follows:

in € thousands	31/12/2017	Acquisitions	Disposals	Reclassifications	Additions during the year	31/12/2018
Buildings	0					0
Technical installations, plant and machinery	1,663	2,794	-60			4,397
Other property, plant and equipment	341	151				492
Property, plant and equipment in progress	25					25
Total property, plant and equipment	2,029	2,945	-60	0	0	4,914
Depreciation/impairment of buildings	0					0
Depreciation/impairment of technical installations, plant and machinery	-614		46		-393	-961
Depreciation/impairment of other property, plant and equipment	-194				-65	-259
Total depreciation/impairment of property, plant and equipment	-808	0	46	0	-458	-1,220
Total net value	1,221	2,945	-14	0	-458	3,694

in € thousands	31/12/2016	Acquisitions	Disposals	Reclassifications	Additions during the year	31/12/2017
Buildings	0					0
Technical installations, plant and machinery	992	671				1,663
Other property, plant and equipment	314	71	-43			342
Property, plant and equipment in progress	65	25	-65			25
Total property, plant and equipment	1,371	767	-108	0	0	2,030
Depreciation/impairment of buildings	0					0
Depreciation/impairment of technical installations, plant and machinery	-374				-240	-614
Depreciation/impairment of other property, plant and equipment	-149		9		-54	-194
Total depreciation/impairment of property, plant and equipment	-523	0	9	0	-294	-808
Total net value	848	767	-99	0	-294	1,222

in € thousands	31/12/2015	Acquisitions	Disposals	Reclassifications	Additions during the year	31/12/2016
Buildings						0
Technical installations, plant and machinery	718	274				992
Other property, plant and equipment	289	26				315
Property, plant and equipment in progress	36	29				65
Total property, plant and equipment	1,043	329	0	0	0	1,372
Depreciation/impairment of buildings						0
Depreciation/impairment of technical installations, plant and machinery	-213				-161	-374
Depreciation/impairment of other property, plant and equipment	-93				-56	-149
Total depreciation/impairment of property, plant and equipment	-306	0	0	0	-217	-523
Total net value	737	329	0	0	-217	849

Of which property, plant and equipment purchased under finance leases:

in € thousands	31/12/2017	Acquisitions	Disposals	Additions during the year	31/12/2018
Technical installations, plant and machinery	54	1,905			1,959
Other property, plant and equipment					0
Total property, plant and equipment	54	1,905	0	0	1,959
Depreciation/impairment of technical installations, plant and machinery	-16			-39	-55
Depreciation/impairment of other property, plant and equipment					0
Total depreciation/impairment of property, plant and equipment	-16	0	0	-39	-55
Total net value	38	1,905	0	-39	1904

The €1.9 million of acquisitions include the FSA compressor assembly line.

in € thousands	31/12/2016	Acquisitions	Disposals	Additions during the year	31/12/2017
Technical installations, plant and machinery	54				54
Other property, plant and equipment					0
Total property, plant and equipment	54	0	0	0	54
Depreciation/impairment of technical installations, plant and machinery	-5			-11	-16
Depreciation/impairment of other property, plant and equipment					0
Total depreciation/impairment of property, plant and equipment	-5	0	0	-11	-16
Total net value	49	0	0	-11	38

in € thousands	31/12/2015	Acquisitions	Disposals	Additions during the year	31/12/2016
Technical installations, plant and machinery		54			54
Other property, plant and equipment					0
Total property, plant and equipment		54	0	0	54
Depreciation/impairment of technical installations, plant and machinery				-5	-5
Depreciation/impairment of other property, plant and equipment					0
Total depreciation/impairment of property, plant and equipment	0	0	0	-5	-5
Total net value	0	54	0	-5	49

3.10 Financial assets

The Group classifies its financial assets according to the following categories: assets measured at fair value through profit and loss, loans and receivables, and available-for-sale assets. The classification depends on the reasons for which the financial assets were acquired. The Group's management determines the classification of its financial assets on initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those due to mature in more than 12 months after the closing date, which are classified as non-current assets. They include security on leases in which the Group is lessee, mainly the Vénissieux and Toulouse sites, and all have a maturity of more than five years. That security is recognised at amortised cost.

Assets measured at fair value through profit or loss consist solely of marketable securities and cash investments.

For loans and receivables, the amount of impairment is measured by taking into account the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the initial interest rate. As the case may be, the carrying amount of the asset is reduced and the amount of the impairment is recognised in the income statement depending on the type of loan or receivable.

If, during the following period, the amount of the impairment decreases and that decrease can be objectively linked to an event occurring after the impairment was recorded, a reversal is recorded on the income statement in the same line item as the initial recognition.

Non-current financial assets break down as follows:

in € thousands	31/12/2017	Acquisitions	Disposals	Reclassifications	31/12/2018
Equity securities	24				24
Other receivables related to equity investments - non-current	0				0
Loans, guarantee deposits and other receivables - non-current	40	3			43
Total financial assets	64	3	0		67

Total impairment of financial assets

Total net value	64	3	0	67
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in € thousands	31/12/2016	Acquisitions	Disposals	Reclassifications	31/12/2017
Equity securities		24			24
Other receivables related to equity investments - non-current					0
Loans, guarantee deposits and other receivables - non-current	29	11			40
Total financial assets	29	35	0		64

Total impairment of financial assets

Total net value	29	35	0	64
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Equity securities relate to the purchase of shares in Somudimec, UIMM's financing company, as part of obtaining a medium-term funding facility.

in € thousands	31/12/2015	Acquisitions	Disposals	Reclassifications	31/12/2016
Equity securities					0
Other receivables related to equity investments - non-current					0
Loans, guarantee deposits and other receivables - non-current	35	12	-18		29
Total financial assets	35	12	-18		29

Total impairment of financial assets

Total net value	35	12	-18	29
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3.11 Fair value hierarchy for financial instruments

Under IFRS 13, the fair value hierarchy, reflecting the importance of data inputs when measuring values, consists of the following levels:

- Level 1: (Unadjusted quoted prices) prices accessible to the Company at the measurement date, on active markets, for identical assets or liabilities.
The fair value of financial instruments actively traded on organised and active financial markets (mainly marketable securities) is determined with reference to closing prices ("level 1" fair value).
- Level 2: (Observable data) data relating to the asset or liability other than market prices included in level 1 inputs, which are observable either directly (e.g. a price) or indirectly (i.e. deduced from observable prices).
- Level 3: (Non-observable data) data that cannot be observed in a market, including observable data that have undergone significant adjustment.

The fair value of cash, trade receivables, trade payables, other debtors and creditors is equal to their carrying amount because of the short-term nature of these instruments.

3.12 Derivative financial instruments and hedging transactions

During the periods presented, the Group did not hold any derivative financial instrument and did not carry out any hedging transaction.

3.13 Inventories

Given the stage of the Company's development, there were no inventories of work in progress or finished goods at 31 December 2018.

Inventories are recognised using the weighted average cost method.

They are recognised at their net replacement value if that is lower than their cost.

Inventories break down as follows:

In € thousands	31/12/2018	31/12/2017	31/12/2016
Raw materials, components and other supplies	915		
Finished and semi-finished goods			
Merchandise	33		
Total, gross	948	0	0
Impairment			
Total, net	948	0	0

The €915 thousand of raw materials inventories correspond to parts required to produce boilers. There were no provisions for the impairment of inventories in the periods presented.

3.14 Trade and other receivables

Trade receivables correspond to amounts due from customers for products sold and services provided as part of the Group's normal course of business. Those due in less than 12 months are classified as current assets.

Impairment is recognised on trade receivables on the basis of expected credit losses, in accordance with IFRS 9.

Trade and other current receivables break down as follows:

In € thousands	31/12/2018	31/12/2017	31/12/2016
Trade receivables	785	129	0
Receivables relating to personnel and social security agencies	9	40	0
Tax receivables (excluding current tax)	537	196	89
Advances and prepayments to suppliers	13	411	22
Other receivables	58	46	43
Total, gross	1,402	822	153
Impairment of trade receivables			
Impairment of other receivables			
Total, net	1,402	822	153

Receivables mainly consist of amounts receivable from private-sector partners that have granted financial support to the Group (see note 3.28).

There were no provisions for the impairment of trade receivables or other receivables in the periods presented.

There were no non-provisioned overdue receivables in the periods presented.

There were no receivables denominated in foreign currencies in the periods presented.

Tax receivables, other than those relating to income tax, include:

- a VAT credit of €290 thousand and €262 thousand of deductible VAT for 2018;
- a VAT credit of €99 thousand and €89 thousand of deductible VAT for 2017;
- a VAT credit of €34 thousand and €45 thousand of deductible VAT for 2016.

The “Other receivables” item mainly comprises reimbursements of employee expenses.

3.15 CIR, CII and CICE tax credits and other public subsidies

CIR and CII tax credits are granted by the tax authorities to encourage companies to carry out scientific and technical research activities, and they are recognised where (i) the Group can receive them independently of taxes paid or payable, (ii) the expenses corresponding to the eligible programmes have been incurred and (iii) appropriate documentation is available.

The CIR tax credit granted to BOOSTHEAT and corresponding to capitalised projects has been recognised as a deduction from the capitalised assets. The remainder is recognised under “Other operating income and expense” in accordance with IAS 20.

The following amounts of CIR and CII tax credits have been recognised in accordance with IAS 20:

In € thousands	2018	2017	2016
Amount recognised as a deduction from intangible assets (development costs and intangible assets in progress)	629	438	297
Amount recognised as a public-sector operational subsidy	352	185	89
Total	981	623	386

The CICE tax credit is recognised under “Other operating income and expense”.

The tax receivables related to these tax credits are recognised on the balance sheet under current “Tax receivables”.

The “Tax receivables” item on the asset side of the balance sheet breaks down as follows:

In € thousands	2018	2017	2016
<i>Crédit Impôt Recherche</i>	944	623	386
<i>Crédit Impôt Innovation</i>	37	0	0
<i>Crédit Impôt Compétitivité Emploi</i>	83	39	25
Total	1,064	662	411

Public subsidies are also granted to companies that carry out scientific and technical research activities. Those subsidies are generally subject to performance conditions over long periods. The Group recognises those subsidies in the income statement under “Other operating income and expense” where the granting of the subsidy has been confirmed.

Support for research and development activities may take the form of repayable advances. A forgivable loan is treated as a public-sector subsidy (recognised on a pro rata basis on the income statement as a reduction in expenses incurred) where there is reasonable assurance that the enterprise will meet the terms for forgiveness of the loan. Otherwise, the loan is included in debt (note 3.18).

3.16 Cash and cash equivalents

The “Cash and cash equivalents” item includes liquid assets, sight bank deposits and other highly liquid short-term investments with initial maturities of less than or equal to three months.

Cash and cash equivalents consist of the following items:

In € thousands	31/12/2018	31/12/2017	31/12/2016
Cash	2,223	3,284	2,213
Marketable securities	0	0	0
Total cash and cash equivalents	2,223	3,284	2,213
Short-term bank borrowings and bank account credit balances	(100)	(98)	(100)
Total net cash and cash equivalents for the cash flow statement	2,123	3,186	2,113

Cash and cash equivalents held with banks are all denominated in euro.

3.17 Share capital

The share capital consists of ordinary shares, which are all classified under equity. Marginal costs directly attributable to the issuance of new shares or new equity instruments are presented under equity as a deduction from issue premiums.

The Group has issued dilutive instruments that are taken into account when determining diluted earnings per share (see note 3.32).

At 31 December 2018, the Company's share capital amounted to €1,511,308.75, consisting of 6,045,235 shares with nominal value of €0.25 each, fully paid up and all of the same category.

The number of shares in issue has changed as follows since the Company was founded:

Date	Type of transaction	Number of shares		Capital increase		Nominal value per share	Share capital after transaction
		Number of shares issued or cancelled	Total number of shares in issue	Share capital issued	Issue or contribution premium		
	Incorporation (issue of shares for cash)	10,000	10,000	€10,000.00	€ -	€1.00	€10,000.00
20 June 2011	Issue of ordinary shares for cash	200	10,200	€200.00	€19,800.00	€1.00	€10,200.00
29 June 2011	Issue of ordinary shares for cash	1,960	12,160	€1,960.00	€488,040.00	€1.00	€12,160.00
	Issue through the capitalisation of issue premiums	507,840	520,000	€507,840.00	-€507,840.00	€1.00	€520,000.00
2 July 2012	Issue of ordinary shares for cash	20,750	540,750	€20,750.00	€394,250.00	€1.00	€540,750.00
	Issue through the capitalisation of issue premiums	394,250	935,000	€394,250.00	-€394,250.00	€1.00	€935,000.00
16 May 2014	Issue of ordinary shares for cash	34,490	969,490	€34,490.00	€703,596.00	€1.00	€969,490.00
	Issue of 2014 shares with warrants for cash	10,700	980,190	€10,700.00	€241,178.00	€1.00	€980,190.00
20 December 2014	Conversion of convertible bonds	140	980,330	€140.00		€1.00	€980,330.00
17 March 2015	Issue of ordinary shares for cash	86,685	1,067,015	€86,685.00	€1,768,374.00	€1.00	€1,067,015.00
30 March 2015	4-for-1 stock split	3,201,045	4,268,060	€ -	€ -	€0.25	€1,067,015.00
9 April 2015	Issue of ordinary shares for cash	93,460	4,361,520	€23,365.00	€476,646.00	€0.25	€1,090,380.00
Share capital at 31 December 2015							€1,090,380.00
27 January 2016	Exercise of 2014 warrants	38,177	4,399,697	€9,544.25	€194,702.70	€0.25	€1,099,924.25
13 May 2016	Issue of ordinary shares for cash	2,602	4,402,299	€650.50	€13,270.20	€0.25	€1,100,574.75
17 May 2016	Issue of ordinary shares for cash	5,993	4,408,292	€1,498.25	€30,564.30	€0.25	€1,102,073.00
18 May 2016	Issue of ordinary shares for cash	18,841	4,427,133	€4,710.25	€96,089.10	€0.25	€1,106,783.25
3 June 2016	Issue of ordinary shares for cash	21,060	4,448,193	€5,265.00	€107,406.00	€0.25	€1,112,048.25
14 June 2016	Issue of ordinary shares for cash	21,784	4,469,977	€5,446.00	€111,098.40	€0.25	€1,117,494.25
29 July 2016	Issue of ordinary shares for cash	18,898	4,488,875	€4,724.50	€96,379.80	€0.25	€1,122,218.75
22 December 2016	Issue of ordinary shares for cash	373,831	4,862,706	€93,457.75	€1,906,538.10	€0.25	€1,215,676.50
Share capital at 31 December 2016			4,862,706	0	0	€0.25	€1,215,676.50
28 April 2017	Issue of ordinary shares for cash	4,250	4,866,956	€1,062.50	€21,675.00	€0.25	€1,216,739.00
15 June 2017	Issue of ordinary shares for cash	7,500	4,874,456	€1,875.00	€38,250.00	€0.25	€1,218,614.00
24 August 2017	Issue of ordinary shares for cash	9,434	4,883,890	€2,358.50	€48,113.40	€0.25	€1,220,972.50
	Issue of shares with warrants for cash	382,882	5,266,772	€95,720.50	€1,952,698.20	€0.25	€1,316,693.00
29 September 2017	Issue of ordinary shares for cash	373,831	5,640,603	€93,457.75	€1,906,538.10	€0.25	€1,410,150.75
Share capital at 31 December 2017			5,640,603			€0.25	€1,410,150.75
26 June 2018	Issue of 2018-1 shares with warrants for cash	335,795	5,976,398	€83,948.75	€4,916,038.80	€0.25	€1,494,099.50
10 September 2018	Issue of ordinary shares for cash	67,159	6,043,557	€16,789.75	€983,207.76	€0.25	€1,510,889.25
6 December 2018	Exercise of 2017 warrants	1,678	6,045,235	€419.50	€8,557.80	€0.25	€1,511,308.75
Share capital at 31 December 2018			6,045,235			€0.25	€1,511,308.75

Dividends

The Company has not paid out any dividends since it was created.

Dilutive instruments - Potential capital

Share-based payments

The Group may decide to allot/issue securities giving access to the capital settled in BOOSTHEAT shares yet to be issued. The fair value of services received in return for the allotment of those securities is measured definitively with reference to the fair value of those shares at the grant date and to the number of shares expected to be vested at the end of the vesting period.

The total fair value is charged on a straight-line basis over the whole vesting period for the plan in question, subject to a presence condition.

1 – Allotment of founder share warrants

The Group has decided to allot founder share warrants which may be settled with BOOSTHEAT shares yet to be issued. The fair value of services received in return for the allotment of those founder share warrants is measured definitively with reference to the fair value of those shares at the grant date and to the number of shares expected to be vested at the end of the vesting period.

In this case, the total fair value is not charged on a straight-line basis over the whole vesting period for the plan in question, subject to a presence condition, since all founder share warrants are exercisable from the time they are issued.

The expense is recognised in personnel costs with a balancing entry consisting of an increase in equity, to the extent that all beneficiaries are employees of the Group.

The Company has allotted and issued founder share warrants as part of the following two plans:

1.1 2014 founder share warrants

In a meeting on 26 February 2015, the board of directors, acting under authority granted by the combined shareholders' general meeting of 25 April 2014, allotted founder share warrants as part of the "2014 founder share warrants" plan, the characteristics of which are as follows:

The plan consists of 9,760 2014 founder share warrants. Each 2014 founder share warrant may be exercised for five years from the time it was issued, i.e. until 26 February 2020 at a price of €21.40 per 2014 founder share warrant, each entitling its holder to subscribe 4 new shares following the 4-for-1 stock split decided by shareholders in the 30 March 2015 shareholders' general meeting (i.e. a price of €5.35 per share). No 2014 founder share warrants had been exercised at 1 January 2016, but only 8,070 2014 founder share warrants are still in issue because 1,690 were cancelled following the departure of certain beneficiaries.

Since the warrants were allotted in 2015 and given the absence of conditions that make the founder share warrants gradually exercisable over time, no IFRS 2 expense has been recognised in the periods presented.

Movements relating to the number of 2014 founder share warrants in issue during the period presented are summarised in the table below.

1.2 2017 founder share warrants

A new “2017 founder share warrants” plan was adopted by the board of directors in a meeting on 27 April 2018, acting under authority granted by the combined shareholders’ general meeting of 15 June 2017.

Each of the 10,991 2017 founder share warrants may be exercised for five years from the time it was issued, i.e. until 26 April 2023, and entitles its holder to subscribe one ordinary share at a price of €5.35.

In accordance with IFRS 2, the personnel expense arising from these warrants was recognised in full when they were allotted in an amount of €15 thousand, based on an estimated fair value of between €1.27 and €1.75 per warrant based on the volatility figure adopted (volatility range of between 35% and 45%).

Movements relating to the number of 2017 founder share warrants in issue during the period presented are summarised in the table below.

