

BOOSTHEAT

BOOSTHEAT

Public limited company ("*société anonyme*") governed by a Board of Directors with share capital of €2,214,812.25
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 universel* (Universal Registration Document)

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 universel* dated 30 April 2020 (the "universal registration document") and registered under number R.20-008. The universal registration document, in its original French version, is publicly available at www.amf-france.org. Copies of the *Document d'enregistrement universel* may be obtained free of charge at BOOSTHEAT, 41-47 boulevard Marcel Sembat, 69200 Vénissieux, France, and on BOOSTHEAT's website (<https://www.boostheat-group.com/>). 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.

Under article 19 of regulation (EU) no. 2017/1129 of 14 June 2017, the Registration Document approved by the AMF on 11 September 2019 under number I.19-032 is incorporated by reference in this Universal Registration Document (<https://www.boostheat-group.com/images/pdf/rapports/2019/BOOSTHEAT-Registration-Document-n-I-19-032-11-september-2019.pdf>).

Copies of this document are 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://www.boostheat-group.com/>).

GENERAL INFORMATION

In this Universal 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 “Universal Registration Document” refers to this Universal Registration Document.

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

The Universal 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 period ended 31 December 2019, which feature in section 18.1 of this document.

Forward-looking statements

The Universal 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 Universal 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 Universal Registration Document is provided only at the Universal 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 Universal 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 Universal Registration Document contains, particularly in section 5 “Business overview”, information about BOOSTHEAT’s business and its competitive position. Some information contained in the Universal 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 Universal 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 Universal 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 Universal Registration Document have been rounded. The totals presented in this Universal Registration Document may differ slightly from those which would have been obtained by adding together the non-rounded values of those figures.

Table of contents

1	PERSONS RESPONSIBLE	6
1.1	PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT	6
1.2	STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT	6
1.3	PERSONS RESPONSIBLE FOR FINANCIAL REPORTING	6
1.4	INFORMATION FROM THIRD PARTIES	6
1.5	APPROVAL OF THE UNIVERSAL REGISTRATION DOCUMENT	6
2	STATUTORY AUDITORS	7
2.1	STATUTORY AUDITORS	7
2.2	INFORMATION ABOUT STATUTORY AUDITORS THAT HAVE RESIGNED, BEEN REMOVED OR NOT BEEN RE-APPOINTED	7
3	RISK FACTORS	8
3.1	RISKS RELATED TO THE BUSINESS	9
3.2	RISKS RELATED TO THE COMPANY'S FINANCIAL POSITION	12
3.3	RISKS RELATED TO COMPETITION	16
3.4	RISKS RELATED TO THE COMPANY'S ORGANISATION	17
3.5	REGULATORY AND LEGAL RISKS	17
4	INFORMATION ABOUT THE COMPANY	22
4.1	CORPORATE NAME OF THE ISSUER	22
4.2	PLACE OF REGISTRATION AND REGISTRATION NUMBER	22
4.3	DATE AND TERM OF INCORPORATION	22
4.4	REGISTERED OFFICE, LEGAL FORM, LEGISLATION GOVERNING THE BUSINESS	22
5	BUSINESS OVERVIEW	23
5.1	MAIN ACTIVITIES	23
5.2	MAIN MARKETS	67
5.3	IMPORTANT EVENTS IN THE DEVELOPMENT OF THE COMPANY'S BUSINESS	76
5.4	STRATEGY AND OBJECTIVES	76
5.5	RESEARCH AND DEVELOPMENT, PATENTS, LICENCES, TRADEMARKS AND DOMAIN NAMES	79
5.6	COMPETITIVE POSITION	87
5.7	CAPITAL EXPENDITURE	87
6	ORGANISATIONAL STRUCTURE	92
6.1	LEGAL STRUCTURE	92
6.2	GROUP COMPANIES	92
6.3	MAIN INTRAGROUP TRANSACTIONS	92
7	EARNINGS AND FINANCIAL POSITION	93
7.1	FINANCIAL POSITION	93
7.2	OPERATING INCOME	108
8	CASH POSITION AND CAPITAL	109
8.1	INFORMATION ABOUT THE ISSUER'S CAPITAL	109
8.2	ISSUER'S FUNDING SOURCES AND CASH FLOWS	109
8.3	FUNDING STRUCTURE AND FUNDING REQUIREMENTS	118
8.4	RESTRICTIONS ON THE USE OF CAPITAL	119
8.5	FUNDING SOURCES REQUIRED IN THE FUTURE TO HONOUR INVESTMENT UNDERTAKINGS	119
9	REGULATORY ENVIRONMENT	120
9.1	THE PUBLIC AUTHORITIES' RESPONSE TO ENERGY TRANSITION ISSUES	120
9.2	INCENTIVES	121
9.3	REGULATIONS APPLICABLE TO THE PRODUCTION SITE	122
10	TRENDS	123
10.1	MAIN TRENDS SINCE THE START OF THE CURRENT FINANCIAL YEAR	123