2 – Issue of shares with warrants

The Group has decided to issue shares with warrants that may be settled with BOOSTHEAT shares yet to be issued. The fair value of services received in return for the allotment of those shares with warrants is measured definitively with reference to the fair value of those shares at the grant date and to the number of shares expected to be vested at the end of the vesting period.

In this case, the total fair value is not charged on a straight-line basis over the whole vesting period for the warrants attached to the shares with warrants issued, since all the warrants are exercisable from the time the shares with warrants are issued.

The expense is recognised as a financial expense with a balancing entry consisting of an increase in equity, to the extent that none of the subscribers to the two issues of shares with warrants are employees of the Group.

In 2017 and 2018, the Company strengthened its equity by issuing shares with warrants.

2.1 2017 shares with warrants

On 24 August 2017, the board of directors noted the subscription of 382,882 2017 shares with warrants, the issue of which had been decided by a meeting of the board of directors on 15 June 2017 acting under the authority granted in the combined shareholders’ general meeting that took place on the same day.

A 2017 warrant is attached to each 2017 share with warrant. Each of the 382,882 2017 warrants entitles its holder to subscribe one share at a price of €5.35, from the time the warrant was issued until 15 June 2019.

In accordance with IAS 32 and IAS 39, the warrants issued in 2017 led to the recognition of a financial expense equal to their fair value, to the extent that the allotment arrangements resulted in a benefit to the financial partners to which they were allotted.

Since the warrant exercise price is fixed and the values of the shares and warrants are reliable, the Company has opted to recognise the warrants in the income statement in an amount equal to their fair value, i.e. €227 thousand at 31/12/2017.

Movements relating to the number of 2017 warrants in issue during the period presented are summarised in the table below.

2.2 2018-1 shares with warrants

2018-1 warrants

On 26 June 2018, the board of directors noted the subscription of 335,795 2018-1 shares with warrants, the issue of which had been decided in the shareholders' general meeting of 15 June 2018.

One 2018-1 warrant is attached to each of the 335,795 2018-1 shares with warrants issued. Each of the 335,795 2018-1 warrants entitles its holder to subscribe one ordinary share at a price of €5.35, at any time from the time the warrant was issued until 15 June 2019.

In accordance with IAS 32 and IAS 39, the warrants issued in 2018 led to the recognition of a financial expense equal to their fair value, to the extent that the allotment arrangements resulted in a benefit to the financial partners to which they were allotted.

Since the warrant exercise price is fixed and the values of the shares and warrants are reliable, the Company has opted to recognise the warrants in the income statement in an amount equal to their fair value, i.e. €394 thousand at 31/12/2018.

Movements relating to the number of 2017 warrants in issue during the period presented are summarised in the table below.

3 – Table summarising founder share warrants and warrants in issue

	2014 founder share warrants (1)	2017 founder share warrants	2017 warrants	2018-1 warrants	TOTAL
Number of securities giving access to the capital in issue at 1 January 2016	9,760				9,760
Number of securities issued during the period					
Number of securities exercised during the period					
Number of securities cancelled/lapsed during the period	(1,690)				(1,690)
Number of securities giving access to the capital in issue at 31 December 2016	8,070				8,070
Number of shares that may be created through the exercise of securities giving access to the capital at 31 December 2016 (1)	32,280				32,280
Number of securities issued during the period			382,882		382,882
Number of securities exercised during the period					
Number of securities cancelled/lapsed during the period	(3,130)				(3,130)
Number of securities giving access to the capital in issue at 31 December 2017	4,940		382,882		387,822
Number of shares that may be created through the exercise of securities giving access to the capital at 31 December 2017	19,760		382,882		402,642
Number of securities issued during the period		10,991		335,795	346,786
Number of securities exercised during the period			(1,678)		(1,678)
Number of securities cancelled/lapsed during the period	(480)				(480)
Number of securities giving access to the capital in issue at 31 December 2018	4,460	10,991	381,204	335,795	732,450
Number of shares that may be created through the exercise of securities giving access to the capital at 31 December 2018	17,840	10,991	381,204	335,795	745,830

(1) The number of shares to which each 2014 founder share warrant gives an entitlement has been adjusted for the 4-for-1 stock split decided in the 30 March 2015 shareholders' general meeting.

3.18 Debt

Debt includes bank overdrafts that are classified as current liabilities.

Debt also includes short- and medium-term bank borrowings, finance lease liabilities and conditional advances from the Languedoc-Roussillon region, Coface and BPI (formerly OSEO) that the Group expects to repay.

Interest-bearing loans and overdrafts are initially recognised at fair value and then measured at amortised cost using the effective interest-rate method. Differences between amounts received (net of direct issue costs) and amounts due at the time of settlement or repayment are taken to profit and loss over the term of the borrowing under this method.

Debt breaks down as follows:

In € thousands	31/12/2018	Less than 1 year	1-5 years	More than 5 years
Finance lease liabilities	1,608	531	1,077	
Bank borrowings	1,888	268	1,480	140
Conditional advances	3,211	60	3,151	
Other debts	97		97	
Bonds	0			
Sub-total borrowings and debt	6,804	859	5,805	140
Short-term funding (Daily/factoring/CICE prefinancing)				
Bank overdrafts	100	100		
Total borrowings and debt	6,904	959	5,805	140
<i>of which current</i>	959	959		
<i>of which non-current</i>	5,945			5,945

In € thousands	31/12/2017	Less than 1 year	1-5 years	More than 5 years
Finance lease liabilities	28	11	17	
Bank borrowings	1,388	97	987	304
Conditional advances	1,545		1,545	
Other debts	86		86	
Bonds	0			
Sub-total borrowings and debt	3,047	108	2,635	304
Short-term funding (Daily/factoring/CICE prefinancing)				
Bank overdrafts	98	98		
Total borrowings and debt	3,145	206	2,635	304
<i>of which current</i>	206	206		
<i>of which non-current</i>	2,939			2,939

In € thousands	31/12/2016	Less than 1 year	1-5 years	More than 5 years
Finance lease liabilities	39	11	28	
Bank borrowings	475	39	376	60
Conditional advances	490		340	150
Other debts	39		39	
Bonds	0			
Sub-total borrowings and debt	1,043	50	783	210
Short-term funding (Daily/factoring/CICE prefinancing)				
Bank overdrafts	100	100		
Total borrowings and debt	1,143	150	783	210
<i>of which current</i>	150	150		
<i>of which non-current</i>	993			993

Bank borrowings broke down as follows at 31 December 2018:

- €400 thousand start-up loan granted by Bpifrance in 2014. This loan has a term of 8 years (including a 3-

year deferment period) and bears interest at a variable rate of average 3-month Euribor plus 3.7% during the deferment period, then 5.5%. It is 80% secured by the PPA fund. It was not deemed meaningful to apply an Effective Interest Rate (EIR).

- €75 thousand participating loan granted by Bpifrance in 2013. This loan has a term of 8 years (including a 4-year deferment period) and bears interest at a variable rate of average 3-month Euribor plus 3.7% during the deferment period, then 5.5%. It was not deemed meaningful to apply an Effective Interest Rate (EIR).
- €400 thousand participating loan from TDR API (Total group). This loan has a term of 60 months (including a 24-month deferment period) and bears interest at 1%. Funds are to be released in three tranches:
 - T1: €150 thousand in March 2017 on signature of the agreement, received as expected in 2017;
 - T2: €150 thousand subject to a €2 million fundraising condition, received in 2018 after several fundraising transactions in 2017 and 2018; and
 - T3: €100 thousand after presentation of the end-of-programme report by 30 June 2019.
 The debt is recognised as and when the funds are released.
- An €800 thousand medium-term loan was obtained from Crédit Coopératif. This loan has a term of 7 years (including a 24-month deferment period) and bears interest at a fixed rate of 2.33%. Interest is recognised under financial expenses. The loan is 40% secured by Bpifrance. A pledge of business assets has been made to secure the loan.
- €500 thousand loan intended to finance parts of the production line, granted by Banque Populaire du Sud. This loan has a term of 5 years (60 monthly instalments) and bears interest at a fixed rate of 1.3%. It is 50% secured by the European Investment Fund and by a second-ranking pledge of business assets.

None of these debts include financial covenants.

Repayable advances are as follows:

- In 2014, the Company obtained two conditional advances, each in an amount of €310 thousand, from Bpifrance and the Languedoc Roussillon region, to fund part of the development of the BOOSTHEAT.20 boiler.

€245 thousand has been received in respect of each advance, with the remaining €65 thousand of each advance still to be received at 31 December 2018, i.e. a total of €130 thousand.

These advances will be repaid in 16 quarterly instalments:

- 4 quarterly instalments of €15 thousand from 30 September 2019,
- 4 quarterly instalments of €17.5 thousand from 30 September 2020,
- 4 quarterly instalments of €20 thousand from 30 September 2021,
- 4 quarterly instalments of €25 thousand from 30 September 2022.

If the programme to which the advance relates fails or is only partly successful, the Company will only have to repay €150 thousand, represented by the first nine quarterly instalments described above. These advances have been recognised as zero-interest-rate debt. It was not deemed meaningful to apply an Effective Interest Rate (EIR).

- In 2017, the Company obtained innovation support from Bpifrance relating to the “industrialisation and commissioning of a production line for 20kW thermodynamic boilers at the Vénissieux site”. That support totalled €3,414 thousand, of which €1,055 thousand was paid in 2017 at the time the support agreement was formed and €1,666 thousand in 2018. The remainder yet to be received at 31 December 2018 was €693 thousand.

Barring technical or commercial failure, the repayment of this funding will take place as follows:

- €1 million on 30/06/2020,

- €1.2 million on 30/06/2021 and
- €1.34 million on 30/06/2022.

In the two years following repayment, the Company will make additional payments equal to 1% of the revenue generated by the supported project if cumulative revenue generated by the project exceeds €150 million ex-VAT. Those additional payments are capped at €0.9 million and the period over which the support will be repaid and additional payments made is limited to 10 years. These advances have been recognised as zero-interest-rate debt. It was not deemed meaningful to apply an Effective Interest Rate (EIR).

Other debt corresponds to Coface funding: a market exploration insurance policy covering a guaranteed period from May 2015 to end-April 2018, in a maximum guaranteed amount of €180 thousand. Repayment of the amount advanced started in May 2018, subject to revenue conditions. These advances have been recognised as zero-interest-rate debt. It was not deemed meaningful to apply an Effective Interest Rate (EIR).

The breakdown of debt by applicable interest rate is as follows:

In € thousands	31/12/2018	31/12/2017	31/12/2016
Variable rate (based on 1- to 6-month Euribor)	544	536	575
Fixed rate of less than 10%	3,052	978	39
Fixed rate of more than 10%	0	0	0
Zero interest rate	3,308	1,631	529
Total	6,904	3,145	1,143

All debts are denominated in euro.

Changes in debt over the last three periods have been as follows:

In € thousands	Balance at 01/01/2016	New borrowings	Repayments	Balance at 31/12/2016
Bank borrowings	475	-	4	471
Of which Bpi start-up loan	400	-	-	400
Of which Bpi participating loan	75	-	4	71
Conditional advances	310	180	-	490
Of which APACHE FUI 1 project	155	90	-	245
Of which APACHE FUI 2 project	155	90	-	245
Of which PIAVE project	-	-	-	-
Coface advance	-	39	-	39
Repayment of debts on financial leases	-	-	15	- 15
Total movements having a cash impact	785	219	19	985
Debts on finance leases taken out during the period	-	54		54
Accrued interest not matured on bank borrowings	4	3	3	4
Bank overdraft	-	100	-	100
TOTAL	789	337	22	1,143

In € thousands	Balance at 01/01/2017	New borrowings	Repayments	Number outstanding at 31/12/2017
Bank borrowings	471	950	35	1,386
Of which Bpi start-up loan	400	-	20	380
Of which Bpi participating loan	71	-	15	56
Of which Total loan	-	150	-	150
Of which Crédit Coopératif loan	-	800	-	800

Conditional advances	490	1,055	-	1,545
Of which APACHE FUI 1 project	245	-	-	245
Of which APACHE FUI 2 project	245	-	-	245
Of which PIAVE project	-	1,055	-	1,055
Coface advance	39	47	-	86
Repayment of debts on financial leases	39	-	11	28
Total movements having a cash impact	1,039	2,052	46	3,045
Debts on finance leases taken out during the period	-	-	-	-
Accrued interest not matured on bank borrowings	4	1	3	2
Bank overdraft	100	-	2	98
TOTAL	1,143	2,053	51	3,145

In € thousands	Balance at 01/01/2018	New borrowings	Repayments	Balance at 31/12/2018
Bank borrowings	1,386	650	151	1,885
Of which Bpi start-up loan	380	-	80	300
Of which Bpi participating loan	56	-	14	42
Of which Total loan	150	150	-	300
Of which Crédit Coopératif loan	800	-	-	800
Of which Banque Pop. Sud innovation loan (8)	-	500	57	443
Conditional advances	1,545	1,666	-	3,211
Of which APACHE FUI 1 project	245	-	-	245
Of which APACHE FUI 2 project	245	-	-	245
Of which PIAVE project	1,055	1,666	-	2,721
Coface advance	86	11	-	97
Repayment of debts on financial leases	28	-	104	- 76
Total movements having a cash impact	3,045	2,327	255	5,117
Debts on finance leases taken out during the period	-	1,684	-	1,684
Accrued interest not matured on bank borrowings	2	3	2	3
Bank overdraft	98	2	-	100
TOTAL	3,145	4,016	257	6,904

3.19 Trade payables, prepaid income and other liabilities

Trade payables are undertakings to pay for products or services sourced from suppliers as part of the Group's normal course of business. Trade payables are classified as non-current liabilities if their due date is more than 12 months after the closing date, or as current liabilities if their due date is in 12 months or less.

Trade payables and other current liabilities break down as follows:

In € thousands	31/12/2018	31/12/2017	31/12/2016
Trade payables	2,296	593	484
Shareholder loans	-	-	19
Social security liabilities	1,044	803	651
Tax liabilities (other than income tax)	633	51	16
Other liabilities	111	91	73
Total trade payables and other current liabilities	4,084	1,538	1,243

Prepaid income includes financial support provided by private-sector partners in connection with services not yet provided at the closing date (see note 3.28), and investment subsidies received and still to be recognised over multiple periods.

In 2018, they also included €25 thousand in relation to an advance sale by BOOSTHEAT GmbH.

Prepaid income is classified under non-current liabilities if it will be earned more than 12 months after the closing date, or under current liabilities if it will be earned in 12 months or less.

Prepaid income breaks down as follows:

In € thousands	31/12/2018	31/12/2017	31/12/2016
Financial support received from private-sector partners	529	236	698
Public-sector investment subsidies	776	121	300
Prepaid revenue	25		
Total prepaid income	1,330	357	998
<i>Of which part at less than one year</i>	<i>937</i>	<i>289</i>	<i>904</i>
<i>Of which part at more than one year</i>	<i>393</i>	<i>68</i>	<i>94</i>

In 2018, the Group received €762 thousand of new investment subsidies, particularly for the assembly line.

3.20 Current and deferred tax

The tax expense for the period consists of current tax for the period as well as deferred tax.

The Company has JEI innovative young company status until 31 December 2019, which applies only to staff members working on research and development, mainly employees at the Toulouse site.

The CVAE value-added business levy is presented in the "Taxes other than on income" item.

Tax is recognised on the income statement, except for the portion related to items recognised in other comprehensive income or taken directly to equity. For such items, tax is also recognised in other comprehensive income or directly in equity.

The tax expense is calculated on the basis of tax legislation enacted or substantially enacted on the closing date in countries where Group subsidiaries operate and generate taxable revenue. The tax expense includes provisions based on amounts of expected reassessments by the tax authorities.

Deferred tax is recognised using the liability method for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, no deferred tax is recognised if it arises from initial recognition of an asset or liability related to a transaction other than a business combination that, at the time of the transaction, does not affect either accounting or taxable profit. Deferred tax is determined on the basis of tax rates and tax regulations that have been enacted or substantially enacted at the closing date and which are expected to be applied when the relevant deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be charged. Deferred tax assets and liabilities are netted where there is a legally enforceable right to net current assets and liabilities and the deferred assets and liabilities concern income tax levied by the same tax authority or on the taxable entity or on various taxable entities if there is the intention to settle balances on a net basis.

3.21 Employee benefits

(a) Retirement benefit obligations

The Group has defined-benefit plans, for French employees, and defined-contribution plans. A defined-contribution plan is a retirement benefit plan under which the Group makes defined contributions to an

independent entity without any commitment beyond the contributions it makes. Retirement benefit plans that are not defined-contribution plans are defined-benefit plans. This is the case, for example, of a plan that defines the amount of the retirement benefit that will be collected by an employee who retires. In general, this amount depends on one or more factors, such as age, seniority and salary.

The liability booked in the balance sheet under defined-benefit retirement plans corresponds to the present value of the obligation linked to the defined-benefit plans at period-end. The obligation under defined-benefit plans is calculated each year according to the projected unit credit method. The present value is determined by discounting the estimated future cash outflows based on the interest rate of top-quality corporate bonds, denominated in the currency in which the benefit will be paid, and whose term is close to the estimated average term of the pension liability concerned.

Actuarial gains and losses stemming from experience-related adjustments and changes in actuarial assumptions are recognised in other comprehensive income under "Actuarial gains/(losses) on retirement benefit obligations".

As regards defined-contribution plans, the group pays contributions to public or private pension insurance plans on a mandatory basis. Once the contributions have been made, the Group is not bound by any other payment commitment. The contributions are booked as expenses related to employee benefits when they are due. Prepaid contributions are recognised as assets to the extent that the prepayment gives rise to a decrease in future payments or a cash repayment.

The Group does not grant any other benefits or rights to its employees when they retire.

(b) Redundancy compensation

Redundancy compensation is due when the company terminates the employment contract of an employee before his/her normal retirement age or where an employee agrees to receive compensation as part of a voluntary redundancy. The Group recognises such compensation where it has clearly made an undertaking to terminate the employment contracts of staff members in accordance with a detailed plan without any real prospect of reversing its decision, or to grant redundancy compensation after making an offer to encourage voluntary redundancy.

The amounts recognised on the balance sheet regarding termination benefits are determined as follows:

in € thousands	2018	2017	2016	2015
Provisions for retirement benefit obligations	76	44	25	12

Changes in obligations with respect to the defined-benefit plan during the period are set out below:

	2018	2017	2016
At 1 January	44	25	12
Current service cost during the financial year	32	17	11
Financial cost	1	0	0
Actuarial gains and losses	-1	2	2
Exchange differences	0	0	0
At 31 December	76	44	25

Amounts recognised in the income statement are as follows:

(in € thousands)	2018	2017	2016
Current service cost during the financial year	32	17	11
Financial cost	1	0	0
Changes of plan	0	0	0
At 31 December	33	17	11

The main actuarial assumptions adopted are as follows:

	2018	2017	2016	2015
Discount rate	1.57%	1.30%	1.31%	2.03%
Rate of salary increases	1%	1%	1%	1%

The collective agreement applied was that of the pharmaceutical industry until 2015 and that of the metalworking industry since 2016.

It has been assumed that employees will depart voluntarily between 65 and 67 years old (departure on full pension).

Assumptions regarding future mortality rates are made using the database of published statistics and historical data in France (INSEE 2018).

The Group does not present any sensitivity analysis regarding the measurement of retirement benefits since it was not regarded as meaningful.

3.22 Provisions

Provisions are recognised when the Group has a legal or implied obligation resulting from past events, when it is likely that resources representing economic benefits will have to be used to fulfil the obligation and when the amount of the provision can be estimated reliably.

Provisions are not recognised for future operating losses.

The amount of a provision is the best estimate of the outflow required to settle the obligation, the present value of which is calculated at the closing date.

Non-current provisions only concern termination benefits (see note 3.21).

Details of the current portion of provisions are set out below:

In € thousands	01/01/2018	Additions	Reversals	of which used	31/12/2018
Provisions for litigation	35	500	35	23	500
Total provisions (part at less than one year)	35	500	35	23	500

In € thousands	01/01/2017	Additions	Reversals	of which used	31/12/2017
Provisions for litigation	-	35	-	-	35
Total provisions (part at less than one year)	-	35	-	-	35

In € thousands	01/01/2016	Additions	Reversals	of which used	31/12/2016
Provisions for litigation	-	-	-	-	-
Total provisions (part at less than one year)	-	-	-	-	-

Provisions for litigation set aside in 2017 were reversed in 2018 after the end of the related employment dispute, which resulted in a payment of €23 thousand.

The Company was also in dispute with a former director. That resulted in a €500 thousand settlement in the first half of 2019.

3.23 Revenue recognition

Revenue corresponds to the fair value of the consideration received or receivable with respect to goods and services sold as part of the Group's usual course of business. Revenue is stated net of value added tax, returns of goods, discounts and rebates, and after the deduction of intragroup sales.

The Group recognises revenue in accordance with IFRS 15.

The Company has not yet recognised any revenue in connection with sales of the BOOSTHEAT.20 boiler. The German subsidiary sold a boiler in 2018, but it will not be produced and delivered until 2019. The proceeds from that sale were recognised under prepaid income at 31 December 2018 in an amount of €25 thousand (note 3.19).

The €40 thousand of revenue recognised in 2018 corresponds to the one-off sale of parts to a subcontractor.

3.24 Operating income

BOOSTHEAT regarded it as appropriate to present, on the income statement, a "Recurring operating income" item to better reflect the Group's operating performance.

BOOSTHEAT separates out income and expenses of a particularly significant amount that are uncommon, unusual and infrequent under "non-recurring operating income and expense", in order to make it easier to understand its underlying operating performance. Such items may include:

- Large and unusual disposal gains or losses, or impairment, relating to non-current property, plant and equipment and intangible assets;
- Certain restructuring or reorganisation charges that would affect the clarity of underlying operating profit;
- Other operating income and expense such as provisions relating to highly material litigation.

Items that are of an identical nature to those mentioned above but that do not show the stated characteristics are classified under recurring operating income.

3.25 Purchases consumed and external expenses

- Purchases consumed

Purchases consumed are set out below:

In € thousands	2018	2017	2016
Purchases of raw materials, supplies and other inputs	-1,327		
Change in inventories of raw materials, supplies and other inputs	915		
Change in merchandise inventories	33		
Purchases of studies	-715	-146	-56
Other purchases	-20		
Purchases of materials and supplies not held in inventory	-443	-113	-55
Purchases of merchandise	-41		
Total	-1,598	-259	-111

- Other purchases and external expenses

Other external expenses are detailed below:

In € thousands	2018	2017	2016
General subcontracting	-243		
Finance lease payments	-0.4		
Rent and service charges	-567	-200	-171
Maintenance and repairs	-74	-35	-23
Studies and research	-118		
Payment of intermediaries and professional fees	-390	-283	-259
Advertising	-619	-122	-20
Various (insurance, banking services, training etc.)	-608	-329	-178
Other external expenses	-27	-14	-11
Total	-2,646	-983	-662

3.26 Leases

The Group has applied IAS 17 since 31/12/2018.

Leases under which a large portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments under operating leases (net of benefits obtained from the lessor) are recognised as expenses on the income statement on a straight-line basis over the lease term.

Leases under which the Group assumes a large portion of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised on the lease start date in an amount equal to the lower of the fair value of the leased asset and the present value of minimum lease payments (note 3.9 and 3.18).

3.27 Personnel costs

Personnel costs break down as follows:

In € thousands	2018	2017	2016
Wages and salaries	2,799	1,722	1,191
Social security costs	1,115	343	287
Additions to retirement benefit provisions	34	18	5
Expenses related to bonus shares	15		
Total	3,963	2,083	1,483

Personnel costs are presented net of capitalised amounts, which represent a reduction of:

- €1,757 thousand for 2018
- €1,410 thousand for 2017
- €1,091 thousand for 2016

Headcount at the end of the last three periods has been as follows:

	2018	2017	2016
Managers	58	35	26
Clerical and technical	37	32	10
Total	95	67	36

3.28 Other operating income and expenses

In € thousands	2018	2017	2016
Private-sector financial support	614	1,448	2,754
Tax credits	434	224	114
Public subsidies	0	49	25
Investment subsidies	107	254	206
Purchase/resale of spare parts	40	0	0
Other income	31	2	0
Total other operating income	1,226	1,977	3,099
Other operating expenses	-118	-90	-33
Total other operating income and expenses	1,108	1,887	3,066

Private-sector financial support consists of development support agreements with private-sector partners. The financial support received is recognised under “Other income”, separate from IFRS 15 revenue and recognised over time in a way that reflects BOOSTHEAT’s fulfilment of its commitment to developing a heat pump that runs on LPG. That support includes:

- Recruitment support provided by Robert Bosch France (owner of the premises where the production facilities have been installed) in an amount of €45 thousand per employee recruited, i.e. €405 thousand in 2018 for nine recruits and €675 thousand in 2017 for 15 recruits. No support of that type was received in 2016;
 - Technical co-operation revenue, including:
 - €206 thousand in 2018 and €69 thousand in 2017 under the Butagaz agreement;
 - €673 thousand in 2017 and €754 thousand in 2016 under the GRDF agreement; and
 - €2,000 thousand with respect to a subsidy granted by Bosch in relation to the takeover of the Vénissieux site in 2016.
 - €30 thousand in 2017 with respect to the Dalkia subsidy.
- Tax credits consist of the CICE tax credits and the non-capitalised portion of the CIR and CII tax credits (see note 3.15).

Investment subsidies correspond to support received to finance non-current assets. The proportion recognised under other operating income corresponds to the gradual recognition of the support over the asset’s useful life.

Other expenses mainly correspond to attendance fees paid to directors in 2018, 2017 and 2016.

3.29 Other non-recurring operating income and expense

Other “non-recurring income and expense” consists of income and expenses of a particularly significant amount that are uncommon, unusual and infrequent, which the Group presents separately in order to make it easier to understand its underlying operating performance.

In 2017, non-recurring income and expense mainly related to the net carrying amount (€100 thousand) of assets scrapped at the time of the relocation from Nîmes to Vénissieux.

In 2018, non-recurring income and expense corresponded to the contingency provision related to the dispute with a former director in an amount of €500 thousand (see note 3.22).

3.30 Cost of net debt

Net financial income/expense includes interest expense, which breaks down as follows:

In € thousands	2018	2017	2016
Interest expense on borrowings	49	20	25
Warrants	394	227	
Other IFRS financial expenses	12	1	1
Total	455	248	26

The IFRS 2 expense relates to the warrants attached to shares at the time of the issue of 2017 shares with warrants and 2018 shares with warrants, which were subscribed by non-employee shareholders.

3.31 Income tax expense

Since the Company has JEI innovative young company status until 31 December 2019, it is exempt from income tax.

Cumulative tax loss carryforwards at end-2018 were not recognised as assets because their future consumption was not deemed probable (€16,533 thousand at 31/12/2018).

The applicable tax rate in France at 31/12/2018 was 28% up to €500 thousand of taxable profit and 33.33% above that level.

The applicable tax rate in Germany at 31/12/2018 was 30%.

Taking a prudent approach, the Group decided not to recognise any deferred tax (on temporary differences, IFRS adjustments or tax loss carryforwards) to the extent that its underlying tax position would lead it to recognise a net deferred tax asset.

The Group has not identified any uncertainty over income tax treatments within the meaning of IFRIC 23.

3.32 Earnings per share

Earnings per share are calculated by dividing the net income for the period attributable to the Company's shareholders by the average number of ordinary and preferred shares in issue. Diluted earnings per share are calculated by dividing the net income for the period attributable to the Company's shareholders by the average number of ordinary shares in issue, adjusted for the effect of ordinary shares with a potentially dilutive effect.

Dilutive instruments are taken into account if and only if their dilutive effect reduces earnings per share or increases losses per share.

A reconciliation between the weighted average number of ordinary shares during the period and the weighted average number of shares during the period adjusted for the effect of shares with a potentially dilutive effect is set out below:

Earnings per share are calculated as follows:

in €	31/12/2018	31/12/2017	31/12/2016
Net income attributable to equity holders of the parent	- 9,037,972	- 2,383,668	335,312
Non-controlling interests' share of net income	-	-	-
Average number of shares in issue	5,834,278	5,103,575	4,455,341
Number of warrants in issue at 31/12	716,999	382,882	-
Number of founder share warrants in issue at 31/12 BSPCE	28,831	19,760	32,280
Earnings per share	- 1.549	- 0.467	0.075
Diluted earnings per share	- 1.549	- 0.467	0.075

3.33 Financial instruments

IFRS 9 "Financial instruments" has three sections:

- Classification and measurement of financial instruments: the classification of financial assets is based on the business model and the type of cash flows expected;
- Impairment of financial assets: the impairment of financial assets is based on a model leading to the recognition of expected losses.

More specifically, the Group has examined its method for impairing trade receivables and its compliance with the simplified model for the impairment of trade receivables provided for by IFRS 9. The impairment model adopted is consistent with the new provisions of IFRS 9.

Given the nature of its other financial assets and liabilities, the Group has not identified any material impact resulting from the application of IFRS 9.

- Hedge accounting: The Group did not use hedging instruments in the three periods presented.

Note 4: Management of financial risk

4.1 Financial risk factors

The board of directors reports on the general principles for managing risks such as liquidity risk, currency risk, credit risk and interest-rate risk.

(a) Liquidity risk

Cash forecasts are produced by the finance department. Based on these forecasts, which are regularly updated, the Group's management monitors its cash requirements to ensure that available cash covers its operational requirements.

Those forecasts take into account the Group's funding plans.

The Company has reviewed its liquidity risk and on the accounts closing date believed that it was exposed to a short-term liquidity risk.

To address that risk, the Company would remind readers that:

- available net cash at 30 June 2019 was €2,561 thousand, taking into account:
 - The bond issue recognised by a decision of the board of directors on 26 April 2019 in a nominal amount of €6,980 thousand;
 - €839 thousand received in June 2019 from a capital increase taking place through the exercise of 2017 warrants before their expiry in June 2019;
- CIR tax credits in respect of 2018 amounting to €944 thousand and CII tax credits amounting to €37 thousand are expected to be received in the second half of 2019;
- The Company expects to receive money in relation to various subsidies and conditional advances already granted to it in a total amount of around €1,197 thousand;

and the Company foresees:

- On the basis of advanced discussions with two investors, a second bond issue in a nominal amount of €7,000,
- An initial public offering of its shares in 2019 if market conditions allow,
- If those transactions are postponed, the main shareholders, which subscribed the first bond issue in February 2019, will be asked to cover operational cash requirements until a comprehensive refinancing can be arranged (IPO, private equity, EIB venture loan). The Company could be forced to limit its sales and marketing efforts, reduce boiler production and slow or postpone certain R&D programmes, which would jeopardise expected growth.

In addition to these transformative funding transactions, the Company is continuing to seek other additional funding:

- Significant funding (explored since 2016) from the European Investment Bank, which should now be possible given that the Company has passed key development milestones since its initial discussions with the EIB, with an initial tranche of €10,000 thousand sought in October 2020;

- Future funding of the working capital requirement (inventories and trade receivables)

- A BPI innovation loan

(b) Currency risk

The Group currently operates only in the eurozone. As a result, it is not subject to currency risk arising from various exposures to currencies other than the euro, which is the Company's functional and presentation currency.

(c) Credit risk

Credit risk is managed at the Group level. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and exposures related to customer creditworthiness, particularly non-settled receivables and transactions in progress, and to tax receivables not yet settled.

Credit risk linked to cash and cash equivalents and current financial instruments is not material given the quality of the financial institutions that are the other contracting parties.

Credit risk related to trade receivables and other receivables (tax receivables) is limited because of the quality of the debtors concerned.

(d) Interest-rate risk

The Company's exposure to interest-rate risk mainly concerns the floating-rate portion of debt (based on average 3-month Euribor), of which the balance to be repaid at 31 December 2018 was €341 thousand. Given the amount, the Company takes the view that its exposure to interest-rate risk is not material.

As things currently stand, the Company has not arranged borrowings with any credit institutions and so has very little exposure to interest-rate risk.

4.2 Management of risks related to the capital

As part of its efforts to manage its capital position, the Group intends to remain a going concern in order to deliver a return to shareholders, generate benefits for other partners and maintain an optimal capital structure to reduce its cost of capital.

To maintain or adjust its capital structure, the Group may adjust the amount of dividends paid to shareholders, repay capital to shareholders or issue new shares.

Note 5: Off-balance sheet commitments

5.1 Lease obligations

The Group did not apply IFRS 16 at 31 December 2018 (see note 3.1).

Payments still to be made under existing operating leases totalled €3,544 thousand at 31/12/2018, including €567 thousand due in less than one year.

5.2 Commitments given

- €800 thousand medium-term loan from Crédit Coopératif. The loan is 40% secured by Bpifrance. A pledge of business assets has been made to secure the loan.
- €500 thousand loan from Banque Populaire du Sud. It is 50% secured by the European Investment Fund and by a second-ranking pledge of business assets.

5.3 Commitments received

Subsidies obtained	Amount of subsidy	Payments received	Payments yet to be received
ANR subsidy	602	602	-
Rhône Alpes region subsidy	768	484	284
H2020 Sun Horizon subsidy	641	224	417
OSEO subsidy	273	273	-
ADEME subsidy	159	159	-
ADEME CLIM subsidy	154	154	-
ADEME leasing offering subsidy	35	14	21
Total subsidies	2,632	1,910	722

Note 6: Transactions with related parties**6.1 Executive remuneration**

In € thousands	2018	2017	2016
Remuneration of executive corporate officers (1)	360	360	360
Other remuneration (2)	80	51	78
Total	440	411	438

- (1) This amount comprises remuneration paid to the Company's CEO and COO, of which 60% related to their roles as corporate officers and 40% to their roles as engineers;
- (2) Attendance fees paid to members of the board of directors.

Note 7: Statutory auditors' fees

	2018	2017	2016
Fees relating to the statutory audit of the accounts	20,000	18,000	17,000
Ex-VAT fees invoiced with respect to non-audit services	-	-	-
Total	20,000	18,000	17,000

18.1.7 Date of latest financial information

The date of the latest financial information presented is [30 June 2019].

18.2 INTERIM AND OTHER FINANCIAL INFORMATION

18.2.1 IFRS condensed interim consolidated financial statements

Consolidated income statement for the six months ended 30 June 2019

In € thousands	Notes	First half 2019 (6 months)	First half 2018 (6 months)
Revenue	3.6	25	0
Purchases consumed	3.18	-902	-659
Other purchases and external expenses(*)	3.18	-1,351	-1,003
Personnel costs	3.20	-2,375	-1,640
Taxes other than on income		-124	-127
Net additions to depreciation, amortisation and provisions(*)	3.8/3.9/3.17	-1,069	-239
Other operating income and expense	3.21	504	799
Recurring operating income		-5,292	-2,869
Other non-recurring operating income and expense		0	0
Operating income		-5,292	-2,869
Cost of net debt(*)	3.22	-378	-417
Income before tax		-5,670	-3,286
Income tax	3.23		
Net income		-5,670	-3,286
Net income attributable to equity holders of the parent		-5,670	-3,286
Non-controlling interests' share of net income		0	0
Basic earnings per share (€)	3.24	-0.88	-0.57
Diluted earnings per share (€)	3.24	-0.88	-0.57

(*)The Group has applied IFRS 16 using the modified retrospective approach from 1 January 2019 (see note 3.19). The items affected by IFRS 16 (external expenses, depreciation, amortisation and financial items) are therefore not comparable with figures for the six months ended 30 June 2018.

Consolidated comprehensive income statement for the six months ended 30 June 2019

In € thousands	Notes	First half 2019	First half 2018
Consolidated net income for the period		-5,670	-3,286
Other comprehensive income not to be reclassified subsequently to profit or loss		4	18
Actuarial gains and losses on employee-related liabilities		4	18
Other comprehensive income that may be reclassified subsequently to profit or loss		0	0
Exchange differences			
Total other comprehensive income		4	18
Comprehensive income statement		-5,666	-3,268
Attributable to equity holders of the parent		-5,666	-3,268
Non-controlling interests		0	0

Consolidated statement of financial position at 30 June 2019

In € thousands	Notes	30/06/19	31/12/18
Development costs		5,387	5,723
Concessions, patents, trademarks, software and similar rights		94	85
Intangible assets in progress		1,107	79
Intangible assets	3.8	6,588	5,887
Rights of use relating to leased buildings(*)		5,062	
Technical installations, industrial plant and machinery		1,924	3,435
Rights of use relating to leased plant and machinery(*)		1,384	
Other property, plant and equipment		236	234
Rights of use relating to other leased assets(*)		505	
Property, plant and equipment in progress		25	25
Property, plant and equipment	3.9	9,136	3,694
Equity interests		24	24
Other financial assets		173	43
Financial assets		197	67
Total non-current assets		15,921	9,648
Inventories	3.10	1,661	948
Trade receivables	3.11	0	785
Tax receivables	3.12	1,483	1,064
Other receivables	3.11	661	617
Cash and cash equivalents	3.13	2,561	2,223
Prepaid expenses		93	105
Total current assets		6,459	5,742
Total assets		22,380	15,390

In € thousands	Notes	30/06/19	31/12/18
Share capital	3.14	1,551	1,511
Share premiums		16,012	15,267
Consolidated reserves		-14,242	-5,245
Net income for the period		-5,670	-9,038
Equity attributable to equity holders of the parent		-2,349	2,495
Non-controlling interests		0	0
Total equity		-2,349	2,495

Borrowings and financial liabilities	3.15	12,393	5,946
Lease liabilities (part at more than one year)(*)	3.15	5,679	
Contingency and loss provisions	3.17	116	76
Deferred tax liabilities			
Prepaid income (part at more than one year)	3.16		393
Total non-current liabilities		18,188	6,415

Borrowings and debt (part at less than one year)	3.15	554	958
Lease liabilities (part at less than one year)(*)	3.15	1,104	
Contingency and loss provisions (part at less than one year)	3.17	0	500
Trade payables	3.16	1,586	2,296
Other current liabilities	3.16	1,972	1,789
Prepaid income (part at less than one year)	3.16	1,324	937
Total current liabilities		6,540	6,480
Total liabilities		22,380	15,390

(*)The Group has applied IFRS 16 using the modified retrospective approach from 1 January 2019 (see note 3.19). The items affected by IFRS 16 (non-current assets and lease liabilities) are therefore not comparable with figures for the six months ended 30 June 2018.