10.2	TRENDS, UNCERTAINTIES, CONSTRAINTS, COMMITMENTS OR EVENTS THAT MAY MATERIALLY AFFECT THE GROUP'S OUTLOOK.....	123
11	EARNINGS FORECASTS OR ESTIMATES.....	124
12	ADMINISTRATIVE AND MANAGEMENT BODIES.....	125
12.1	DIRECTORS AND EXECUTIVE OFFICERS.....	125
12.2	CONFLICTS OF INTEREST IN THE ADMINISTRATIVE AND MANAGEMENT BODIES.....	132
13	REMUNERATION AND BENEFITS.....	133
13.1	REMUNERATION AND BENEFITS.....	133
13.2	AMOUNTS SET ASIDE BY THE COMPANY FOR THE PAYMENT OF PENSIONS, RETIREMENT BENEFITS AND OTHER BENEFITS TO CORPORATE OFFICERS.....	139
14	OPERATING PROCEDURES OF THE ADMINISTRATIVE AND MANAGEMENT BODIES.....	140
14.1	MANAGEMENT OF THE COMPANY.....	140
14.2	INFORMATION ON AGREEMENTS BINDING THE COMPANY'S EXECUTIVES AND/OR CORPORATE OFFICERS AND THE COMPANY.....	140
14.3	BOARD OF DIRECTORS, SPECIALIST COMMITTEES AND CORPORATE GOVERNANCE.....	140
14.4	STATEMENT ON CORPORATE GOVERNANCE.....	143
14.5	POTENTIAL MATERIAL FACTORS AFFECTING CORPORATE GOVERNANCE.....	144
14.6	INFORMATION ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES.....	145
15	EMPLOYEES.....	147
15.1	NUMBER OF EMPLOYEES AND BREAKDOWN BY CATEGORY.....	147
15.2	EQUITY INTERESTS AND STOCK OPTIONS HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT.....	147
15.3	OWNERSHIP OF THE COMPANY'S CAPITAL BY EMPLOYEES.....	148
16	MAJOR SHAREHOLDERS.....	149
16.1	OWNERSHIP OF SHARES AND VOTING RIGHTS AT THE DATE OF THE UNIVERSAL REGISTRATION DOCUMENT.....	149
16.2	VOTING RIGHTS OF THE MAIN SHAREHOLDERS.....	150
16.3	CONTROL OF THE COMPANY.....	150
16.4	AGREEMENTS THAT MAY LEAD TO A CHANGE OF CONTROL.....	150
16.5	PLEDGES.....	150
17	TRANSACTIONS WITH RELATED PARTIES.....	151
17.1	INTRAGROUP TRANSACTIONS.....	151
17.2	TRANSACTIONS WITH RELATED PARTIES.....	151
17.3	STATUTORY AUDITORS' REPORTS ON REGULATED AGREEMENTS WITH RESPECT TO THE FINANCIAL YEARS ENDED 31 DECEMBER 2018 and 2019.....	151
18	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS, FINANCIAL POSITION AND EARNINGS.....	162
18.1	HISTORICAL FINANCIAL INFORMATION.....	162
18.2	INTERIM AND OTHER FINANCIAL INFORMATION.....	202
18.3	AUDIT OF HISTORICAL ANNUAL FINANCIAL INFORMATION.....	202
18.4	PROFORMA FINANCIAL INFORMATION.....	207
18.5	DIVIDEND POLICY.....	207
18.6	LEGAL AND ARBITRATION PROCEEDINGS.....	207
18.7	MATERIAL CHANGE IN THE FINANCIAL OR TRADING POSITION.....	208
19	ADDITIONAL INFORMATION.....	209
19.1	SHARE CAPITAL.....	209
19.2	MEMORANDUM AND ARTICLES OF ASSOCIATION.....	223
20	MAJOR CONTRACTS.....	224
20.1	DALKIA FRAMEWORK AGREEMENT.....	224
20.2	UNERGIES-BOOSTHEAT FRANCE PARTNERSHIP AGREEMENT.....	224
21	DOCUMENTS AVAILABLE TO THE PUBLIC.....	225

1 PERSONS RESPONSIBLE

1.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Mr Luc Jacquet, Chief Executive Officer of BOOSTHEAT SA.

1.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

“After taking all reasonable steps, I certify that, to the best of my knowledge, the information contained in this Universal Registration Document is consistent with the facts and does not contain any omissions that may affect its scope.”

Vénissieux
30 April 2020

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
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1.4 INFORMATION FROM THIRD PARTIES

None.

1.5 APPROVAL OF THE UNIVERSAL REGISTRATION DOCUMENT

This Universal 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 Universal 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 Universal Registration Document.

2 STATUTORY AUDITORS

2.1 STATUTORY AUDITORS

2.1.1 Principal Statutory Auditors

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

2 rue de la Carrère
31510 Antichan de Frontignes

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 the 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 2018, 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 in 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 in 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 in 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 Universal 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 date the Universal Registration Document was approved, 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 probability, impact and importance (probability x impact) as assessed by the Company at the date on which this document was approved and taking account of the measures implemented to limit their importance. The materiality of each risk presented is based on a scale consisting of the following three levels: **limited**, **average** or **high**. 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	Impact of risk	Importance of risk
Risks related to the business			
Risks related to the market's acceptance of innovative heating solutions	high	high	high
Risks related to the multi-channel commercial strategy	high	high	high
Risks related to a failure and/or difficulties in building up production capacity	high	high	high
Risks related to the operation of the boiler and in particular the regenerative thermal compressor	high	high	high
Risks related to the performance of installed boilers	high	high	high
Risks related to suppliers, subcontractors or service providers	average	high	high
Risks related to the development of a network of installer partners	average	high	high
Risks related to the Company's financial position			
Liquidity risk	high	high	high
Risks related to past losses and the Company's ability to generate future profits	high	average	high
Risks related to tax breaks and public-sector financing benefiting the Company and its commercial strategy	high	high	high
Risks related to raw materials prices	average	average	average
Dilution risks	average	limited	average
Risks related to competition			
Risks related to stiff competition in the market for heating systems	high	high	high
Risks related to the Company's organisation			
Risks related to the ability to retain and attract key personnel	high	average	high
Risks related to managing growth	high	average	average
Regulatory and legal risks			
Product liability	high	average	high
Risks related to intellectual property	average	average	average
Risks related to the confidentiality of know-how	average	average	average
Risks related to environmental constraints	limited	average	average
Risks related to the safety of working conditions	limited	average	average
Risks related to the processing of personal data - General Data Protection Regulation (GDPR)	limited	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, whose first installations started 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 have difficulties introducing subsequent products such as the BOOSTHEAT.50.

In view of the potential impact of COVID-19 on consumers' buying power and ability to invest, the Company expects a fall in BOOSTHEAT.20 orders over the coming months relative to its initial targets (see section 5.4.2 of this document), although the extent of this fall cannot be estimated at this stage.

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

Risks related to the multi-channel commercial strategy

The Company intends to address consumers, and environmentally-minded people in general, directly in order to support and advise them and increase their knowledge regarding heating and energy efficiency. The Company has adopted a customer-centric model in which consumers play an active role and seek a suitable solution for their plans, whereas most producers of heating solutions use a product-centric model, pushing their solutions towards distributors.

BOOSTHEAT has adopted a multi-channel commercial approach that is novel in this business sector (see section 5 of this document). One aspect of this approach involves digital marketing initiatives aimed at attracting prospective 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 territories. 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 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.

In the last three years, the Company has spent significant sums on marketing, communication and sales, totalling €7,060 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 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 product performance in discussions with potential customers or fail to comply with BOOSTHEAT's pricing policy, which would have a negative impact on its image, reputation, financial performance and outlook.

Risks related to a failure and/or difficulties in building up production capacity

To produce its equipment in-house, the Company has designed and fitted out a production unit (see section 5.1.3 of this 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.

With an initial investment of around €5 million, BOOSTHEAT's production capacity could be increased to 20,000 boilers per year with 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, through the addition of new robots, a greater number of production lines and an increase in the number of operators. Such increases in capacity can be achieved without a significant impact on production and within 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 or because of a global crisis, such as a public health crisis, that would require measures to protect the Company's staff, as has been the case with the COVID-19 pandemic that has spread around the world since March 2020. The lockdown measures implemented in France will have a significant impact on the Company's production, shut down since 18 March 2020¹ for an indefinite period as of the date of this document. See also the risk factor related to procurement below.

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.

In addition, 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.

¹[See press release of 18 March 2020](#)

Risks related to the operation of the boiler and in particular the regenerative thermal compressor

Although the Company takes particular care with its technical decisions so that the thermal compressor and the gas-powered heat pumps are highly reliable over a long period (see section 5.1.1.2 of this 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 reached the marketing phase in the fourth quarter of 2018, with installations taking place since late September 2019, has successfully passed all validation testing and CE certification stages, and the Company is continuing to develop a range of boilers. Scale-up risks (relating to production volumes and compressor power), 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.

Risks related to the performance of installed boilers

For several years, including before its first installations took place, the Company has been publishing BOOSTHEAT.20 performance data taken from the conclusive results of various laboratory tests carried out on several occasions by independent technical centres including CETIAT in France (see section 5.1.1.3 of this document) and from tests carried out on its premises, where several boilers have been operated in real-life conditions to assess their performance and longevity.

BOOSTHEAT began installing boilers on its customers' premises in September 2019. At 31 December 2019, 40 boilers had been installed (including 20 pilot projects), but the first few months of use do not represent a sufficient period to confirm their performance.

The performances measured within the framework of laboratory tests are carried out in accordance with standards on stabilised points. This means that phases of increasing temperatures or cooling related to the thermal inertia of the main components of the thermal compressor and in particular the heater are not included in these normative calculations. However, the performance measured within the framework of actual usage is, as expected, lower than these normative levels as it includes the compressor's thermal inertia. This was expected by the Company and it will work on optimising actual performance by means of a regulation optimisation phase, the main aim of which is to smooth out use of the compressor as best possible in order to reduce as much as possible the effects of reduced efficiency relating to this thermal inertia.

Initial feedback has prompted the Company to take stock of this reduced efficiency and consequently the work to be done to optimise it.

Each installation takes place in a different environment in terms of infrastructure, space and heating system, for example in a single-family home or a local government building. Performance may not correspond exactly with that expected by the customer, at least in the first few months of use, and may require adjustments. Although the Company makes no undertaking regarding the performance presented, customers may make complaints to the Company or make negative comments about its product, which could affect future sales.

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. 72% of the Company's purchases are made in France and 96% in Europe (at 31 December 2019). They are selected through a rigorous process to ensure quality. However, the Company regards five suppliers as critical and does not have alternative sourcing solutions in the short term. To manage that risk, it 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 critical components, which will come into effect in the medium term when volumes are

significant (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, an increase in its dependency on and/or the prices charged by its main suppliers or the failure of one or more of 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.

In addition, the coronavirus pandemic that has accelerated since February 2020 seems likely to affect all activity around the world. The Company is in regular contact with its suppliers and over the coming months expects supply shortages of certain boiler components. As stated above, 95% of the Company's supplies come from France and Europe and some of its suppliers obtain their supplies from China, particularly electronic components. The Company will comply with precautionary measures recommended or imposed by the government. It has no visibility regarding Covid-19-related developments.

Risks related to the development of a network of installer partners

Although the Company's technical centre has installed its gas-powered heat pumps during a pilot and is carrying out installation work for initial orders, during the active commercial roll-out phase these installation operations, followed by maintenance work, will be entrusted to networks of installers. Agreements will have to be formed to support the roll-out of gas-powered heat pumps in France and Germany, such as the partnership agreement signed in December 2019 with the Unergies network in France to roll out the BOOSTHEAT.20 offering among local authorities and independent professionals. Relationships already established with other installer networks such as Iserba do not necessarily involve framework agreements but do involve the sharing of information regarding installations that need to be scheduled – see section 5.1.1 of this document.

For Switzerland, BOOSTHEAT has granted Holdigaz exclusive rights to distribute its boilers in this territory – 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 nevertheless differs from that of condensing boilers. Two days of training are required to install and maintain its heat pumps. For initial installations, training and supervision are provided by the Company's technical centre.

As regards the COVID-19 pandemic, the lockdown measures implemented in France will have a significant impact on the Company's production facilities, shut down since 18 March 2020 for an indefinite period as of the date of this document. The Company has informed its clients of this and will keep them up to date about future developments.

The Company is in regular contact with its installer partners and will provide information about the plan to reopen its facilities as soon as it is able to do so. The Company has informed its customers of this and will keep them up to date about future developments.

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.

3.2 RISKS RELATED TO THE COMPANY'S FINANCIAL POSITION

Liquidity risk

At the date of this document, the Company has carried out a specific review of its liquidity risk and could see a liquidity risk materialise within the next 12 months.

The coronavirus pandemic has impacted and resulted in a slowdown in economic activity worldwide. BOOSTHEAT has not escaped unscathed. The lockdown measures implemented in France have a

significant impact on the Company's production and its facilities, which have been shut down since 18 March 2020.

The Company remains in contact with its suppliers and over the coming months expects supply shortages of boiler components. As stated above, 95% of the Company's supplies come from France and Europe and some of its suppliers obtain their supplies from China, particularly electronic components.

To help to limit the spread of COVID-19 and apply the government's health restriction measures, BOOSTHEAT has suspended face-to-face activities at its Vénissieux, Toulouse and Nuremberg sites, as well as with customers. This shutdown has resulted in a reduction in expected expenditure over the coming months.

Furthermore, the Company's maximum funding requirement is now around €14,600 thousand for the next 12 months.

Currently, mainly taking into account:

- the Group's available cash at 31 March 2020, which amounted to €12,960 thousand;
- sums received with respect to conditional advances and subsidies already granted in an estimated amount of €268 thousand and VAT credit repayments of €360 thousand;
- the Group's available cash at 30 April 2020, which amounted to €12,000 thousand;
- expected inflows resulting from CIR tax credits receivable with respect to 2019 between now and November 2020;
- the amended maturity schedule of its debt;
- 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 Company could face liquidity risk from the March 2021. However, it believes that it will be able to meet its commitments in the next 12 months from the date of approval of this document. The Company has implemented and benefits from all the support measures decided by the French government:

- deferral of social security contributions, rents and loan repayments;
- government-backed loans (PGE) of €5 million from five banks. These are 12-month bullet loans that can be transformed into medium/long-term loans, repayable over five years;

In addition, the Company is considering one or more of the following financing solutions:

- an Innovation Support Loan (PSI) of €1 million from bpiFrance, with similar characteristics to the PGE loan.
- an Innovation Aid Loan (AI) of €1 million from bpiFrance. This loan finances developments led by BOOSTHEAT concerning predictive maintenance of its boilers;
- a shareholder loan subject to conditions;
- additional non-dilutive funds (such as subsidies and interest-free loans etc.); and
- a capital increase in summer 2021 if market conditions permit.

As the EIB no longer wishes to be involved in technological projects related to natural gas, BOOSTHEAT is not pursuing the planned funding application.

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

The Company could need additional funds to carry out new expenditure that is unknown at the date of this 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 rival 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 could be unable to raise 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 Company were to raise capital by issuing new shares, the stakes 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 expense 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

The Company obtained the CE mark for its first heating product in September 2018, and had not generated any revenue from sales of boilers up to 31 December 2018. The Group generated revenue of €490 thousand in 2019 from initial sales during that year. All completed financial years up to 31 December 2019 showed operating losses and net losses, resulting in €34,644 thousand of tax losses available to be carried forward at 31 December 2019. Accounting losses for the historical period presented in this document amount to €32,324 thousand.