Statement of changes in consolidated equity to 30 June 2019

In € thousands	Number of shares	Share capital	Share premiums	Accumulated reserves and earnings	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
31/12/2017	5,640,603	1,410	8,957	- 5,250	5,117	-	5,117
Net income for the period				-3,286	-3,286		-3,286
Items recognised as OCI*				18	18		18
Comprehensive income				-3,269	-3,269		-3,269
Capital increase		84	4,911		4,995		4,995
Issue of warrants			394		394		394
Issue of founder share warrants			15		15		15
30/06/2018	5,976,398	1,494	14,277	- 8,518	7,252	-	7,252
31/12/2018	6,045,235	1,511	15,267	- 14,283	2,495	-	2,495
Net income for the period				-5,670	-5,670		-5,670
Items recognised as OCI*				4	4		4
Comprehensive income				-5,667	-5,667		-5,667
Capital increase		40	783		823		823
Issue of warrants					0		0
Expired warrants and founder share warrants			-621	621	0		0
30/06/2019	6,202,078	1,551	15,429	- 19,328	- 2,349	-	- 2,349

*Other comprehensive income

First-half consolidated cash flow statement

In € thousands	Notes	First half 2019	First half 2018
Total consolidated net income		-5,670	-3,286
Net depreciation, amortisation and provisions		444	210
Tax expense/(income)			
Other calculated income and expense		-3	0
Funds from operations		-5,229	-3,076
Change in inventories		-714	0
Change in trade receivables		1,336	100
Change in trade payables		-994	-436
Change in other receivables and payables		-483	186
Cost of net debt		378	417
Cash flow from operating activities		-5,706	-2,809
Purchases of property, plant and equipment and intangible assets		-1,749	-1,594
Change in loans and advances granted		-131	-25
Investment subsidies received		133	40
Disposals of non-current assets		3	0
Cash flow from investing activities		-1,744	-1,579
Capital increases	3.14	822	4,994
New borrowings and conditional advances	3.15	7,507	2,166
Repayments of borrowings and conditional advances	3.15	-540	-73
Interest paid		-86	-10
Change in shareholder loans		117	0
Cash flow from financing activities		7,820	7,077
Impact of changes in exchange rates		0	0
Change in cash position		370	2,689
Net cash and cash equivalents at start of period	3.13	2,123	3,186
Net cash and cash equivalents at end of period	3.13	2,493	5,875
Change in cash position		370	2,689

Notes to the condensed consolidated financial statements

Note 1: Statement of compliance

On 4 September 2019, the board of directors approved and authorised the publication of BOOSTHEAT's condensed consolidated financial statements for the six months ended 30 June 2019.

The BOOSTHEAT Group's condensed consolidated financial statements for the six months ended 30 June 2019 contain the following, with figures in thousands of euros unless otherwise stated:

- Statement of financial position
- Comprehensive income statement
- Statement of changes in equity
- Cash flow statement
- Notes

They are presented by comparison with the consolidated financial statements for the year ended 31 December 2018 as regards the balance sheet and for the six months ended 30 June 2018 as regards the income statement and cash flow statement.

The first-half consolidated financial statements are prepared and presented in condensed form in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, available at http://ec.europa.eu/internal_market/ias_fr.html-adoptedcommission.

Since the financial statements are presented in condensed form, they do not include all the information and notes required for full-year financial statements and accordingly must be read in conjunction with the Group's published consolidated financial statements for the years ended 31 December 2016, 31 December 2017 and 31 December 2018, which were prepared in accordance with IFRSs published by IASB as adopted by the European Union and applicable at 31 December 2018.

IFRSs adopted by the European Union comprise IFRSs (International Financial Reporting Standards), IASs (International Accounting Standards) and their related interpretations (SIC and IFRIC).

The accounting policies applied to the consolidated financial statements for the six months ended 30 June 2019 are the same as those used for the full-year 2016, 2017 and 2018 consolidated financial statements, with the exception of new standards, amendments and interpretations in force within the European Union on 1 January 2019 whose application was mandatory at that date and which are described below.

The Group's functional and presentation currency is the euro.

Standards and interpretations mandatorily applicable from 1 January 2019

	Standard / Interpretation	IASB effective date (periods starting on or after)	Expected EU effective date (at the latest for periods starting on or after)
1	IFRS 16 "Leases"	1/01/2019	1/01/2019
2	IFRIC 23 "Uncertainty over Income Tax Treatments"	1/01/2019	1/01/2019
3	Amendments to IFRS 9: Prepayment Features with Negative Compensation	1/01/2019	1/01/2019
4	Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1/01/2019	1/01/2019
5	Annual improvements to IFRSs (2015-2017 cycle)	1/01/2019	1/01/2019

	Standard / Interpretation	IASB effective date (periods starting on or after)	Expected EU effective date (at the latest for periods starting on or after)
5.1	Amendments to IFRS 3 “Business Combinations” and IFRS 11 “Joint Arrangements”		
5.2	Amendments to IAS 12 “Income Taxes”		
5.3	Amendments to IAS 23 “Borrowing Costs”		
6	Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1/01/2019	1/01/2019

The only new standard that had a material impact on the Group’s consolidated financial statements for the six months ended 30 June 2019 was IFRS 16.

IFRS 16 has replaced IAS 17 and the associated IFRIC and SIC interpretations, and has removed, for lessees, the previous distinction between “operating leases” and “finance leases”.

Lessees must recognise all leases with a term of more than one year using the same methods as those that previously applied to finance leases under IAS 17, and therefore recognise an asset and a liability relating to the rights and obligations created by a lease. The new standard, adopted by the European Union on 31 October 2017, became mandatorily applicable on 1 January 2019.

The Group has applied IFRS 16 using the modified retrospective approach from 1 January 2019, i.e.:

- No restatement of comparative data
- Measurement of lease liabilities: remaining payments discounted at the lessee’s marginal borrowing rate at the date of first-time adoption.
- Measurement of the right of use: option to measure the lease liability for each lease at the date of first-time adoption, adjusted for the lease amounts paid in advance or to be paid.

IFRS 16 applies to all contracts regarded as leases under IAS 17 and IFRIC 4. However, the exemptions allowed by IFRS 16 have been adopted by the Group: leases with a remaining term of less than 12 months and leases for items that have a low value (less than \$5,000) when new.

The effect of restating these leases is a €5,922 thousand increase in property, plant and equipment and debt at 01/01/2019.

This increase in property, plant and equipment and debt is mainly due to the restatement of BOOSTHEAT SA’s leases on properties in Ramonville and Vénissieux, detailed below:

Property	Lessor	Lease start date	Lease end date	Depreciation period (in years)	Annual rent excluding VAT and charges	Future liabilities at 31/12/2018	Lease renewal option (*)	Discount rate used (**)	Net present value of obligation at 01/01/2019
Vénissieux head office lease	Robert Bosch France	01/07/2018	30/06/2028	10	566,600	5,382,700	No	1.30%	€5,032,115.59
Ramonville lease	SCI El Paso	01/07/2017	30/06/2026	8	42,000	315,000	No	1.30%	€298,227.81

(*)The Group has used a discount rate of 1.3%. This corresponds to the interest rate on the Group’s most recent medium- to long-term bank borrowings.

Lease liabilities at 31/12/2018 amounted to €3,544 thousand. The €2,378 thousand difference with respect to the IFRS 16 impact at 1 January 2019 is the result of a supplementary agreement signed with lessor Robert Bosch France regarding the amount of the annual rent on the Vénissieux premises, which rose from €327 thousand per year to €567 thousand per year.

New standards and interpretations published by the IASB but not yet mandatorily applicable:

The Group has not applied early the following standards and interpretations that could concern the Group and of which application was not mandatory at 1 January 2019:

	Standard / Interpretation	IASB effective date (periods starting on or after)	EU effective date (at the latest for periods starting on or after)
1	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Effective date of amendments to IFRS 10 and IAS 28	<i>Postponed indefinitely</i>	<i>Suspended</i>
2	IFRS 17 "Insurance contracts"	1/01/2021	N/A
3	Amendment to IFRS 3: Definition of a Business	1/01/2020	Endorsement expected in 2019
4	Amendment to IAS 1 and IAS 8: Definition of Material	1/01/2020	Endorsement expected in 2019

The Group is unlikely to be affected by the application of these standards.

Note 2: Key events in the first half of 2019

- March: selection of partners to assist the Company with its plans to list on Euronext in order to give the Company additional financial resources, particularly in view of accelerating its commercial roll-out;
- March: bond issue in a nominal amount of €6,980 thousand recognised by the board of directors in its 26 April 2019 meeting;
- March: initial funding of €460 thousand from Société Générale for industrial equipment (robotic unit) in the form of a loan with an 84-month term;
- April: €330 thousand of funding obtained from ADEME including a €220 thousand subsidy and a €110 thousand repayable advance to support the initial roll-out of BOOSTHEAT.20 boilers in real-life conditions as part of pilot projects;
- April: agreement settling a dispute with a former director. The settlement amount of €500 thousand was fully provisioned at 31 December 2018;
- June: issue of bonds with warrants recognised by the board of directors on 21 June 2019 after a grant of authority in the shareholders' general meeting of 7 June 2019. The bonds were subscribed through the set-off of receivables arising from the early redemption of part of the bonds issued in February 2019, i.e. €6,860 thousand (out of €6,980 thousand) plus accrued interest. The bonds with warrants were analysed as hybrid instruments and are recognised under financial liabilities.
 - The derivative corresponding to the conversion option was initially recognised under financial liabilities at its fair value on the issue date. It is remeasured at each accounts closing date through profit or loss, for as long as the conversion ratio is not fixed. When the conversion ratio is fixed, the derivative will be reclassified under equity. Using the Black-Scholes model, the liability relating to this derivative was measured at €583 thousand at

- 30/06/2019. Since the instrument was issued in late June 2019, its fair value at 30/06/2019 was the same as its fair value on the issue date. As a result, there was no income-statement impact in the first half of 2019.
- The debt component was measured as the difference between the fair value of the bonds with warrants overall and the value assigned to the derivative, i.e. €6,397 thousand.
 - Since the 2019 bonds with warrants include an issue premium and a redemption premium (see detailed description in note 3.15), a repayment schedule has been established with an effective overall interest rate reflecting those elements. The effective overall interest rate on the 2019 bonds with warrants is 12.07%, and the corresponding financial expense recognised for the first half of 2019 is €63 thousand (see note 3.22).
- June: exercise of 156,843 2017 warrants before their expiry on 15 June 2019, leading to a capital increase with gross proceeds of €839 thousand.

Note 3: Main accounting policies

3.1 Basis for preparing the financial statements

The consolidated financial statements were prepared on a going concern basis.

The Group expects to need new sources of funding to be able to cover its planned operating and investing activities in the 12 months following the closing date of these financial statements.

The board of directors has taken the view that the Group is a going concern given the following factors:

- available net cash at 30 June 2019 was €2,561 thousand, taking into account:
 - The bond issue recognised by a decision of the board of directors on 26 April 2019 in a nominal amount of €6,980 thousand;
 - €839 thousand received in June 2019 from a capital increase taking place through the exercise of 2017 warrants before their expiry in June 2019;
- CIR tax credits in respect of 2018 amounting to €944 thousand and CII tax credits amounting to €37 thousand, expected to be received in the second half of 2019;
- expected receipts in relation to various subsidies and conditional advances already granted to it in a total amount of around €1,197 thousand (of which around €130 thousand was received on 02/09/19 (FUI subsidies) and around €783 thousand may be received in the next 12 months depending on progress with certain R&D projects);

and the Company foresees:

- On the basis of advanced discussions with an investor, a second bond issue in a nominal amount of €10,000,
- An initial public offering of its shares in 2019 if market conditions allow,

If those transactions are postponed, the main shareholders, which subscribed the first bond issue in February 2019, will be asked to cover operational cash requirements until a comprehensive refinancing can be arranged (IPO, private equity, EIB venture loan). The Company could be forced to limit its sales and marketing efforts, reduce boiler production and slow or postpone certain R&D programmes, which would jeopardise expected growth.

In addition to these transformative funding transactions, the Company is continuing to seek other additional funding:

- Significant funding (explored since 2016) from the European Investment Bank, which should now be possible given that the Company has passed key development milestones since its

initial discussions with the EIB, with an initial tranche of €10,000 thousand sought in October 2020;

- A BPI innovation loan for which an application was made in late June. The application is currently being examined by Bpifrance.

3.2 Scope of consolidation

The Company's condensed consolidated financial statements for the six months ended 30 June 2018 relate to BOOSTHEAT SA only. Those for the year ended 31 December 2018 and the six months ended 30 June 2019 relate to BOOSTHEAT SA and its distribution subsidiaries (together referred to as the "Group") created in August and September 2018.

The scope of consolidation at 30 June 2019 was as follows:

	Address of registered office	SIREN number	Consolidation method	Value of shares (in €)	% control	% interest
BOOSTHEAT SA	41-47 Boulevard Marcel Sembat, 36920 Vénissieux	531 404 275	Parent company			
BOOSTHEAT France SAS	41-47 Boulevard Marcel Sembat, 36920 Vénissieux	842 462 947	Full consolidation	25,000	100%	100%
BOOSTHEAT Deutschland GmbH	Äußere Bayreuther Straße 59 90409 Nürnberg, Deutschland	Nürnberg, HRB 35455	Full consolidation	25,000	100%	100%

3.3 Significant post-balance sheet events

- July: signature of a collective agreement to set up a social and economic committee (CSE).

3.4 Consolidation

(a) Consolidation rules

Since all group companies included in the scope of consolidation are currently under the parent company's sole control, those subsidiaries are fully consolidated.

(b) Non-controlling interests

The Group did not have any non-controlling interests in the two periods presented.

(c) Intra-group transactions

Intra-group transactions, along with balances and unrealised profits on transactions between Group companies, are eliminated. Unrealised losses are also eliminated for divested assets, and they are regarded as an indicator of impairment. The accounting policies of subsidiaries have been aligned with those of the Group.

(d) Business combinations

Since all subsidiaries have been created by the Group, no goodwill has been recognised since the Company was created.

3.5 Significant estimates and accounting judgements

Estimates and judgements, which are continually updated, are based on historical information and other factors deemed reasonable in the circumstances, particularly expected future events.

The Group makes estimates and assumptions about the future. The resulting accounting estimates, by definition, rarely equal actual results. Estimates and assumptions in relation to which there is a large risk of a significant adjustment to the carrying value of assets and liabilities in the following period are analysed below.

(a) Impairment of intangible assets

Intangible assets relate mainly to the development of the BOOSTHEAT.20 boiler. They are amortised on a straight-line basis over their useful lives. Impairment must be recognised in relation to intangible assets where there is an indication of an impairment loss. In such a situation, their recoverable amounts are estimated. Intangible assets are tested on the basis of all cash flows arising from the most recent 5-year business plans. Value in use is determined on the basis of a model that discounts expected future cash flows, excluding the impact of restructuring that has not yet commenced or future investments that would increase the scope of the CGU (cash generating unit) tested. Value in use is sensitive to the discount rate, future cash flow estimates and long-term growth rate adopted.

Management has taken the view that there was no indication of any impairment loss at 30 June 2019, and that the value of intangible assets remained justified.

In the periods presented, the Group did not recognise any impairment of intangible assets.

(b) Recognition of income tax

The Group is subject to income tax in France and abroad in respect of its international activities. Tax laws are often complex and subject to differing interpretations by the taxpayer and the competent tax authority. The Group must use judgement and interpretations regarding the application of those laws when determining provisions for tax liabilities.

Deferred tax assets corresponding mainly to tax loss carryforwards are only recognised to the extent that it is probable that future taxable profits will be available. The Group must use its judgement to determine the probability that future taxable profits will exist. That analysis is done for each jurisdiction, and the general rule is to only recognise deferred tax assets corresponding to tax loss carryforwards where an entity has generated taxable profits for two consecutive years.

As regards the treatment of deferred taxes within the Group, see note 3.23.

(c) Share-based payments

The Group measures the cost of transactions with staff members and executives settled in equity instruments with reference to the fair value of the equity instruments on the date they were granted. Estimating fair value requires the use of a financial model described in note 3.14 "Share capital" in the most recent published annual report.

3.6 Business revenue and seasonal variations

BOOSTHEAT produces and markets the BOOSTHEAT.20 gas boiler, which is particularly efficient because of its proprietary patented technology. Its innovation consists of a thermal compressor that works in a frictionless manner, which means that the boiler experiences almost no wear and is the most energy-efficient boiler in the market, consuming half the gas of a standard boiler.

The BOOSTHEAT.20 boiler is aimed at the home renovation market in the Company's priority markets of France, Germany, Switzerland and Belgium, and will be produced at the Vénissieux plant, which has been operational since October 2018.

The BOOSTHEAT.20 obtained certification in September 2018, and the Company is now beginning its commercial roll-out.

The Group is marketing the boiler to trade customers (B2B) and consumers (B2C).

- **Revenue**

Revenue corresponds to the fair value of the consideration received or receivable with respect to goods and services sold as part of the Group's usual course of business, i.e. the sale and installation of BOOSTHEAT.20 boilers. Revenue is stated net of value added tax, returns of goods, discounts and rebates, and after the deduction of intra-group sales.

The Group recognises revenue in accordance with IFRS 15.

In the trade segment of the market, revenue comes from selling manufactured products without installation. Revenue is recognised on the date a trade customer accepts delivery.

In the consumer segment of the market, the Group sells installed boilers to customers. BOOSTHEAT carries out full installation of its boilers in its own name. Installation may be carried out by installers employed by the Group or by subcontractors. BOOSTHEAT France has been awarded RGE environmental accreditation by QUALIBAT.

The sale and installation of a boiler is regarded as a single performance obligation within the meaning of IFRS 15. Revenue is therefore recognised when the boiler has been delivered and is in service.

In the first half of 2019, the Group, via its German subsidiary, recognised €25 thousand of revenue in connection with the sale of its first BOOSTHEAT.20 boiler, produced and delivered in April 2019.