Within three years of the date of the Registration Document approved by the AMF on 11 September 2019 under number I.19-032, BOOSTHEAT was aiming to achieve around 4,500 boiler orders per year. This target has been suspended until it has further information about the consequences of the COVID-19 pandemic on the Group's activities (see section 5.4.2 of this document).

The target breakeven threshold in terms of recurring operating income is estimated at 4,500 installed BOOSTHEAT.20 boilers.

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 funding costs are more 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 creation, 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 €3,285 thousand between its creation in 2011 and 31 December 2019, not including CIR receivables arising in 2019 and not yet

received in an amount of €706 thousand;

- 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 €8,155 thousand being paid to the company up to 31 December 2019.

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

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

The Company has undergone 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 the necessary additional financial resources, or time or 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 document) available to customers. In France, the BOOSTHEAT.20 is eligible, subject to certain conditions, for VAT at 5.5% and for several tax breaks (Anah's Ma Prime Rénov' grant, interest-free eco-loans and CEE energy savings certificates) that significantly reduce its cost for users.

The withdrawal of some or all of these financial incentives, or the appearance in the market of a rival new heating system with more attractive financial incentives, could slow the pace at which people 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 buying

components from its suppliers. Such changes would 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. 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 alter its selling prices in order to pass on any increase 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 awarded founder share warrants (BSPCEs). At this document's registration date, the exercise of outstanding founder share warrants would lead to the issue of 1,091 new ordinary shares, resulting in 0.01% dilution of the share capital and voting rights on a fully diluted basis (see section 19.1.4 of this document).

At this document's registration date, 6,860,000 2019 warrants, detached from the 2019 bonds with warrants, remained outstanding. The exercise of those 2019 warrants would lead to the issue of 489,994 new ordinary shares, resulting in 5.24% dilution of the share capital and voting rights on a fully diluted basis (see section 19.1.4 of this document).

As part of its policy for motivating its managers and employees and in order to attract additional skills, the Company could also, 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 stiff 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 tough and could become tougher. 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 this document).

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

The Company's targeting a 5% market share in each of its target markets five years after entering it.

Although the Company believes that its innovative heating solution incorporating a thermal compressor offers the greatest energy efficiency in the market in terms of gas utilisation efficiency (see section 5.1.1.3), large national and/or international players and smaller players could decide to devote more financial resources to developing heating equipment that offers comparable or superior performance and 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 roll-out.

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 this 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 this document).

The Company has also adopted a performance-related bonus plan for its top management (see section 5.1.5.1) excluding Luc Jacquet, Chief Executive Officer, and Jean-Marc Joffroy, Deputy Chief Executive Officer, in order to ensure that managerial decisions prioritise the Company's main targets. In general, in the next few years, targets will focus on (i) reducing the BOOSTHEAT.20's cost price, (ii) increasing BOOSTHEAT.20 sales volumes and (iii) improving operating income. In 2020 in particular, targets are focusing on increasing revenue and the number of boilers invoiced.

However, the Company competes with other entities (rival 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 the management of growth

As part of its development strategy – which is based on an aggressive 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

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 this 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 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 this 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 rivals 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 some 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 rival 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, 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 competition and of patents 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.

Risks related to environmental constraints

The production site has ICPE classification (i.e. it is subject to environmental protection criteria) and is therefore governed by various regulatory requirements regarding the environment and working conditions.

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 liquids used to clean components etc.).

If the Company fails to comply with regulations, it could find itself unable to continue production for a period that may vary according to the breach 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.

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 (see section 14.5 of this 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 permanent 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 was 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) on 3 May 2011, but was converted into a "*société anonyme*" (public limited company) governed by a board of directors in 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://www.boostheat-group.com/>. The information on the website does not form part of the Universal 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**: the Company believes that this is one of the key issues facing society today and for the next few decades.

They were 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 motors, transport and power generation – could revolutionise the heating industry. As a result, the Company has focused its research in 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 one family for which an examination request is underway (see section 5.5.2.2 of this document).

The Company believes that thermal compression could be an innovative solution in the heating industry. It can produce a high-temperature pressure cycle (around 700°C) and achieve very high efficiency levels, whereas condensing boilers can only produce low-temperature water (less than 85°C). This technology – presented in section 5.1.1.2 of the Universal Registration Document – is highly effective, environmentally friendly, sustainable and needs no special maintenance other than 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.

The Company believes that 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 are at least 45% lower than in 2010 in order to limit global warming to 1.5°C², and when there is a great need to replace old, energy-hungry heating equipment.

²According 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/Innovation team that consisted of 25 people at 31 December 2019, along with close marketing, technical and scientific partnerships with energy specialists like GRDF from 2013 onwards 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 HVAC³ 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. In 2019, it already had the capacity to produce 1,680 boilers per year in its current configuration. Production capacity could be increased to 20,000 boilers per year with 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, through the addition of new robots, a greater number of production lines and an increase in the number of operators. Such increases in capacity can be achieved without a significant impact on production and within around six months.

The Company has obtained total funding of €81 million since it was founded in 2011. This has enabled it to design innovative heating equipment that the Company believes to be most energy-efficient 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.

This next step in the Company's development has proven that its first commercially available product – the BOOSTHEAT.20 – installed since late September 2019, is an attractive product that has been well received by users as part of their energy renovation projects.

With BOOSTHEAT.20, BOOSTHEAT is addressing **the individual home renovation market and the small collective housing and tertiary market** (shops, 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 Universal 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 and a comprehensive multi-channel approach.

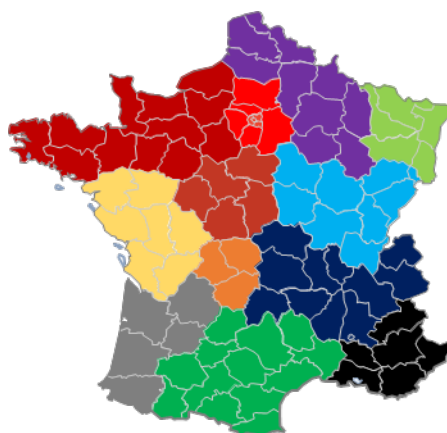
BOOSTHEAT's digital marketing strategy for initiating marketing of the product aims to raise awareness of the technology, establish the brand and create personal connections with the BOOSTHEAT story through distinctive communication aimed directly at consumers and participants in the energy transition process. By combining these methods, the Company intends to maximise potential sales.

This direct approach, which is unconventional in the heating sector, required the adoption of a large organisational structure and the development of operating networks to allow for its execution.

³Heating, ventilation and air conditioning.

France:

Sales agents – of which there were 17 at 31 December 2019, covering 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.



Territorial coverage of the 17 sales agents

The Company also has its network of **BOOSTHEAT PRO installer partners**⁴ – currently comprising 64 partners – which is being expanded and has the task of installing 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 seven commercial installations between September 2019 and January 2020 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 million⁵. BOOSTHEAT is working with Resoconfort, a group of seven Iserba subsidiaries that serve consumer customers;
- Logista Hometech, which has a long-standing presence in the Hauts-de-France region and more recently in the Occitanie region, started working with BOOSTHEAT in October 2019 as part of its plan to diversify into the consumer market. Logista Hometech is a family-owned company with 1,100 employees including 650 technicians operating through 40 branches in France. It was founded in 1994 and mainly provides heating and related services to social landlords (revenue of €97 million in 2019). In February 2020, Logista Hometech installed its first boiler for a consumer customer on behalf of the Company;
- the Unergies network, a consortium of 10 regional HVAC companies operating in France and specialising in installation, maintenance and climate engineering works and related trades, with which a national partnership agreement was signed in December 2019⁶. The aim of the partnership is to roll out an offering for local authorities and independent professionals. The partnership covers three areas – training, marketing and operations – and Unergies has committed to ordering 50 BOOSTHEAT.20s. The consortium also specialises in the tertiary value chain. Someci, a member of the Unergies network in the Auvergne-Rhône-Alpes region, took part in the first installer training session in June 2019 and has installed a BOOSTHEAT.20 in the plant room of a nursery in Vénissieux. MGC, a member of the Unergies network in the Hauts-de-France region, has installed two BOOSTHEAT.20s in the new town hall in Burbure (Pas-de-Calais), which was officially opened on 8 February 2020;
- medium-sized installers, including Gaz de Bordeaux;

⁴ See press release of 29 October 2019

⁵ <https://www.groupeiserba.fr/>

⁶ See press release of 17 December 2019

- local installers (fewer than ten employees) such as Solwind round out the Company's geographical coverage.

With the same aim, BOOSTHEAT is also 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. In 2019, BOOSTHEAT presented its technology, product and commercial offering to all Butagaz's gas tank sales partners (Distrinord, Gazarmor and Proxigaz). As a result, this sales force started promoting the BOOSTHEAT.20 to Butagaz's consumer customers and installer partners. In 2020, BOOSTHEAT and Butagaz are planning joint promotional efforts, particularly as part of the "*Sortir du fioul*" campaign to reduce the use of fuel oil and the migration towards renewable energies such as bio-propane. A competition for Butagaz propane tank users (18,500 active customers) was held between 15 January and 31 March 2020.

Germany:

Although the subsidiary was only recently created (in the second half of 2018), BOOSTHEAT's innovative technology has been recognised by the national technical authorities, making it eligible for BAFA incentives, the most generous incentives for households switching to more eco-friendly systems.

The first partners have joined the network and carried out the first installations. The Group has already identified solid potential in this country, which is expected to be a primary source of growth over the coming years.

Switzerland:

In accordance with the memorandum of understanding signed on 20 September 2017 by BOOSTHEAT and Holdigaz, and alongside Holdigaz's major equity investments in BOOSTHEAT (€2 million in 2017, €5 million in 2018 and €18 million in 2019), Holdigaz, Switzerland's fifth-largest distributor of natural gas and distributor of gas equipment, has exclusive rights, via its subsidiary Novogaz, to market 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 Novogaz 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. This contract, which is in the process of being finalised, will be submitted to BOOSTHEAT's board of directors for approval at its meeting of 2 June 2020. The board will validate the definitive terms of the agreement – in particular the transfer price – and formally authorise this regulated agreement.

The 50 boilers will be delivered gradually to Novogaz, which will distribute and install the BOOSTHEAT boilers for consumer customers. Five initial deliveries were made in late 2019 and early 2020. The boilers delivered and manufactured in 2019 for Holdigaz were for demonstration or trial purposes and were billed at the market price. Future deliveries will be according to demand from Novogaz, which is severely restricted by the lockdown measures relating to COVID-19. The Company has no visibility on this matter at present.

BOOSTHEAT believes that it has advantages that will allow it to market its heating solution and achieve rapid growth in the individual home, collective housing and tertiary markets, including:

- **a heating solution that Company believes to be the most energy-efficient 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 taking 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 ADEME and 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. These collaborations, initially technical, are intended to take on a commercial aspect;
- **the potential market in the individual home renovation segment, which is worth more than €2 billion in France, Germany and Switzerland** and 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 gradually increasing consumer awareness of the need to protect the planet;
- **the potential market for very low-power boilers in the renovation of small collective housing and tertiary buildings, which is estimated to be worth almost €1.3 billion in France and Germany;**
- **a regulatory environment that favours energy transition in Europe**, particularly in BOOSTHEAT's priority markets of France and Germany, reinforced by tax incentives that 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) – though 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 – and that has accelerated since then.

The various partnerships established by BOOSTHEAT France's teams with installers have resulted in around 100 orders from those installers as part of the B2B2C model. As well as generating orders, this success has vindicated BOOSTHEAT France's commercial approach among tradespeople interested in BOOSTHEAT France's sales model, in which installers are paid according to the work they carry out;

- **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**: since late 2016, the Company has 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 €27 million in the Company, i.e. €25 million for Holdigaz and €2 million for Fluxys.

In parallel with the commercial rollout, BOOSTHEAT has tested its industrial processes under series conditions. Based on the production of its first boilers and feedback from facilities, the Company is adjusting its production processes in order to improve efficiency in order to scale up production in the future. Feedback has also allowed BOOSTHEAT to make changes to its boiler and regulation in order to continue with its efforts to improve reliability and performance.

The main event in 2019 was the successfully launch of the Company's first product, the BOOSTHEAT.20, in the market.

By 31 December 2019, BOOSTHEAT had received 381 orders, nearly doubling the 200 order target set at the time of the IPO. This promising achievement confirms that the BOOSTHEAT.20 boiler is appealing to customers and is well positioned to address real demand in the market.

The product has been particularly successful in France – the first country targeted by the Group's sales campaigns – where 302 orders were received. Sales were achieved through three different channels, proving the Group's commercial flexibility: 54% direct sales to individual customers (B2C), 37% under a conventional indirect sales model (B2B2C) and 9% sales to professionals (B2B).

In Switzerland, Novogaz, a subsidiary of the Holdigaz group, ordered 50 BOOSTHEAT.20 boilers, which it will market directly in its own territory. Five initial deliveries were made in late 2019 and early

2020. The boilers delivered and manufactured in 2019 for Holdigaz were for demonstration or trial purposes and were billed at the market price. Future deliveries will be according to demand from Novogaz, which is severely restricted by the lockdown measures relating to COVID-19. The Company has no visibility on this matter at present.