- Other operating income

The Group recognises the following under “other operating income” (note 3.21):

- the fair value of the consideration received or receivable with respect to goods and services sold as part of occasional activities that do not form part of the Group’s business model. This relates in particular to transactions in which the Group purchases and resells spare parts for its subcontractor Decayeux (€64 thousand in the first half of 2019);
- private-sector financial support consists of development support agreements with private-sector partners.
- Seasonal variations

There were no notable seasonal variations affecting results in the first half of 2019.

3.7 Segment reporting

The Group has only one business segment, i.e. the production and marketing of thermodynamic boilers designed and developed by BOOSTHEAT on the basis of its thermal compression technology.

All of the Group’s property, plant and equipment and intangible assets are located in France. R&D activities are located in France.

As a result, the Company’s management does not regard it as appropriate to create separate business segments in its internal reporting.

3.8 Intangible assets

Intangible assets break down as follows:

in € thousands	31/12/2018	Acquisitions	Disposals	Transfers	Additions during the year	30/06/2019
Development costs	6,682					6,682
Concessions, patents and similar rights	261	38				299
Other intangible assets	0					0
Intangible assets in progress	79	1,027				1,106
Total intangible assets	7,022	1,065	0	0	0	8,087
Amortisation/impairment of development costs	-959				-336	-1,295
Amortisation/impairment of concessions, patents and similar rights	-176				-28	-204
Amortisation/impairment of other intangible assets	0					0
Total amortisation/impairment of intangible assets	-1,135	0	0	0	-364	-1,499
Total net value	5,887	1,065	0	0	-364	6,588

At 30 June 2019, development costs in a gross amount of €6,682 thousand related to the development of the BOOSTHEAT.20 boiler, after the deduction of a portion of research and innovation tax credit receivables in a cumulative amount of €2,237 thousand.

At 30 June 2019, R&D expenditure capitalised as non-current assets in progress amounted to €1,027 thousand after the deduction of a portion of research and innovation tax credit receivables in a combined amount of €303 thousand.

R&D expenses recognised as such in the year in which they were incurred amounted to €630 thousand in the first half of 2018 and €428 thousand in the first half of 2019.

3.9 Property, plant and equipment

Property, plant and equipment break down as follows:

in € thousands	31/12/2018	Acquisitions	Disposals	First-time adoption of IFRS 16	Additions during the year	30/06/2019
Buildings	0			5,332		5,332
Technical installations, plant and machinery	4,397	177				4,574
Other property, plant and equipment	492	46		592		1,130
Property, plant and equipment in progress	25					25
Total property, plant and equipment	4,914	223	0	5,924	0	11,061
Depreciation/impairment of buildings	0				-270	-270
Depreciation/impairment of technical installations, plant and machinery	-961				-304	-1,265
Depreciation/impairment of other property, plant and equipment	-259				-131	-390
Total depreciation/impairment of property, plant and equipment	-1,220	0	0	0	-705	-1,925
Total net value	3,694	223	0	5,924	-705	9,136

Property, plant and equipment representing rights of use relating to assets leased by the Group as lessee, included in the total property, plant and equipment above, are detailed below:

in € thousands	31/12/2018	First-time adoption of IFRS 16	Decreases related to lease expiries	Additions during the year	30/06/2019
Leased properties		5,332			5,332
Leased industrial equipment	1,959		(460)		1,499
Other leased assets		592			592
Total property, plant and equipment	1,959	5,924	-460	0	7,423
Depreciation of rights of use related to buildings under operating leases				-270	-270
Depreciation of technical installations, plant and machinery under finance leases	-55			-60	-115
Depreciation of rights of use related to other property, plant and equipment				-87	-87
Total depreciation/impairment of property, plant and equipment	-55	0	0	-417	-472
Total net value	1,904	5,924	-460	-417	6,951

The €460 thousand of decreases related to lease expiries in the "leased industrial equipment" line corresponds to a change in the financing method for a machine (finance lease until 31/12/2018, purchase financed by a bank loan in 2019).

3.10 Inventories

Inventories break down as follows:

In € thousands	30/06/2019	31/12/2018
Raw materials, components and other supplies	1,398	915
Finished and semi-finished goods	215	
Merchandise	48	33
Total, gross	1,661	948
Impairment		
Total, net	1,661	948

3.11 Trade and other receivables

Trade and other current receivables break down as follows:

In € thousands	30/06/2019	31/12/2018
Trade receivables	0	785
Receivables relating to personnel and social security agencies	10	9
Tax receivables (excluding current tax)	643	537
Advances and prepayments to suppliers	7	13
Other receivables	1	58
Total, gross	661	1,402
Impairment of trade receivables		
Impairment of other receivables		
Total, net	661	1,402

Receivables at 31/12/2018 mainly consisted of amounts receivable from private-sector partners that have granted financial support to the Group (see note 3.21).

There were no non-provisioned overdue receivables in the periods presented.

There were no receivables denominated in foreign currencies in the periods presented.

3.12 CIR, CII and CICE tax credits and other public subsidies

The following amounts of CIR and CII tax credits have been recognised in accordance with IAS 20:

In € thousands	30/06/2019	31/12/2018	30/06/2018
Amount recognised as a deduction from intangible assets	303	629	293
Amount recognised as an operational subsidy	198	352	184
Total	501	981	477

The CICE tax credit was recognised under "Other operating income and expense" in 2018. That tax credit ceased to exist on 01/01/2019.

The "Tax receivables" item on the asset side of the balance sheet breaks down as follows:

In € thousands	30/06/2019	31/12/2018
Crédit Impôt Recherche	1,425	944
Crédit Impôt Innovation	58	37
Crédit Impôt Compétitivité Emploi	0	83
Total	1,483	1,064

3.13 Cash and cash equivalents

Cash and cash equivalents consist of the following items:

In € thousands	30/06/2018	31/12/2018	30/06/2019
Cash	2,561	2,223	5,974
Marketable securities	0	0	0
Total cash and cash equivalents	2,561	2,223	5,974
Short-term bank borrowings	(68)	(100)	(99)
Total net cash and cash equivalents for the cash flow statement	2,493	2,123	5,875

Cash and cash equivalents held with banks are all denominated in euro.

3.14 Share capital

At 30 June 2019, the Company's share capital amounted to €1,550,519.50, consisting of 6,202,078 shares with nominal value of €0.25 each, fully paid up and all of the same category.

The Group has issued dilutive instruments that are taken into account when determining diluted earnings per share (see note 3.24).

The number of shares in issue has changed as follows since 31 December 2018:

		Number of shares		Capital increase				
Date	Type of transaction	Number of shares in issue	Total number of shares in issue	Share capital issued	Issue or contribution premium	Gross proceeds from the capital increase	Nominal value per share	Share capital after transaction
Share capital at 31 December 2018			6,045,235				€0.25	€1,511,308.75
21 June 2019		156,843	6,202,078	€39,210.75	€799,899.30	€839,110.05	€0.25	€1,550,519.50
Share capital at 30 June 2019			6,202,078				€0.25	€1,550,519.50

Dividends

The Company has not paid out any dividends since it was created.

Dilutive instruments - Potential capital

Share-based payments

In the first half of 2019, the Company:

- noted that the 2017 and 2018-1 warrant plans lapsed on 15 June 2019;
- issued bonds with warrants (hereinafter the "2019 bonds with warrants") on 7 June 2019. The terms of those bonds with warrants and in particular the warrants attached to the bonds are described in note 3.15 below.

As a result, movements in securities giving access to the capital have changed as follows since 31 December 2018:

	2014 founder share warrants (1)	2017 founder share warrants	2017 warrants	2018-1 warrants	2019 warrants	TOTAL
Number of securities giving access to the capital in issue at 31 December 2018	4,460	10,991	381,204	335,795		732,450
Number of shares that may be created through the exercise of securities giving access to the capital at 31 December 2018	17,840	10,991	381,204	335,795		745,830
Number of securities issued during the first-half period					6,860,000	6,860,000
Number of securities exercised during the first-half period			(156,843)			(156,843)
Number of securities cancelled/lapsed during the first-half period	(960)		(224,361)	(335,795)		(561,116)
Number of securities giving access to the capital in issue at 30 June 2019	3,500	10,991	0	0	6,860,000	6,887,871
Number of shares that may be created through the exercise of securities giving access to the capital at 30 June 2019	14,000	10,991	0	0	N (2)	24,991 + N (2)

(1) The number of shares to which each 2014 founder share warrant gives an entitlement has been adjusted for the 4-for-1 stock split decided in the 30 March 2015 shareholders' general meeting.

(2) If all the 2019 warrants were exercised, this could give rise to the creation of N new shares, where: $N = 6,860,000 / \text{IPO Price}$, with each 2019 warrant giving the right to subscribe $(1/\text{Future IPO Price})$ shares and where the IPO Price is equal to the share issue price to be adopted in the capital increase to take place as part of a forthcoming IPO.

Since the terms of exercise for the 2019 warrants depend on the future IPO Price, the dilution likely to result from the exercise of all 2019 warrants cannot currently be calculated.

3.15 Debt

Debt breaks down as follows:

In € thousands	30/06/2019	Less than 1 year	1-5 years	More than 5 years
Lease liabilities	6,783	1,104	5,679	
Bank borrowings	2,230	405	1,769	56
Conditional advances	3,277	60	3,217	
Other debts	98	21	76	
Derivative related to borrowings (liability)	583		583	
Bonds at amortised cost	6,692		6,692	
Sub-total borrowings and debt	19,663	1,590	18,016	56
Short-term funding (Dailly/factoring/CICE prefinancing)				
Bank overdrafts	68	68		
Total borrowings and debt	19,730	1,658	18,016	56
of which current	1,658	1,658		
of which non-current	18,072		18,072	

Lease liabilities are obligations related to leases as provided for by IFRS 16 (see note 3.19).

Bank borrowings broke down as follows at 30 June 2019:

- €400 thousand start-up loan granted by Bpifrance in 2014. This loan has a term of 8 years (including a 3-year deferment period) and bears interest at a variable rate of average 3-month Euribor plus 3.7% during the deferment period, then 5.5%. It is 80% secured by the PPA fund. It was not deemed meaningful to apply an Effective Interest Rate (EIR).

- €75 thousand participating loan granted by Bpifrance in 2013. This loan has a term of 8 years (including a 4-year deferment period) and bears interest at a variable rate of average 3-month Euribor plus 3.7% during the deferment period, then 5.5%. It was not deemed meaningful to apply an Effective Interest Rate (EIR).
- €400 thousand participating loan from TDR API (Total group). This loan has a term of 60 months (including a 24-month deferment period) and bears interest at 1%. Funds are to be released in three tranches:
 - T1: €150 thousand in March 2017 on signature of the agreement, received as expected in 2017;
 - T2: €150 thousand subject to a €2 million fundraising condition, received in 2018 after several fundraising transactions in 2017 and 2018; and
 - T3: €100 thousand after presentation of the end-of-programme report.
 The debt is recognised as and when the funds are released.
- An €800 thousand medium-term loan was obtained from Crédit Coopératif. This loan has a term of 7 years (including a 24-month deferment period) and bears interest at a fixed rate of 2.33%. Interest is recognised under financial expenses. The loan is 40% secured by Bpifrance. A pledge of business assets has been made to secure the loan.
- €500 thousand loan intended to finance parts of the production line, granted by Banque Populaire du Sud. This loan has a term of 5 years (60 monthly instalments) and bears interest at a fixed rate of 1.3%. It is 50% secured by the European Investment Fund and by a second-ranking pledge of business assets.
- €460 thousand loan obtained on 7 March 2019 from Société Générale, intended to finance production line equipment, with a 7-year term and a fixed annual interest rate of 1.5%.

None of these debts include financial covenants.

Repayable advances are as follows:

- In 2014, the Company obtained two conditional advances, each in an amount of €310 thousand, from Bpifrance and the Languedoc Roussillon region, to fund part of the development of the BOOSTHEAT.20 boiler.

€245 thousand has been received in respect of each advance, with the remaining €65 thousand of each advance still to be received at 31 December 2018, i.e. a total of €130 thousand.

These advances will be repaid in 16 quarterly instalments:

- 4 quarterly instalments of €15 thousand from 30 September 2019,
- 4 quarterly instalments of €17.5 thousand from 30 September 2020,
- 4 quarterly instalments of €20 thousand from 30 September 2021,
- 4 quarterly instalments of €25 thousand from 30 September 2022.

If the programme to which the advance relates fails or is only partly successful, the Company will only have to repay €150 thousand, represented by the first nine quarterly instalments described above. These advances have been recognised as zero-interest-rate debt. It was not deemed meaningful to apply an Effective Interest Rate (EIR).

- In 2017, the Company obtained innovation support from Bpifrance relating to the “industrialisation and commissioning of a production line for 20kW thermodynamic boilers at the Vénissieux site”. That support totalled €3,414 thousand, of which €1,055 thousand was paid in 2017 at the time the support agreement was formed and €1,666 thousand in 2018. The remainder yet to be received at 31 December 2018 was €693 thousand.

Barring technical or commercial failure, the repayment of this funding will take place as follows:

- €1 million on 30/06/2020,

- €1.2 million on 30/06/2021 and
- €1.34 million on 30/06/2022.

In the two years following repayment, the Company will make additional payments equal to 1% of the revenue generated by the supported project if cumulative revenue generated by the project exceeds €150 million ex-VAT. Those additional payments are capped at €0.9 million and the period over which the support will be repaid and additional payments made is limited to 10 years. These advances have been recognised as zero-interest-rate debt. It was not deemed meaningful to apply an Effective Interest Rate (EIR).

- In 2019, the company has obtained a €110 thousand repayable advance from ADEME, of which €67 thousand was received in the first half of 2019. This advance will be repayable when the following two events occur:
 - the company generates ex-VAT revenue of at least €1 (or in any other currency);
 - the investment phase is completed.

The advance bears a fixed interest rate of 0.82%. However, if the trigger events have not taken place by the end of the accounting period in progress three years after the end of the investment phase, the borrower will be released from all repayment obligations. Otherwise, repayment will take place in two equal annual instalments.

Other debt corresponds to Coface funding: a market exploration insurance policy covering a guaranteed period from May 2015 to end-April 2018, in a maximum guaranteed amount of €180 thousand. Repayment of the amount advanced started in May 2018, subject to revenue conditions. These advances have been recognised as zero-interest-rate debt. It was not deemed meaningful to apply an Effective Interest Rate (EIR).

2019 bond issue

The Company carried out a bond issue in a total nominal amount of €6,980 thousand represented by 6,980,000 bonds (the “**February 2019 bonds**”) pursuant to a decision by the COO on 25 February 2019 after the related authority was granted to him by the Company’s board of directors in its meeting of the same day.

Maturity date: 25 February 2022

Interest rate: 8% per year, payable on the maturity date or earlier in the event of early redemption or default.

Redemption premium: 20% of the total nominal amount of the February 2019 Bonds held by the bondholder concerned, except in the case of early redemption requested by the holders;

Subscription premium: 1% of the total nominal amount of the February 2019 Bonds held by the bondholder concerned, in the case of early redemption requested by the holders in the event of an issue of bonds with warrants;

Early redemption situations: the issue contract provided for three redemption situations, including early redemption requested by holders in the event of an issue of bonds with warrants, which was used by certain holders of February 2019 Bonds following the decision taken in the 7 June 2019 shareholders’ general meeting and the 7 June 2019 meeting of the board of directors.

In that situation, subject to (i) a decision being taken in an extraordinary shareholders’ general meeting of the Company to issue bonds with warrants to holders of February 2019 Bonds and (ii) the issue of those bonds with warrants by the Company, the bondholders or certain of them as the case may be (the “Bond Creditors”) may, at their discretion, request the early redemption in cash of some or all the bonds that they hold, which would represent a fixed and enforceable claim on the date those conditions are met.

The subscription price for the bonds with warrants will in that case be paid up through the set-off of money owed to the Bond Creditors with respect to the February 2019 Bonds (nominal value plus accrued

interest until the early redemption date and the subscription premium), it being stipulated that no redemption premium would be due in that case, resulting in the full settlement of their claims. The terms of the bonds to which the warrants would be attached would be identical to those of the February 2019 Bonds, particularly as regards the interest rate and redemption premium.

Issue of 2019 bonds with warrants

In a meeting on 21 June 2019, the board of directors noted the subscription to an issue of bonds with warrants (the 2019 bonds with warrants) in a nominal amount of €6,860,000, decided by shareholders in the extraordinary shareholders' general meeting of 7 June 2019, through the set-off of claims held by certain holders of the February 2019 Bonds as described above.

In accordance with the issue contract for the February 2019 Bonds and the undertakings made by bondholders, most of them – representing €6,860 thousand of the €6,980 thousand issued in February 2019 – requested early redemption of their bonds representing an amount of €7,086,380, breaking down as follows:

- €6,860,000 as the nominal value of the February 2019 Bonds with respect to which early redemption was requested, plus
- €157,780 of accrued interest until the early redemption date and
- €68,600 as the 1% subscription premium.

The claims resulting from that early redemption enabled them to subscribe the 2019 bonds with warrants through the set-off of their claims.

➤ Terms of the 2019 bonds with warrants

Number of 2019 bonds with warrants: 6,860,000

Nominal value of a 2019 bond with warrant: €1

Subscription price for a 2019 bond with warrant: €1.033 This subscription price equals the sum of the nominal value of each bond with warrant plus a 1% subscription premium and accrued interest on each February 2019 bond during the period starting on and including their issue date until the early redemption date.

Interest rate: 8% per year, payable on the maturity date or earlier in the event of early redemption or default.

Redemption premium: 20% of the total nominal amount of the bonds with warrants held by the holder of bonds with warrants concerned.

Maturity date: 7 June 2022

Mandatory redemption in the event of an IPO:

In the event of an IPO, the bonds will become immediately redeemable. It is intended that holders of the 2019 bonds with warrants will subscribe, at the final IPO Price, to the capital increase due to take place as part of that IPO through the set-off of their claims that have fallen due, equal to the nominal amount of the 2019 bonds with warrants subscribed (excluding the theoretical value of the attached warrants) plus accrued interest plus a redemption premium equal to 20% of the total nominal amount of the February 2019 Bonds held by the bondholder concerned.

As a result, the maximum number of shares that may result from this set-off of claims cannot currently be determined and will be indicated in the forthcoming transaction memorandum submitted to the AMF for approval.

➤ Terms of the 2019 warrants (detached from the 2019 bonds with warrants)

Number: 6,860,000

Detachment date: 7 June 2019

Exercise period: 5 years from the issue date, i.e. until 7 June 2024.

Terms of exercise in the event of an IPO: each 2019 warrant will entitle its holder to subscribe N new shares in the Company, with N calculated as follows: $N = \text{number of 2019 warrants held by the holder concerned} / \text{IPO Price}$;

Value of warrants: the value of the warrants results from a negotiation between the Company and the bonds with warrants subscribers. That value has been set at €0.033 per warrant attached to the bonds with warrants, corresponding to the subscription premium equal to 1% of the nominal value of the 2019 bonds plus accrued interest on the February 2019 Bonds (whose early redemption has enable certain bondholders to subscribe to the bonds with warrants through the set-off of claims). Each warrant attached to the bonds with warrants entitles its holder to subscribe N shares, where $N = 1/\text{IPO Price}$.