In Germany, the Group achieved initial success with 29 orders, mainly B2B. Sales were boosted by the award of BAFA certification, a sign of recognition for BOOSTHEAT's innovative technology from Germany's technical authorities. BAFA provides the most generous incentives for households switching to more eco-friendly systems.

Breakdown of orders at 31 December 2019

Classification/ Country	France	Germany	Swiss	Total
B2B	28	25	50	103
B2C	162	4		166
B2B2C	112			112
TOTAL	302	29	50	381
	79%	13%	8%	

In 2019, the Company demonstrated the appeal of its boiler and the market's interest in solutions like its own, designed to meet the challenges of energy transition.

It was a particularly eventful year for BOOSTHEAT, marked by **the successful IPO on Euronext**, which gave it the funding to pursue and step up its development.

In 2019, the Company **produced its first boilers using a more industrial approach**, reaching a major milestone in optimizing its manufacturing processes. It also **carried out its first installations for customers**, a key stage allowing it to show how its product stands up to the complexities of individual homes. Customer feedback will provide inspiration for further improving its solution, including integrating more advanced connectivity into its boiler.

Out of a total 381 orders received by the end of 2019, 40 boilers were installed in 2019 (including 20 pilot projects) generating revenue of around €0.5 million.

The €4.8 million of revenue relating to the 341 orders yet to be delivered will be recognised gradually as boilers are installed. However, feedback relating to initial installations and the end of the lockdown – about which no information is available at present – mean that the company is unable to plan these installations at this stage.

The Group is currently working on streamlining its operations so that recurring operating expenses are reduced in 2020, taking account of the current conditions it is facing.

Significant events since the close of the financial year: COVID-19 pandemic

When publishing its 2019 annual results on 5 March 2020, BOOSTHEAT announced that it had received 381 orders in 2019, nearly double the initial target, and recognized revenue from its first boiler sales. The Group also announced that during the first half of 2020 it would focus on internal processes and installation while pursuing sales campaigns in a reasonable manner so as not to prolong delivery times.

Since this announcement, the COVID-19 pandemic has gained pace and impacted all global economic activity in general, and the Company in particular. To help prevent the spread of COVID-19, BOOSTHEAT decided on 18 March 2020 to place most of its employees involved in strategic operations under part-time work and teleworking arrangements for its strategic operations, thereby allowing each employee to apply government restrictions and look after their families. The Company anticipates a potential delay of several months in terms of its development, which cannot be estimated at present. The Company has taken and will continue to take measures to adapt its financing plan to the current situation, both in terms of its spending and in terms of resources.

“Together we have valued the components of our business and made the decision to protect our employees and keeping families at home in order to contribute to the national effort and contain the COVID-19 epidemic,” explained Luc Jacquet, CEO and co-founder of BOOSTHEAT, in a [press release distributed on 18 March 2020](#).

The Company has suspended the majority of its face-to-face activities at its three sites in Vénissieux, Toulouse and Nuremberg, as well as its installation activities. Only strategic operations have been maintained, in particular customer service. The Company has organized teleworking for essential operations and staff are fully ready to follow the business continuity plan that has been prepared.

The Company remains in contact with its suppliers and over the coming months expects supply shortages of boiler components. As stated above, 95% of the Company's supplies come from France and Europe and some of its suppliers obtain their supplies from China, particularly electronic components.

The Company is in regular contact with its installer partners and will provide information about the plan to reopen its facilities as soon as it is able to do so. The Company has informed its customers of this and will keep them up to date about future developments.

Lastly, in view of the potential impact of COVID-19 on consumers' buying power and ability to invest, the Company expects a fall in BOOSTHEAT.20 orders over the coming months relative to its initial targets (see section 5.4.2 of this document), although the extent of this fall cannot be estimated at this stage.

Within this context, the Company intends to use all possible economic support packages provided by the French and German governments to protect its cash position (part-time work, requesting bank loans including state-guaranteed loans (PGE), with €5 million already obtained) and allow it to get back on track. As the EIB no longer wishes to be involved in projects related to natural gas, BOOSTHEAT is not pursuing the planned funding application. As regards part-time work, the requests made to DIRECCTE have been accepted and the organisational structure is in place.

As stated at the time of its 2019 annual results⁷, the Company has also initiated a study into implementing more structural measures allowing it to reduce its cash burn in order to adapt to the changing economic environment and its product, processes and business activity reaching maturity.

Over the coming weeks, the Group will look into possible changes to its business approach in order to align its current efforts with the economic climate and the maturity of its product and processes.

⁷[See press release of 5 March 2020](#)

In Germany, the legal environment, high level of environmental awareness and sensitivity to heating technologies favour the establishment of the BOOSTHEAT.20 solution in this market. The first installer partners to have joined the network have delivered their first orders. The German market is expected to be a primary source of growth over the coming years.

Meanwhile, the Company will continue the developments announced at the time of the IPO, including opening a subsidiary in Belgium, currently planned for the second half of 2020, and expanding new applications around its thermal compressor (solar coupling, the more powerful BOOSTHEAT.50, etc.).

On a technical level, the Group will also draw on user feedback in order to enhance its solution and integrate more advanced connectivity in 2020. Concurrently, the Group is working on optimising BOOSTHEAT.20 production costs, which should allow it to maximise gross margin growth resulting from the ramp-up of volumes expected from 2021 onwards.

In 2020, BOOSTHEAT should have further improved its commercial, operational and economic efficiency. The Company was laying the foundations for achieving its 2022 target for recurring operating income, to which it committed at the time of the IPO. This profitability was to come from growing revenues and reducing costs. BOOSTHEAT wanted to convince the market of its ability to manage both these aspects of its business.

To date, in view of uncertainty about the duration and extent of the COVID-19 pandemic and government lockdown measures, BOOSTHEAT is not able to accurately and reliably assess the impact it will have. **The Group has therefore suspended its medium-term guidance announced at the time of the IPO and will provide revised guidance once it is able to do so.** BOOSTHEAT will keep the market informed of any significant developments in this situation that affect its activity.

Despite everything, the advances of the last few months confirm BOOSTHEAT's goals and its mission to accelerate energy transition by offering affordable, energy-efficient solutions.

5.1.1.1 Important events in the development of the Company'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 successive 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 operation in facilities located in Toulouse.
- **November:** Partnership with LaTEP (*Laboratoire de recherche publique en Thermique, Energétique et Procédés*) 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:**
 - Capital increase in a gross amount of €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:
 - 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;
 - 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 equipment manufacturer Bosch 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 BOOSTHEAT.20's energy efficiency produced by CETIAT (Centre Technique des Industries Aéronautiques et Thermiques) in France and GAS.BE (formerly ARGB/Association Royale des Gaziers Belges) in Belgium.
 - Start of installation work on the BOOSTHEAT.20 production line 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, interest-free eco loans).
- **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 BOOSTHEAT.20's energy efficiency by GAS.BE (formerly ARGB/Association Royale des Gaziers Belges) in Belgium.
- **July:** as part of its CSR approach, BOOSTHEAT awarded a score of 67/100 by independent consultancy Ethifinance, placing the Company in the “Sustainable leader” category.
- **October:** BOOSTHEAT's IPO on Euronext's regulated market in Paris. Overall, the Group raised €36.9 million from investors in France and abroad, representing an oversubscription rate of around 1.3x. As part of the transaction, the Group's long-standing shareholder and key commercial partner Holdigaz renewed its support by investing €18 million, taking its total investment in BOOSTHEAT since its creation to €25 million.
- **December:** partnership agreement between Unergies and BOOSTHEAT France covering the local authority and small tertiary market.

2020

- **March:** when publishing its 2019 annual results on 5 March 2020, BOOSTHEAT announced that it had received 381 orders in 2019, nearly double the initial target, and recognized revenue from its first boiler sales.

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 the advantages of being:

- > **energy-efficient:** it halves energy consumption 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 commitment⁸), 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).

⁸Non-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.

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 Universal 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.

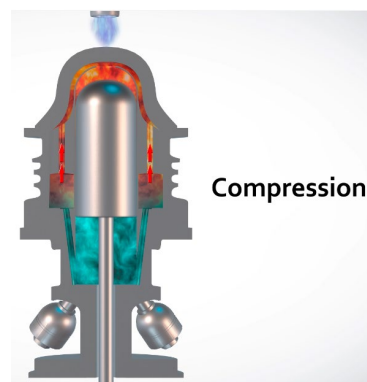
That compression takes place without any mechanical transmission of power, and therefore without any stress on the components that would move the displacer piston, since the pressure cycle results directly from the thermal cycle produced.

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:

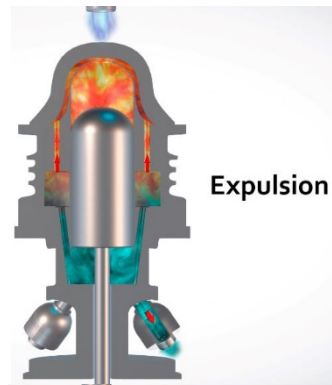
> Stage 1: compression.

The piston moves from the top to the middle of the cylinder. The gas passes through the regenerator, increasing in temperature and therefore pressure.



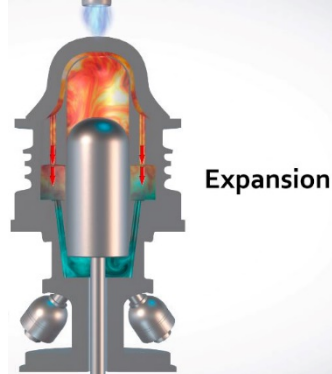
> **Stage 2: expulsion.**

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.



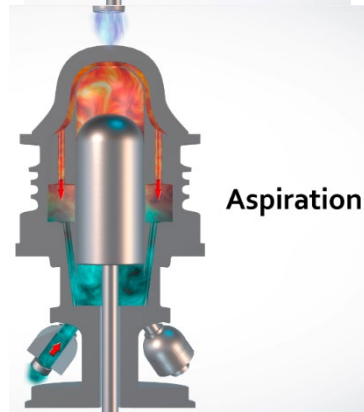
> **Stage 3: expansion.**

The piston moves from the bottom to the middle of the cylinder. The discharge valve has closed and the refrigerant fluid releases its energy in the regenerator. The temperature and therefore the pressure of the gas decreases.



> **Stage 4: aspiration.**

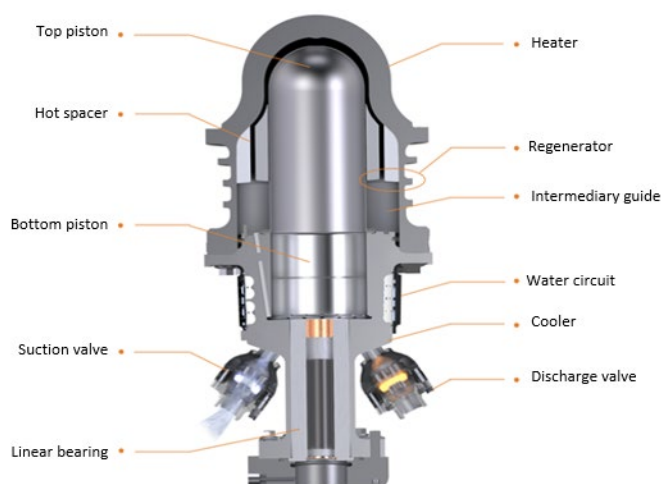
The piston moves from the middle to the top of the cylinder. The suction valve opens and the low-pressure refrigerant fluid is drawn in from the heat-pump cycle.



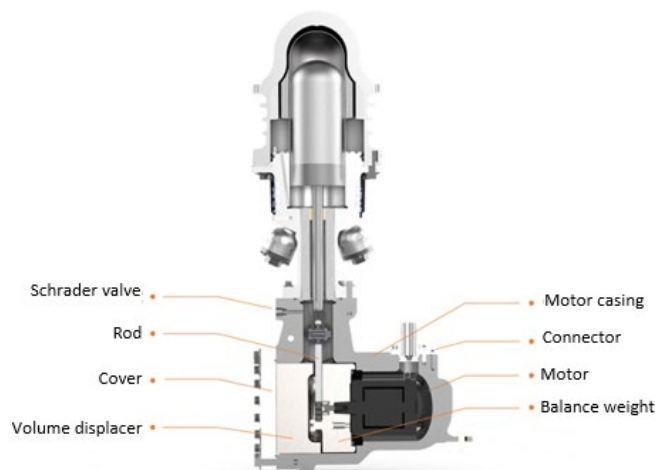
The high temperatures achieved by the gas burner explain the efficiency of the gas-powered heat pump, consistent with the Carnot cycle⁹ (https://en.wikipedia.org/wiki/Carnot_cycle). The refrigerant fluid is compressed directly from the heat input, without using any motor. Although the thermal compressor is not a motor, it bears many similarities to one, featuring components such as a casing, pistons, cylinders, rods and cranks.

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.

⁹The Carnot cycle is a theoretical ideal thermodynamic cycle for a motor with a dual heat source, consisting of four reversible processes: isothermal expansion, adiabatic (isentropic) expansion, isothermal compression and adiabatic compression. Thermodynamic efficiency is the ratio of output energy to input energy.



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 Aéronautiques 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 started 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. Laboratory responses must be supplemented by measurements taken on the ground.

BOOSTHEAT's technology is protected by a portfolio of international patents (see section 5.5 of the Universal 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.