Exercise price in the event of an IPO: each share subscribed through the exercise of 2019 warrants will be issued at a price equal to $1.7 * \text{IPO Price}$ (i.e. at a 70% premium to the IPO Price). The IPO Price is the definitive issue price adopted for the future capital increase to take place as part of the IPO. Since the terms of exercise for the 2019 warrants depend on the future IPO Price, the dilution likely to result from the exercise of all 2019 warrants cannot currently be calculated. It will be specified in a forthcoming transaction memorandum submitted to the AMF for approval.

The 2019 warrants are non-assignable and no request will be made to list them.

The change in debt in the first half of 2019 breaks down as follows:

In € thousands	Balance at 01/01/2019	New borrowings	Repayments	Balance at 30/06/2019
Bank borrowings	1,885	460	115	2,230
Of which Bpi start-up loan	300		40	260
Of which Bpi participating loan	42		8	34
Of which Total loan	300		8	292
Of which Crédit Coopératif loan	800			800
Of which Société Générale loan		460	10	450
Of which Banque Pop. Sud innovation loan	443		49	394
Conditional advances	3,211	67		3,278
Of which APACHE FUI 1 project	245			245
Of which APACHE FUI 2 project	245			245
Of which ADEME project		67		67
Of which PIAVE project	2,721			2,721
Coface advance	97			97
Bonds		6,980		6,980
Repayment of lease liabilities	76		425	501
Total movements having a cash impact	5,117	7,507	540	12,084
Lease liabilities arising during the period	1,684	5,600		7,284
Bond issue, non-cash items		295		295
Accrued interest not matured on bank borrowings	3		3	
Bank overdraft	100		32	68
TOTAL	6,904	13,107	575	19,730

As regards the issue of 6,980,000 bonds in February 2019, of which 6,860,000 were converted into bonds with warrants on 07/06/2019, only one cash effect has been recorded in an amount of €6,980 thousand.

The €295 thousand of non-cash expenses relating to the bond issue correspond to interest due on the bonds issued in 2019 February until 7 June 2019 (€226 thousand) and interest accrued but not due on the 2019 bonds with warrants (€69 thousand) calculated at the effective interest rate including the issue premium (3.3%), the subscription premium (1% on the date the bonds were converted into bonds with warrants), interest (8% per year) and a portion of the redemption premium (20% as set out in note 2).

3.16 Trade payables, prepaid income and other liabilities

Trade payables and other current liabilities break down as follows:

In € thousands	30/06/2019	31/12/2018
Trade payables	1,586	2,296
Customer downpayments	46	
Shareholder loans	118	
Social security liabilities	1,290	1,044
Tax liabilities (other than income tax)	86	633
Other liabilities	432	111
Total trade payables and other current liabilities	3,558	4,084

Prepaid income breaks down as follows:

In € thousands	30/06/2019	31/12/2018
Financial support received from private-sector partners	499	529
Public-sector investment subsidies	825	776
Prepaid revenue	0	25
Total prepaid income	1,324	1,330
<i>Of which part at less than one year</i>	<i>1,324</i>	<i>937</i>
<i>Of which part at more than one year</i>	<i>0</i>	<i>393</i>

In the first half of 2019, the Group received €133 thousand of the total €220 thousand subsidy granted by ADEME plus €67 thousand of a €110 thousand repayable advance to support the initial roll-out of BOOSTHEAT.20 boilers in real-life conditions as part of pilot projects.

3.17 Provisions

Non-current provisions only concern termination benefits.

Details of the current portion of provisions are set out below:

In € thousands	01/01/2019	Additions	Reversals	of which used	30/06/2019
Provisions for litigation	500	-	500	500	-
Total provisions (part at less than one year)	500	-	500	500	-

A dispute with a former director resulted in a €500 thousand settlement in the first half of 2019.

3.18 Purchases consumed and external expenses

- Purchases consumed

Purchases consumed are set out below:

In € thousands	30/06/2019	30/06/2018
Purchases of raw materials, supplies and other inputs	-899	-89
Change in inventories of raw materials, supplies and other inputs	484	
Production held in inventory	215	
Change in merchandise inventories	15	
Purchases of studies	-310	-457
Other purchases	-5	-9
Purchases of materials and supplies not held in inventory	-380	-104
Purchases of merchandise	-22	
Total	-902	-659

- Other purchases and external expenses

Other external expenses are detailed below:

In € thousands	30/06/2019	30/06/2018
General subcontracting	-125	-32
Rent and service charges	-41	-292
Maintenance and repairs	-59	-32
Studies and research	-57	-29
Payment of intermediaries and professional fees	-549	-181
Advertising	-152	-116
Various (insurance, banking services, training etc.)	-340	-298
Other external expenses	-27	-23
Total	-1,351	-1,003

3.19 Leases

The Group has applied IFRS 16 since 1 January 2019.

This standard replaces IAS 17 and its related interpretations (IFRIC 4, SIC 15 and SIC 27). IFRS 16 eliminates the distinction between operating and finance leases, requiring lessees to recognise a right-of-use asset relating to the leased asset and a balancing liability representing the obligation to pay for that right, with certain exceptions (leases with a reasonably certain term of less than or equal to 12 months or underlying assets with a low value, i.e. with a unit value in brand-new condition not exceeding around \$5,000). The depreciation of the right-of-use asset and interest on the liability are then recognised separately on the income statement.

The Group has applied IFRS 16 using the modified retrospective approach from 1 January 2019, i.e.:

- No restatement of comparative data
- Measurement of lease liabilities: remaining payments discounted at the lessee's marginal borrowing rate at the date of first-time adoption.
- Measurement of the right of use: option to measure the lease liability for each lease at the date of first-time adoption, adjusted for the lease amounts paid in advance or to be paid.

As regards the commercial leases on the Ramonville and Vénissieux sites, their terms are as follows:

- Vénissieux (lessor: Robert Bosch France)

This lease was granted and accepted for a term of 10 years from 1 July 2018, i.e. until 30 June 2028. The Company may give notice to quit on each of the following dates:

- 30 June 2027
- 30 June 2028, the lease expiry date.

- Ramonville (lessor: SCI El Paso)

This lease was granted and accepted for a term of 9 years from 1 July 2017, i.e. until 30 June 2026. The Company may give notice to quit on each of the following dates:

- 30 June 2020
- 30 June 2023
- 30 June 2026, the lease expiry date.

The following assumptions were made when restating these two commercial leases in accordance with IFRS 16:

Property	Lessor	Lease start date	Lease end date	Depreciation period (in years)	Annual rent excluding VAT and charges	Future liabilities at 31/12/2018	Lease renewal option (*)	Discount rate used (**)	Net present value of obligation at 01/01/2019
Vénissieux head office lease	Robert Bosch France	01/07/2018	30/06/2028	10	566,600	5,382,700	No	1.30%	€5,032,115.59
Ramonville lease (factory)	SCI El Paso	01/07/2017	30/06/2026	8	42,000	315,000	No	1.30%	€298,227.81

(*) The term used for the IFRS 16 restatement is the maximum term of the existing lease. In accordance with the analysis of the IFRS Interpretation Committee, the Group's view is that the enforceable term of a "3-6-9" commercial lease in France is only 9 years and that the lessee does not have a substantive renewal option in such leases.

(**) The Group's marginal borrowing rate at 01/01/2019 was 1.30%. As a result, this is the interest rate used to measure lease liabilities and rights of use at 01/01/2019.

3.20 Personnel costs

Personnel costs break down as follows:

In € thousands	First half 2019	First half 2018
Wages and salaries	1,677	1,219
Social security costs	655	374
Additions to retirement benefit provisions	43	32
Expenses related to bonus shares	0	15
Total	2,375	1,640

Personnel costs are presented net of capitalised amounts, which represent a reduction of:

- €929 thousand for the first half of 2019
- €876 thousand for the first half of 2018

Headcount at 30 June 2018 and 30 June 2019 was as follows:

	30 June 2019	30 June 2018
Managers	58	47
Clerical and technical	33	29
Total	91	76

3.21 Other operating income and expense

In € thousands	First half 2019	First half 2018
Private-sector financial support	258	549
Tax credits	198	225
Public subsidies		0
Investment subsidies	85	61
Purchase/resale of spare parts	64	
Other income	5	1
Total other operating income	610	836
Other operating expenses	-106	-37
Total Other operating income and expense	504	799

Private-sector financial support corresponds to money received by the Group under development support agreements with private-sector partners, particularly Butagaz and GRDF, and recruitment support provided by Robert Bosch France.

No customer can be identified in relation to those agreements within the meaning of IFRS 15, since they do not specifically identify assets over which control (within the meaning of IFRS 15.33) would be transferred by the Group to its partners against payment.

Development support agreements are assessed by the Group as co-operation agreements with the characteristics of “joint operations” within the meaning of IFRS 11.

As a result, the financial contribution does not constitute revenue within the meaning of IFRS 15 and is therefore recognised under “other operating income”. Neither does it constitute a subsidy within the meaning of IAS 20, since it arises from a co-operation agreement with an entity other than a government entity.

Support includes:

- Recruitment support provided by Robert Bosch France (owner of the premises where the production facilities have been installed) in an amount of €45 thousand per employee recruited, i.e. €225 thousand in the first half of 2019 for five recruits and €405 thousand in the first half of 2018 for nine recruits;
- Additional recruitment support provided by Robert Bosch France: €3 thousand in the first half of 2019 and €6 thousand in the first half of 2018;
- Technical co-operation revenue, including:
 - €138 thousand in 2018 under the Butagaz agreement;
 - €30 thousand in the first half of 2019 with respect to the Dalkia subsidy.

Tax credits consist of the CICE tax credits and the non-capitalised portion of the CIR and CII tax credits (see note 3.12).

Investment subsidies correspond to support received to finance non-current assets. The proportion recognised under other operating income corresponds to the gradual recognition of the support over the asset's useful life.

The purchasing and reselling of spare parts constitute occasional transactions with subcontractor Decayeux, which do not meet the definition of the Group's usual activities.

Income from the Group's usual activities (sales and installations of gas boilers) is recognised as revenue (see note 3.6).

3.22 Cost of net debt

Net financial income/(expense) breaks down as follows:

In € thousands	First half 2019	First half 2018
Interest expense on bonds redeemable in shares	232	22
Interest expense on bonds with warrants	63	
Other interest expense	41	
Warrants		394
IFRS 16 accretion effect	40	
Other financial expense	2	
Total	378	416

The IFRS 2 expense recognised in the first half of 2018 relates to the warrants attached to shares at the time of the issue of 2018 shares with warrants, which were subscribed in June 2018 by non-employee shareholders.

3.23 Income tax expense

Since the Company has JEI innovative young company status until 31 December 2019, it is exempt from income tax.

Cumulative tax loss carryforwards at end-2018 were not recognised as assets because their future consumption was not deemed probable (€16,533 thousand at 31/12/2018).

The applicable tax rate in France in 2019 is 28% up to €500 thousand of taxable profit and 33.33% above that level.

The applicable tax rate in Germany in 2019 is 30%.

Taking a prudent approach, the Group decided not to recognise any deferred tax (on timing differences, IFRS adjustments or tax loss carryforwards) to the extent that its underlying tax position would lead it to recognise a net deferred tax asset.

The Group has not identified any uncertainty over income tax treatments within the meaning of IFRIC 23.

3.24 Earnings per share

Earnings per share in euro are calculated as follows

in €	First half 2019	First half 2018
Net income attributable to equity holders of the parent	- 5,588,438	- 3,286,141
Non-controlling interests' share of net income	-	-
Average number of shares in issue	6,353,626	5,772,678
Number of warrants in issue at 30/06	460,712	718,677
Number of founder share warrants in issue at 30/06	24,991	30,751
Earnings per share	- 0.880	- 0.569
Diluted earnings per share	- 0.880	- 0.569

Note 4: Management of financial risk

4.1 Financial risk factors

The board of directors reports on the general principles for managing risks such as liquidity risk, currency risk, credit risk and interest-rate risk.

(a) Liquidity risk

Cash forecasts are produced by the finance department. Based on these forecasts, which are regularly updated, the Group's management monitors its cash requirements to ensure that available cash covers its operational requirements.

Those forecasts take into account the Group's funding plans.

The Company has reviewed its liquidity risk and on the accounts closing date believed that it was exposed to a short-term liquidity risk.

To address that risk, the Company would remind readers that:

- available net cash at 30 June 2019 was €2,561 thousand, taking into account:
 - The bond issue recognised by a decision of the board of directors on 26 April 2019 in a nominal amount of €6,980 thousand;
 - €839 thousand received in June 2019 from a capital increase taking place through the exercise of 2017 warrants before their expiry in June 2019;
- CIR tax credits in respect of 2018 amounting to €944 thousand and CII tax credits amounting to €37 thousand are expected to be received in the second half of 2019;
- The Company expects to receive money in relation to various subsidies and conditional advances already granted to it in a total amount of around €1,197 thousand;

and the Company foresees:

- On the basis of advanced discussions with two investors, a second bond issue in a nominal amount of €7,000,
- An initial public offering of its shares in 2019 if market conditions allow,

If those transactions are postponed, the main shareholders, which subscribed the first bond issue in February 2019, will be asked to cover operational cash requirements until a comprehensive refinancing can be arranged (IPO, private equity, EIB venture loan). The Company could be forced to limit its sales and marketing efforts, reduce boiler production and slow or postpone certain R&D programmes, which would jeopardise expected growth.

In addition to these transformative funding transactions, the Company is continuing to seek other additional funding:

- Significant funding (explored since 2016) from the European Investment Bank, which should now be possible given that the Company has passed key development milestones since its initial discussions with the EIB, with an initial tranche of €10,000 thousand sought in October 2020;
- Methods for funding the working capital requirement (inventories and trade receivables) such as factoring, in relation to which initial discussions have begun;
- A BPI innovation loan

(b) Currency risk

The Group currently operates only in the eurozone. As a result, it is not subject to currency risk arising from various exposures to currencies other than the euro, which is the Company's functional and presentation currency.

(c) Credit risk

Credit risk is managed at the Group level. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and exposures related to customer creditworthiness, particularly non-settled receivables and transactions in progress, and to tax receivables not yet settled.

Credit risk linked to cash and cash equivalents and current financial instruments is not material given the quality of the financial institutions that are the other contracting parties.

Credit risk related to trade receivables and other receivables (tax receivables) is limited because of the quality of the debtors concerned.

(d) Interest-rate risk

The Company's exposure to interest-rate risk mainly concerns the floating-rate portion of debt (based on average 3-month Euribor), of which the balance to be repaid at 30 June 2019 was not material.

4.2 Management of risks related to the capital

As part of its efforts to manage its capital position, the Group intends to remain a going concern in order to deliver a return to shareholders, generate benefits for other partners and maintain an optimal capital structure to reduce its cost of capital.

To maintain or adjust its capital structure, the Group may adjust the amount of dividends paid to shareholders, repay capital to shareholders or issue new shares.

Note 5: Off-balance sheet commitments

5.1 Commitments given

- €800 thousand medium-term loan from Crédit Coopératif. The loan is 40% secured by Bpifrance. A pledge of business assets has been made to secure the loan.
- €500 thousand loan from Banque Populaire du Sud. It is 50% secured by the European Investment Fund and by a second-ranking pledge of business assets.

5.2 Commitments received

Subsidies obtained	Amount of subsidy	Payments received	Payments yet to be received
ANR subsidy	602	602	-
Rhône Alpes region subsidy	768	484	284
H2020 Sun Horizon subsidy	641	224	417
OSEO subsidy	273	273	-
ADEME subsidy	159	159	-
ADEME CLIM subsidy	154	154	-
ADEME leasing offering subsidy	35	14	21
ADEME subsidy	220	133	87
Total subsidies	2,852	2,043	809

Note 6: Transactions with related parties

6.1 Executive remuneration

In € thousands	First half 2019	First half 2018
Remuneration of executive corporate officers (1)	180	180
Other remuneration (2)	72	27
Total	252	207

- (3) This amount comprises remuneration paid to the Company's CEO and COO with respect to their respective roles as corporate officers;
- (4) No attendance fees were paid to members of the board of directors in the first half of 2019, but €72 thousand of provisions were set aside for attendance fees with respect to the first half of 2019 as opposed to €27 with respect to the first half of 2018.

18.2.2 Statutory auditors' limited review of the condensed consolidated financial statements for the six months ended 30 June 2019

As statutory auditors of BOOSTHEAT and in response to your request under regulation (EU) 2017/1129 in relation to a plan to admit equity securities to trading on Euronext Paris, we have carried out a limited review of BOOSTHEAT's condensed interim consolidated financial statements for the period from 1 January to 30 June 2019, as enclosed with this report.

Your board of directors was responsible for the preparation of these condensed interim consolidated financial statements. Our role is to express a conclusion on these financial statements based on our limited review.

We have conducted our limited review in accordance with professional standards applicable in France and the professional guidelines of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*). A limited review consists mainly of conducting discussions with members of management responsible for accounting and financial matters, and carrying out analytical procedures. This work is less extensive than that required by an audit carried out according to the prevailing standards of the profession in France. As a result, a limited review provides a moderate level of assurance, i.e. a lower level of assurance than that provided by an audit, that the condensed interim consolidated financial statements as a whole are free of material misstatement.

On the basis of our limited review, we have not noted any material misstatements that would make the condensed interim consolidated financial statements non-compliant with IAS 34 "Interim Financial Reporting" as adopted by the European Union, as described in the notes to the financial statements.

Without prejudice to the above conclusion, we would draw your attention to:

- note 3.1 "Basis for preparing the financial statements", which sets out BOOSTHEAT's financial position at 30 June 2019 and the measures taken by your company to enable it to cover its cash requirements;
- note 1 "Statement of compliance", which sets out the impact of the first-time adoption of IFRS 16 "Leases" from 1 January 2019.

Méjannes-les-Alès and Montpellier, 10 September 2019

The Statutory Auditors

Serge Decons Audit

Ernst & Young Audit

Serge Decons

Marie-Thérèse Mercier

18.3 AUDIT OF HISTORICAL ANNUAL FINANCIAL INFORMATION

18.3.1 Statutory auditors' report on the Company's consolidated financial statements for the financial years ended 31 December 2016, 2017 and 2018

As statutory auditors of BOOSTHEAT and in response to your request under regulation (EU) 2017/1129 in relation to a plan to admit equity securities to trading on Euronext Paris, we have carried out an audit of BOOSTHEAT's consolidated financial statements for the years ended 31 December 2016, 2017 and 2018, as enclosed with this report.

Your board of directors was responsible for the preparation of these consolidated financial statements. Our role is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the professional standards applicable in France and the professional guidelines of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*). Those standards require that we plan and perform the audit in such a way as to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit, based on sample checks or other methods of selection, involves verifying the items substantiating the amounts and information contained in the financial statements. It also consists of assessing the accounting policies used, significant estimates made and the overall presentation of the financial statements. We believe that the information that we have collected provides a sufficient and appropriate basis for our opinion.

In our opinion, the consolidated financial statements accurately present, in all material aspects and with regard to IFRSs as adopted in the European Union, the assets and financial position at 31 December 2016, 2017 and 2018 and the results of the group consisting of entities included in the scope of consolidation for each period ending on those dates.

Without prejudice to the above opinion, we would draw your attention to:

- note 3.2 "Basis for preparing the financial statements", which sets out BOOSTHEAT's financial position at 31 December 2018 and the measures taken by your company to enable it to cover its cash requirements.

Méjannes-les-Alès and Montpellier, 10 September 2019

The Statutory Auditors

Serge Decons Audit

Ernst & Young Audit

Serge Decons

Marie-Thérèse Mercier

18.3.2 Other information audited by the statutory auditors

Not applicable.

18.4 PROFORMA FINANCIAL INFORMATION

None.

18.5 DIVIDEND POLICY

18.5.1 Dividend distribution policy

The Company has not to date paid any dividends to its shareholders and does not expect to do so in the next three years, so that it can use its financial resources for the development and marketing of its products.

18.5.2 Dividends paid in the last three financial years

None.

18.6 LEGAL AND ARBITRATION PROCEEDINGS

To the Company's knowledge, at the date the Registration Document was approved there were no other administrative, judicial or arbitration proceedings that may have or have recently had a significant impact on the Group's financial position or profitability.

Please refer to note 3.22 to the full-year IFRS consolidated financial statements.

18.7 MATERIAL CHANGE IN THE FINANCIAL OR TRADING POSITION

Since 30 June 2019, the Group's financial position as shown by its consolidated balance sheet at 30 June 2019 has undergone significant change because of a new bond issue in the amount of €10 million.

Please refer to sections 8.2.1.8 of the Registration Document.

19 ADDITIONAL INFORMATION

The description below takes into account certain changes to the articles of association decided by shareholders in the shareholders' general meeting of 7 June 2019, some of which are subject to a condition precedent relating to the listing of the Company's shares on Euronext's regulated market in Paris or on Euronext's Euronext Growth market in Paris.

19.1 SHARE CAPITAL

19.1.1 Amount of share capital

At the Registration Document's filing date, the Company's share capital amounted to €1,550,519.50, consisting of 6,202,078 shares with nominal value of €0.25 each, fully paid up and all of the same category.

19.1.2 Securities not representing capital

None.

19.1.3 Share buybacks

At the Registration Document's filing date, the Company did not own any of its own shares, and none of the Company's shares was owned by a third party on its behalf.

In the Company's combined shareholders' general meeting of 7 June 2019, shareholders authorised the board of directors to implement, for a period of eighteen (18) months from the meeting, a programme to buy back the Company's shares in accordance with articles L. 225-209 and following of the French Commercial Code, subject to a condition precedent relating to the listing of the Company's shares on Euronext's regulated market in Paris.

The main terms of that authorisation are as follows:

Maximum number of shares that may be purchased: 10% of the total number of shares making up the share capital at any time, it being stipulated that (i) where shares are acquired to enhance the liquidity of the Company's shares on terms set out in the AMF's general regulation, the number of shares taken into account to calculate that limit will correspond to the number of shares purchased minus the number of shares resold during the authorisation period and (ii) where they are acquired with a view to retaining them and subsequently using them as payment or in exchange as part of a merger, demerger or asset transfer transaction, the number of shares acquired may not exceed 5% of the total number of shares;

Purpose of share buybacks:

- ✓ ensuring the liquidity of the Company's shares as part of a liquidity agreement to be formed with an investment service provider, in accordance with a code of conduct recognised by the AMF;
- ✓ honouring obligations related to stock option, bonus share or employee savings programmes or other grants of shares to employees and executives of the Company or companies related to it;
- ✓ remitting shares pursuant to the exercise of rights attached to securities giving access to the capital;
- ✓ cancelling some or all shares bought back in this way as part of a reduction in the share capital;
- ✓ purchasing shares to be retained and subsequently used in exchange or as payment in relation to any acquisitions; or

- ✓ more generally, undertaking any hedging or other transaction that is authorised or might come to be authorised by regulations in force, including any market practice that may be accepted by the AMF, it being stipulated that in that event the Company would inform the shareholders through a press release.

Maximum purchase price (excluding fees and commission): 300% of the price per share adopted for the Company's IPO on Euronext's regulated market in Paris (as mentioned in the Company's press release relating to the final terms of the offering of Company shares to the public and their admission for trading on Euronext's regulated market in Paris).

Maximum amount that may be spent on share buybacks: €1 million.

Shares bought back in this way may be cancelled.

From the time that the Company's shares are admitted for trading on Euronext's regulated market in Paris, the Company will be bound by the following disclosure requirements in relation to share buybacks:

Before the implementation of the buyback programme authorised by shareholders in the 7 June 2019 shareholders' general meeting

Publication of a description of the share buyback programme (effectively and fully distributed electronically by a primary information provider and posted online on the Company's website).

During the buyback programme

- Publication by the seventh day of trading following the transaction's execution date by posting information online on the Company's website (excluding transactions carried out by an investment service provider as part of a liquidity agreement).
- Monthly reporting by the Company to the AMF.
- Half-yearly publication of a report on the liquidity agreement.

Each year

Presentation of an implementation report regarding the buyback programme and the use of shares purchased in the management board's report to the shareholders' general meeting.

19.1.4 Securities giving access to the capital

At the Registration Document's filing date, securities in issue giving access to the capital consisted of founder share warrants and the 2019 bonds with warrants.

The information in the tables below takes into account the 4-for-1 share split decided in the shareholders' general meeting of 30 March 2015, it being understood that the number of founder share warrants issued before that date is unchanged, with only the exercise ratios and prices being adjusted.

19.1.4.1 Founder share warrants

The two plans in force on the Registration Document's filing date can be summarised as follows:

	2014 founder share warrants	2017 founder share warrants
Date of the shareholders' general meeting granting authority to issue and allot founder share warrants	25 April 2014	15 June 2017
Date of the allotment decision by the board of directors	26 February 2015	27 April 2018
Maximum number of founder share warrants authorised	9,810	49,500
Number of founder share warrants issued	9,760	10,991
Total number of shares that may be subscribed (1)	39,040	10,991
<i>of which the number that may be subscribed by corporate officers</i>	0	0
Number of beneficiaries that are not corporate officers (on the allotment date)	18	1
Date from which founder share warrants may be exercised	26 Feb 2015	26-avr.-18
Founder share warrant expiry date	26-févr.-20	26-avr.-23
Founder share warrant exercise price (1)	5.35 €	5.35 €
Exercise conditions	(2)	None
Number of founder share warrants exercised at the date the Registration Document was approved	0	0
Cumulative number of founder share warrants lapsed or cancelled at the date the Registration Document was approved	6,740	0
Number of founder share warrants still in issue at the date the Registration Document was approved	3,020	10,991
Total number of shares that may be subscribed at the date the Registration Document was approved	12,080	10,991

(1) Figures adjusted for the 4-for-1 share split decided in the shareholders' general meeting of 30 March 2015.

(2) Each 2014 founder share warrant entitles its holder to subscribe at any time for 4 new shares given the 4-for-1 share split that took place on 30 March 2015.

At the Registration Document's filing date, if all founder share warrants granted and still in circulation were exercised, this could lead to the creation of 23,071 new ordinary shares.

19.1.4.2 Bonds with warrants 2019

In the 7 June 2019 shareholders' general meeting, shareholders decided to carry out an issue of bonds with warrants (hereinafter "2019 bonds with warrants") reserved for certain holders of bonds issued by BOOSTHEAT on 25 February 2019.

Main terms of the 2019 bond issue

The Company carried out a bond issue in a total nominal amount of €6,980 thousand (the "**February 2019 bonds**") pursuant to a decision by the COO on 25 February 2019 after the related authority was granted to him by the Company's board of directors in its meeting of the same day. Details of those subscribing to that issue are as follows:

	Number of bonds	Subscription amount
Holdigaz	5 000 000	5 000 000 €
Officium Projects	1 000 000	1 000 000 €
Kozinet	300 000	300 000 €
Gilles Samyn	150 000	150 000 €
François Samyn	100 000	100 000 €
Isabelle Samyn	50 000	50 000 €
Serge Lamisse	60 000	60 000 €
SA IPA	100 000	100 000 €
Stéphanie de Muru	50 000	50 000 €
Naxos Holding	50 000	50 000 €
TOTAL	6 860 000	6 860 000 €

Maturity date: 25 February 2022

Interest rate: 8% per year, payable on the maturity date or earlier in the event of early redemption or default.

Redemption premium: 20% of the total nominal amount of the February 2019 Bonds held by the bondholder concerned, except in the case of early redemption requested by the holders;

Subscription premium: 1% of the total nominal amount of the February 2019 Bonds held by the bondholder concerned, in the case of early redemption requested by the holders in the event of an issue of bonds with warrants;

Early redemption situations: the issue contract provided for three redemption situations, including early redemption requested by holders in the event of an issue of bonds with warrants, which was used by certain holders of February 2019 Bonds following the decision taken in the 7 June 2019 shareholders' general meeting and the 7 June 2019 meeting of the board of directors.

In that situation, subject to (i) a decision being taken in an extraordinary shareholders' general meeting of the Company to issue bonds with warrants to holders of February 2019 Bonds and (ii) the issue of those bonds with warrants by the Company, the bondholders or certain of them as the case may be (the "Bond Creditors") may, at their discretion, request the early redemption in cash of some or all the bonds that they hold, which would represent a fixed and enforceable claim on the date those conditions are met.

The subscription price for the bonds with warrants will in that case be paid up through the set-off of money owed to the Bond Creditors with respect to the February 2019 Bonds (nominal value plus accrued interest until the early redemption date and the subscription premium), it being stipulated that no redemption premium would be due in that case, resulting in the full settlement of their claims. The terms of the bonds to which the warrants would be attached would be identical to those of the February 2019 Bonds, particularly as regards the interest rate and redemption premium.

Issue of 2019 bonds with warrants

In a meeting on 21 June 2019, the board of directors noted the subscription to the 2019 bonds with warrants, decided by shareholders in the extraordinary shareholders' general meeting of 7 June 2019, through the set-off of claims held by certain holders of the February 2019 Bonds as described above.

In accordance with the issue contract for the February 2019 Bonds and the undertakings made by bondholders, most of them (except for Luc Jacquet and Jean-Marc Joffroy) requested early redemption of their bonds representing an amount of €7,086,380 (the nominal value of the February 2019 Bonds plus accrued interest until the early redemption date and including the 1% subscription premium). The claims resulting from that early redemption enabled them to subscribe the 2019 bonds with warrants through the set-off of their claims.

Subscribers to the 2019 bonds with warrants are as follows:

Amount of claims resulting from the early redemption of the February 2019 bonds								
Subscribers of the 2019 bonds with warrants	Nominal value of bonds redeemed	Accrued interest	1% subscription premium	Total	Amount subscribed with respect to the 2019 bonds with warrants through the set-off of claims	Nominal value of the 2019 bonds with warrants	Number of 2019 bonds with warrants subscribed	Implied value of 2019 warrants detached from the 2019 bonds with warrants
Holdigaz	5 000 000 €	115 000,00 €	50 000 €	5 165 000 €	5 165 000 €	5 000 000 €	5 000 000 €	165 000,00 €
Officium Projects	1 000 000 €	23 000,00 €	10 000 €	1 033 000 €	1 033 000 €	1 000 000 €	1 000 000 €	33 000,00 €
Kozinet	300 000 €	6 900,00 €	3 000 €	309 900 €	309 900 €	300 000 €	300 000 €	9 900,00 €
Gilles Samyn	150 000 €	3 450,00 €	1 500 €	154 950 €	154 950 €	150 000 €	150 000 €	4 950,00 €
François Samyn	100 000 €	2 300,00 €	1 000 €	103 300 €	103 300 €	100 000 €	100 000 €	3 300,00 €
Isabelle Samyn	50 000 €	1 150,00 €	500 €	51 650 €	51 650 €	50 000 €	50 000 €	1 650,00 €
Serge Lamisse	60 000 €	1 380,00 €	600 €	61 980 €	61 980 €	60 000 €	60 000 €	1 980,00 €
SA IPA	100 000 €	2 300,00 €	1 000 €	103 300 €	103 300 €	100 000 €	100 000 €	3 300,00 €
Stéphanie de Muru	50 000 €	1 150,00 €	500 €	51 650 €	51 650 €	50 000 €	50 000 €	1 650,00 €
Naxos Holding	50 000 €	1 150,00 €	500 €	51 650 €	51 650 €	50 000 €	50 000 €	1 650,00 €
TOTAL	6 860 000 €	157 780,00 €	68 600 €	7 086 380 €	7 086 380 €	6 860 000 €	6 860 000 €	226 380,00 €

As regards the February 2019 Bonds held by Luc Jacquet and Jean-Marc Joffroy, they will be redeemed early in the event of the Company's IPO and the resulting claims will enable those bondholders to subscribe to the related fundraising.

➤ **Terms of the 2019 bonds with warrants**

Number of 2019 bonds with warrants: 6,860,000

Nominal value of a 2019 bond with warrant: €1

Subscription price for a 2019 bond with warrant: €1.033. This subscription price equals the sum of the nominal value of each bond with warrant plus a 1% subscription premium and accrued interest on each February 2019 bond during the period starting on and including their issue date until the early redemption date.

Interest rate: 8% per year, payable on the maturity date or earlier in the event of early redemption or default.

Redemption premium: 20% of the total nominal amount of the bonds with warrants held by the holder of bonds with warrants concerned.

Maturity date: 7 June 2022

Mandatory redemption in the event of an IPO:

In the event of an IPO, the bonds will become immediately redeemable. It is intended that holders of the 2019 bonds with warrants will subscribe, at the final IPO Price, to the capital increase due to take place as part of that IPO through the set-off of their claims that have fallen due, equal to the nominal amount of the 2019 bonds with warrants subscribed (excluding the theoretical value of the attached warrants) plus accrued interest plus a redemption premium equal to 20% of the total nominal amount of the February 2019 Bonds held by the bondholder concerned.

As a result, the maximum number of shares that may result from this set-off of claims cannot currently be determined and will be indicated in the forthcoming transaction memorandum submitted to the AMF for approval.

➤ **Terms of the 2019 warrants (detached from the 2019 bonds with warrants)**

Number: 6,860,000

Detachment date: 7 June 2019

Exercise period: 5 years from the issue date, i.e. until 7 June 2024.

Terms of exercise in the event of an IPO: each 2019 warrant will entitle its holder to subscribe N new shares in the Company, with N calculated as follows: $N = \text{number of 2019 warrants held by the holder concerned} / \text{IPO Price}$;

Value of warrants: the value of the warrants results from a negotiation between the Company and the bonds with warrants subscribers. That value has been set at €0.033 per warrant attached to the bonds with warrants, corresponding to the subscription premium equal to 1% of the nominal value of the 2019 bonds plus accrued interest on the February 2019 Bonds (whose early redemption has enable certain bondholders to subscribe to the bonds with warrants through the set-off of claims). Each warrant attached to the bonds with warrants entitles its holder to subscribe N shares, where $N = 1/\text{IPO Price}$.

Exercise price in the event of an IPO: each share subscribed through the exercise of 2019 warrants will be issued at a price equal to $1.7 * \text{IPO Price}$ (i.e. at a 70% premium to the IPO Price). The IPO Price is the definitive issue price adopted for the future capital increase to take place as part of the IPO.

Since the terms of exercise for the 2019 warrants depend on the future IPO Price, the dilution likely to result from the exercise of all 2019 warrants cannot currently be calculated. It will be specified in a forthcoming transaction memorandum submitted to the AMF for approval.

The 2019 warrants are non-assignable and no request will be made to list them.

19.1.4.3 Summary of dilutive instruments

At the Registration Document's filing date, the total number of ordinary shares that may be created through the full exercise of all securities giving access to the capital currently in issue amounts to 23,071 + N, breaking down as follows:

- 23,071 ordinary shares potentially created through the exercise of the 2014 and 2017 founder share warrants,
- N new shares potentially created through the exercise of the 2019 warrants, the maximum impact of which cannot currently be calculated (see previous section).

The exercise of all other securities giving access to the capital at the Registration Document's filing date may lead to the following maximum dilution:

Total potential dilution (excluding 2019 bonds with warrants)	
Number of shares making up the current capital	6,202,078
Maximum number of shares resulting from the exercise of founder share warrants	23,071
Total number of shares that may be created	23,071
Number of shares making up the diluted capital	6,225,149
% potential dilution (based on the current capital)	0.37%
% potential dilution (based on the diluted capital)	0.37%

19.1.5 Authorised capital

Issuance resolutions adopted by shareholders in the 7 June 2019 shareholders' general meeting are summarised below:

		Validity period	Upper limit (nominal value)	Method of determining the issue price
8	Grant of authority to the board of directors to increase the share capital by capitalisation of reserves, earnings, premiums or other sums.	26 months	€300,000 (5)	
16	Grant of authority to the board of directors to increase the capital by issuing shares or securities giving access to the capital, with preferential subscription rights maintained.	26 months	€1,500,000 (1 bis)	
17	Grant of authority to the board of directors to increase the capital by issuing shares or securities giving access to the capital, with preferential subscription rights withheld and through a public offering.	26 months	€1,500,000 (1)	(2)(3)
18	Grant of authority to the board of directors to increase the capital by issuing ordinary shares and/or any securities giving access to the capital, with preferential subscription rights withheld, as part of an offering to qualified investors or a restricted group of investors as mentioned in article L. 411-2(II) of the French Monetary and Financial Code (private placement).	26 months	€1,500,000 subject to a limit of 20% of the share capital per 12-month period (1 bis)	(3)
19	Grant of authority to the board of directors to increase the capital by issuing ordinary shares and/or any securities giving access to the capital, with shareholders' preferential subscription rights withheld in favour of a category of persons (10).	18 months	€1,500,000	(3)
20	Grant of authority to the board of directors to increase the number of shares to be issued in the event of a capital increase, with preferential subscription rights maintained or withheld, in the event of surplus demand.	26 months	€1,500,000 subject to a limit of 15% of the maximum initial issue (1 bis)	(4)
21	Authorisation granted to the board of directors, in the event of an issue of shares or any securities with shareholders' preferential subscription rights withheld, to determine the issue price up to a limit of 10% of the share capital	26 months	Up to 10% of the share capital on the transaction date per 12-month period	(11)
22	Grant of authority to the board of directors to issue ordinary shares and securities giving access to the Company's capital in the event of a public offering including an exchange component initiated by the Company	26 months	€1,500,000 (1bis)	
23	Grant of authority to the board of directors to decide to issue ordinary shares in the Company or securities giving access in any way, immediately or at a later date, to the Company's ordinary shares, up to a maximum of 10% of the capital, as remuneration for contributions in kind outside of a public exchange offer	26 months	Up to 10% of the share capital on the transaction date per 12-month period	

		Validity period	Upper limit (nominal value)	Method of determining the issue price
27	Grant of authority to the board of directors to issue and allot founder share warrants free of charge	18 months	300,000 founder share warrants (6)	(7)
28	Authorisation granted to the board of directors to allot stock options	38 months	5% of the capital on the issue date (6 bis)	(8)
29	Authorisation granted to the board of directors to allot bonus existing shares or shares to be issued	38 months	5% of the capital on the issue date (6 bis)	
30	Grant of authority to the board of directors to issue and allot warrants with preferential subscription rights withheld in favour of (i) members of the Company's board of directors on the allotment date of the warrants, who are not employees or executives of the Company or any of its subsidiaries or (ii) persons related to the Company or any of its subsidiaries through a service or consultancy contract or (iii) members of any committee set up by the board of directors or that the board of directors may come to set up, who are not employees or executives of the Company or any of its subsidiaries	18 months	300,000 warrants (6 bis)	(9)

(1) Joint upper limit.

(1bis) Counts against the joint upper limit under (1).

(2) With respect to the capital increase to be carried out when the Company's shares will be admitted for trading and first listed on Euronext's regulated market in Paris, the subscription price for each new share shall result from comparing the supply of shares and the subscription demand expressed by investors as part of the bookbuilding process.

(3) After the Company's shares will be admitted for trading and first listed on Euronext's regulated market in Paris, the issue price of the issued shares shall equal at least the volume-weighted average price in the last five (5) stockmarket trading sessions preceding the setting of the issue price, possibly minus a discount of up to 20% (it being stipulated however that if, when this grant of authority is used, the Company's shares were admitted for trading on a regulated market, the price would be set according to the provisions of article L. 225-136-1 of the French Commercial Code), taking into account their dividend entitlement date as appropriate.

(4) The issue price shall be equal to that of the initial issue.

(5) Independent upper limit.

(6) Joint upper limit equal to 5% of the capital.

(6 bis) Counts against the joint upper limit under (6).

(7) The exercise price, which will be determined by the board of directors at the time the founder share warrants are allotted, must be at least equal to the higher of the following:

– the volume-weighted average price in the last twenty (20) stockmarket trading sessions on Euronext's regulated market in Paris or on any other market in which the Company's shares would be admitted for trading before the day of the decision by the board of directors to allot the founder share warrants,

– if one or more capital increases took place less than six months before the decision by the board of directors to allot the founder share warrants concerned, the subscription price for each ordinary share of the Company adopted in the most recent capital increase, assessed on the allotment date of each founder share warrant.

- (8) The purchase or subscription price per share shall be set by the board of directors on the day on which the option is granted subject to the limits provided for by law and this resolution, and cannot be less than ninety-five per cent (95%) of the average quoted price in the twenty stockmarket trading sessions before the board of directors' decision to allot the options, rounded up to the nearest euro cent or, in the case of options to purchase shares, less than 80% of the average purchase price of own shares held by the Company, rounded up to the nearest euro cent,
- (9) Warrant issue price: the warrant issue price shall be at least equal to 5% of the volume-weighted average price in the last five (5) stockmarket trading sessions on Euronext's regulated market in Paris preceding the date on which the warrant was allotted by the board of directors. The board of directors undertakes to set the issue price at its appraised market value so that the allotment of warrants, which will not therefore constitute remuneration, does not breach the provisions of article L. 225-44 of the French Commercial Code,

Warrant exercise price: the exercise price, which will be determined by the board of directors at the time the warrants are allotted, must be at least equal to the volume-weighted average price in the twenty stockmarket trading sessions preceding the day of the board of directors' decision to allot the warrants.

- (10) Companies and investment funds (including but not limited to any investment fund or venture capital firm, including FPCI, FCPI and FIP funds), whether or not shareholders of the Company, investing on a regular basis or having invested in the last 24 months more than one (1) million euros in small-cap or mid-cap growth companies (i.e. companies whose market capitalisation does not exceed €1,000,000,000 if listed) in the clean energy or clean energy technology sector.
- (11) The issue price will be at least equal to the volume-weighted average share price in the last three stockmarket trading sessions before it is set, possibly with a discount of up to 15%.

19.1.6 Information about the capital held by any member of the Company that is subject to an option or a conditional or unconditional agreement to put it under option

To the Company's knowledge, there are no call or put options or other undertakings in favour of the Company's shareholders or made by those shareholders relating to the Company's shares.

19.1.7 History of the share capital

19.1.7.1 Changes in the capital since the Company was founded

See table on following page.

Date	Type of transaction	Number of shares		Capital increase			Nominal value per share	Share capital after transaction	Price per share	Adjusted price per share (1)
		Number of shares issued	Total number of shares in issue	Share capital issued	Issue or contribution premium	Gross proceeds from the capital increase				
03/05/2011	Formation (cash and contribution of a pending patent application)	10 000	10 000	10 000,00 €	- €	10 000,00 €	1,00 €	10 000,00 €	1,00 €	0,25 €
20/06/2011	Issue of ordinary shares for cash	200	10 200	200,00 €	19 800,00 €	20 000,00 €	1,00 €	10 200,00 €	100,00 €	25,00 €
29/06/2011	Issue of ordinary shares for cash	1 960	12 160	1 960,00 €	488 040,00 €	490 000,00 €	1,00 €	12 160,00 €	250,00 €	62,50 €
	Issue through the capitalisation of issue premiums	507 840	520 000	507 840,00 €	-507 840,00 €	- €	1,00 €	520 000,00 €	N/A	N/A
02/07/2012	Issue of ordinary shares for cash	20 750	540 750	20 750,00 €	394 250,00 €	415 000,00 €	1,00 €	540 750,00 €	20,00 €	5,00 €
	Issue through the capitalisation of issue premiums	394 250	935 000	394 250,00 €	-394 250,00 €	- €	1,00 €	935 000,00 €	NA	N/A
16/05/2014	Issue of ordinary shares for cash	34 490	969 490	34 490,00 €	703 596,00 €	738 086,00 €	1,00 €	969 490,00 €	21,40 €	5,35 €
	Issue of 2014 shares with warrants for cash	10 700	980 190	10 700,00 €	241 178,00 €	251 878,00 €	1,00 €	980 190,00 €	23,54 €	5,89 €
20/12/2014	Conversion of convertible bonds	140	980 330	140,00 €	5 852,00 €	5 992,00 €	1,00 €	980 330,00 €	42,80 €	10,70 €
17/03/2015	Issue of ordinary shares for cash	86 685	1 067 015	86 685,00 €	1 768 374,00 €	1 855 059,00 €	1,00 €	1 067 015,00 €	21,40 €	5,35 €
30/03/2015	4-for-1 stock split	3 201 045	4 268 060	- €	- €	0,00 €	0,25 €	1 067 015,00 €	N/A	N/A
09/04/2015	Issue of ordinary shares for cash	93 460	4 361 520	23 365,00 €	476 646,00 €	500 011,00 €	0,25 €	1 090 380,00 €	5,35 €	5,35 €
27/01/2016	Exercise of 2014 warrants	38 177	4 399 697	9 544,25 €	194 702,70 €	204 246,95 €	0,25 €	1 099 924,25 €	5,35 €	5,35 €
13/05/2016	Issue of ordinary shares for cash	2 602	4 402 299	650,50 €	13 270,20 €	13 920,70 €	0,25 €	1 100 574,75 €	5,35 €	5,35 €
17/05/2016	Issue of ordinary shares for cash	5 993	4 408 292	1 498,25 €	30 564,30 €	32 062,55 €	0,25 €	1 102 073,00 €	5,35 €	5,35 €
18/05/2016	Issue of ordinary shares for cash	18 841	4 427 133	4 710,25 €	96 089,10 €	100 799,35 €	0,25 €	1 106 783,25 €	5,35 €	5,35 €
03/06/2016	Issue of ordinary shares for cash	21 060	4 448 193	5 265,00 €	107 406,00 €	112 671,00 €	0,25 €	1 112 048,25 €	5,35 €	5,35 €
14/06/2016	Issue of ordinary shares for cash	21 784	4 469 977	5 446,00 €	111 098,40 €	116 544,40 €	0,25 €	1 117 494,25 €	5,35 €	5,35 €
29/07/2016	Issue of ordinary shares for cash	18 898	4 488 875	4 724,50 €	96 379,80 €	101 104,30 €	0,25 €	1 122 218,75 €	5,35 €	5,35 €
22/12/2016	Issue of ordinary shares for cash	373 831	4 862 706	93 457,75 €	1 906 538,10 €	1 999 995,85 €	0,25 €	1 215 676,50 €	5,35 €	5,35 €
Share capital at 31 December 2016			4 862 706				0,25 €	1 215 676,50 €		
28/04/2017	Issue of ordinary shares for cash	4 250	4 866 956	1 062,50 €	21 675,00 €	22 737,50 €	0,25 €	1 216 739,00 €	5,35 €	5,35 €
15/06/2017	Issue of ordinary shares for cash	7 500	4 874 456	1 875,00 €	38 250,00 €	40 125,00 €	0,25 €	1 218 614,00 €	5,35 €	5,35 €
24/08/2017	Issue of ordinary shares for cash	9 434	4 883 890	2 358,50 €	48 113,40 €	50 471,90 €	0,25 €	1 220 972,50 €	5,35 €	5,35 €
	Issue of 2017 shares with warrants for cash	382 882	5 266 772	95 720,50 €	1 952 698,20 €	2 048 418,70 €	0,25 €	1 316 693,00 €	5,35 €	5,35 €
29/09/2017	Issue of ordinary shares for cash	373 831	5 640 603	93 457,75 €	1 906 538,10 €	1 999 995,85 €	0,25 €	1 410 150,75 €	5,35 €	5,35 €
Share capital at 31 December 2017			5 640 603				0,25 €	1 410 150,75 €		
26/06/2018	Issue of 2018-1 shares with warrants for cash	335 795	5 976 398	83 948,75 €	4 916 038,80 €	4 999 987,55 €	0,25 €	1 494 099,50 €	14,89 €	14,89 €
10/09/2018	Issue of ordinary shares for cash	67 159	6 043 557	16 789,75 €	983 207,76 €	999 997,51 €	0,25 €	1 510 889,25 €	14,89 €	14,89 €
06/12/2018	Exercise of 2017 warrants	1 678	6 045 235	419,50 €	8 557,80 €	8 977,30 €	0,25 €	1 511 308,75 €	5,35 €	5,35 €
Share capital at 31 December 2018			6 045 235				0,25 €	1 511 308,75 €		
21/06/2019	Exercise of 2017 warrants	156 843	6 202 078	39 210,75 €	799 899,30 €	839 110,05 €	0,25 €	1 550 519,50 €	5,35 €	5,35 €

(1) The adjusted price takes into account the 4-for-1 split approved by shareholders in the 30 March 2015 shareholders' general meeting.

19.1.7.2 Changes in the ownership structure since 15 June 2016

Shareholders have been combined into various sub-groups for presentation purposes only and are not connected by any action in concert.

	15 June 2016		15 June 2017		15 June 2018		Current stake	
	Number of shares and voting rights	% of capital	Number of shares and voting rights	% of capital	Number of shares and voting rights	% of capital	Number of shares and voting rights	% of capital
Luc Jacquet (founder)	1,345,428	30.10%	1,345,428	27.60%	1,345,428	23.85%	1,308,048	21.09%
Jacquet family and related parties (9 people)	232,584	5.20%	232,584	4.77%	232,584	4.12%	269,964	4.35%
Luc Jacquet sub-total	1,578,012	35.30%	1,578,012	32.37%	1,578,012	27.98%	1,578,012	25.44%
Jean-Marc Joffroy (founder)	1,407,244	31.48%	1,407,244	28.87%	1,407,244	24.95%	1,383,244	22.30%
Joffroy family and related parties (6 people currently)	71,576	1.60%	71,576	1.47%	71,576	1.27%	95,576	1.54%
Jean-Marc Joffroy sub-total	1,478,820	33.08%	1,478,820	30.34%	1,478,820	26.22%	1,478,820	23.84%
Industry shareholders	259,288	5.80%	633,119	12.99%	1,133,980	20.10%	1,589,805	25.63%
Holdigaz (1)					373,831	6.63%	709,626	11.44%
Officium Projects & Co (2)	259,288	5.80%	259,288	5.32%	386,318	6.85%	506,348	8.16%
of which Officium Projects	54,672	1.22%	54,672	1.12%	148,072	2.63%	241,472	3.89%
of which 5 related natural persons	204,616	4.58%	204,616	4.20%	238,246	4.22%	264,876	4.27%
Fluxys (3)			373,831	7.67%	373,831	6.63%	373,831	6.03%
Employees (4)	42,764	0.96%	47,014	0.96%	49,274	0.87%	45,262	0.73%
Other shareholders (5)	1,111,093	24.86%	1,137,491	23.34%	1,400,517	24.83%	1,510,179	24.35%
TOTAL	4,469,977	100%	4,874,456	100%	5,640,603	100%	6,202,078	100%

- (1) Listed Swiss group consisting of natural gas suppliers and companies operating in sectors that show direct or indirect synergies with the natural gas business (energy marketing, technical activities related to the natural gas grid, gas network analysis, water and wastewater services);
- (2) Officium Projects Limited, based in Hong Kong, is part of the Chemium group, a group of companies based in Asia and Europe, which develops and markets special catalysts and develops innovative, efficient processes for fine chemicals production;
- (3) Fully independent gas infrastructure manager whose registered office is in Belgium and which is 77.5%-owned by Publigaz (Belgian municipal holding company in the natural gas sector).
- (4) Currently, five employees, among whom the largest shareholder owns 0.5% of the capital.
- (5) Currently, 120 shareholders, among whom the largest shareholder owns 3.01% of the capital.

The main changes have resulted from the following transactions:

- Capital increases summarised in the table in section 19.1.7.1 above and in particular the issue of 2017 shares with warrants in September 2017 through which Holdigaz first bought into the Company, after which it increased its stake by subscribing an issue of 2018 shares with warrants in late June 2018;
- The exercise of 1,678 warrants attached to the 2017 shares with warrants in December 2018;
- A sale of 38,920 shares in late November 2017;
- Gifts within the Joffroy family in June and October 2018; and
- The exercise of 157,043 2017 warrants attached to the 2017 shares with warrants in June 2019.
-

19.1.7.3 Ownership of shares and voting rights at the date of the Registration Document

Please refer to the table in section 16.1 of the Registration Document.

19.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

The description attached takes into account certain changes to the articles of association decided by shareholders in the shareholders' general meeting of 7 June 2019, some of which are subject to a condition precedent relating to the first listing of the Company's shares on Euronext's regulated market in Paris. At the date of the Registration Document, the memorandum of association and articles of association available on the Company's website did not take into account the amendments to the articles of association decided in the shareholders' general meeting of 7 June, which are subject to the condition precedent of the Company's shares being admitted for trading.

19.2.1 Corporate purpose (article 2 of the articles of association)

The Company's purpose comprises:

- the commercial exploitation of BOOSTHEAT technology;
- fundamental and applied research and experimental development activities;
- technological innovation through studies, fundamental research, industrial research, experimental developments and industrial developments leading to the design, realisation, industrialisation and production of all components, products and solutions that provide an economic or environmental response to a need or constraint in the fields of energy efficiency, renewable energies and industrial processes;
- management of an industrial property portfolio and the commercialisation of rights resulting from that portfolio in the form of operating licences or royalties;
- commercialisation, through the design, realisation, industrialisation and production of components, products and solutions protected by those patents;
- in general, the design, development, industrialisation and commercialisation of all components, products and solutions adjusted to the needs of individuals, local authorities, companies or industries;
- consultation and the provision of services as part of studies, projects and appraisals as an engineering consultancy;
- and, more generally, all transactions relating to moveable and real-estate assets, financial, commercial or industrial transactions that may be linked directly or indirectly, in whole or in part, to the above purpose or to any similar or related purposes.

The latest, up-to-date version of the Company's memorandum and articles of association may be consulted on the Company's website (<https://boostheat.fr>).

19.2.2 Rights, privileges and restrictions attached to the Company's shares

None.

19.2.3 Provisions allowing the delay, postponement or prevention of a change of control

The Company's articles of association contain no provisions allowing the delay, postponement or prevention of a change of control.

20.1 DALKIA FRAMEWORK AGREEMENT

EDF group subsidiary Dalkia specialises in energy services and offers its clients solutions to optimise the cost and impact of energy consumption in the housing, tertiary buildings and manufacturing sectors.

On 15 April 2015, Dalkia and BOOSTHEAT signed a framework agreement setting out the terms in which an agreement may be negotiated and implemented relating to Dalkia's purchase of BOOSTHEAT boilers for the French housing and tertiary markets, with power ratings of between 50 and 500 kW. This agreement sets out the terms under which BOOSTHEAT grants exclusive rights to Dalkia in negotiations and, for the duration of the framework agreement, reserves part of its production for a cumulative amount of revenue equal to €30 million in the first three years of the BOOSTHEAT.50 being on the market.

This framework agreement provides for a programme of collaborations between the two entities at the preparatory stage, in order to confirm performance, a target price for the equipment and assistance provided by BOOSTHEAT, along with on-site testing based on a defined schedule.

At the date of the Registration Document, a supplementary agreement to the framework agreement is being negotiated. The draft supplementary agreement updates certain provisions of the agreement regarding joint communication, marketing terms and the schedule of the development, testing and marketing stages for the BOOSTHEAT.50, and provides for a significant increase in potential revenue to €55 million in the first four years of the BOOSTHEAT.50 being on the market. This draft supplementary agreement also covers Dalkia's undertaking to purchase, as well as BOOSTHEAT.50s, BOOSTHEAT.20 boilers for tertiary applications (particularly for local authority clients) and specifies the number of BOOSTHEAT.20s that Dalkia would undertake to reserve each year from 15 October 2019 and the following four years. In return, BOOSTHEAT would undertake to make its best efforts to assign operational capacity at its facility to Dalkia.

21 DOCUMENTS AVAILABLE TO THE PUBLIC

All documents relating to the Company that are required to be made available to shareholders may be consulted at the Company's registered office. The Registration Document may also be consulted on the Company's website (<https://boostheat.fr>) and the AMF's website (www.amf-france.org).

The following may also be consulted at the Company's registered office:

- (a) The Company's memorandum and articles of association;
- (b) All reports, letters and other documents and all historical financial information, assessments and statements made by an expert at the Company's request, part of which has been included or mentioned in the Registration Document;
- (c) The Company's historical financial information for each of the two financial years preceding the publication of the Registration Document.

The Company intends to report its financial results in accordance with the requirements of laws and regulations in force. From the time the Company's shares are admitted for trading on Euronext's regulated market in Paris, regulated information within the meaning of the AMF's general regulation will also be available on the Company's website. The Company will not carry out quarterly reporting.