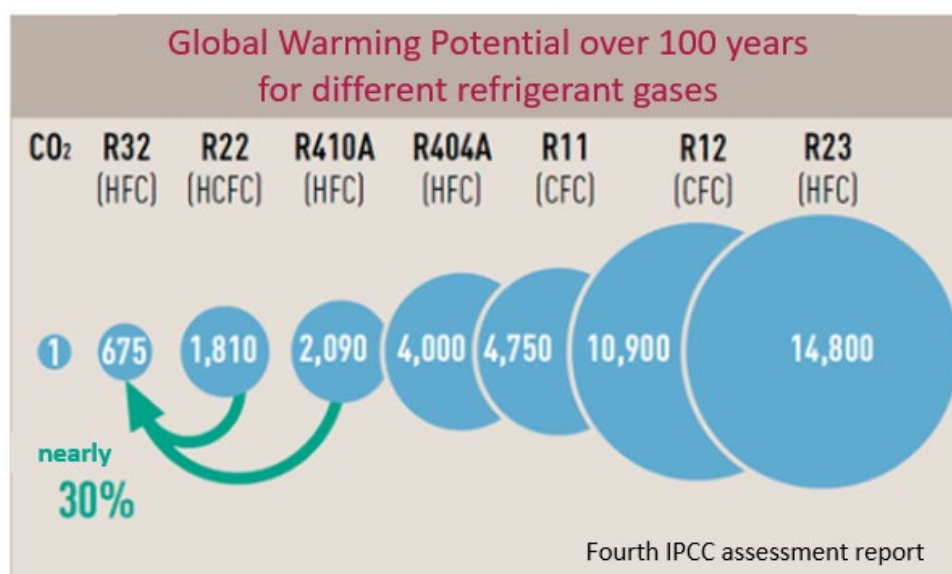
5.1.1.4 CO₂: a natural and non-polluting refrigerant fluid

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 tougher 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 to reduce 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, which the Company believes to be “the world’s most energy-efficient boiler”¹⁰, is up to twice as efficient as current boilers and allows 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 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

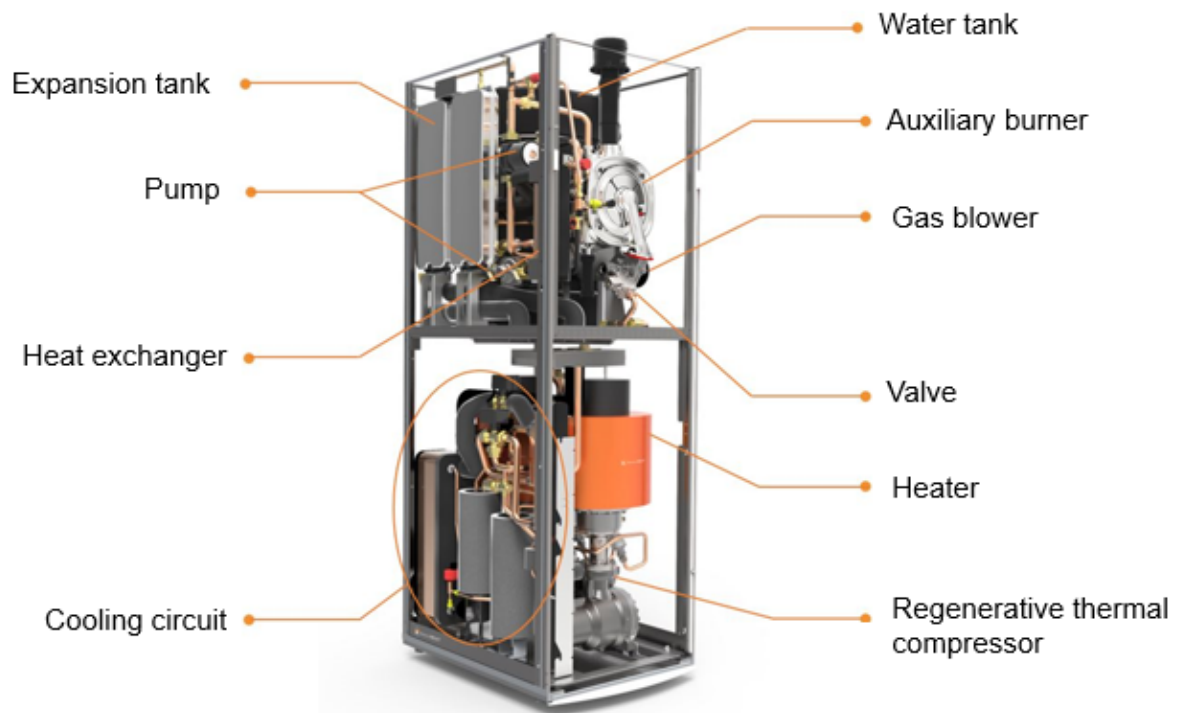
The BOOSTHEAT.20 is a gas-powered heat pump. Its architecture also includes a gas boiler (upper section) that backs up the heat pump and allows the system to meet the user’s heating requirements whatever the external temperature. BOOSTHEAT.20 is therefore a hybrid heat pump, combining the best features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

¹⁰Test reports by external laboratories (CETIAT and Gas.be): 188% for air-source (A7) and 229% for ground-source (W10).



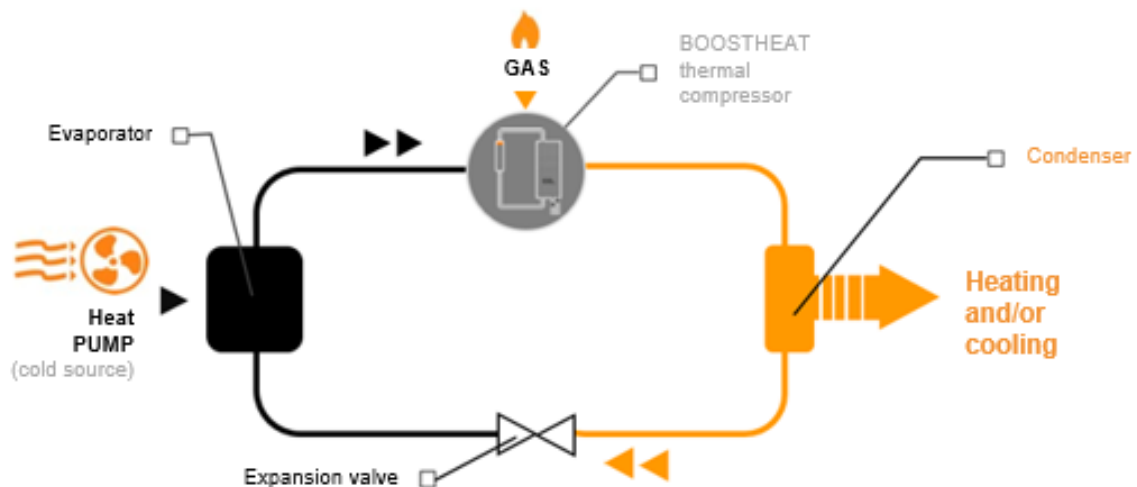
In technological terms, a heat pump takes heat from the outside air (air/water heat pump) or from the ground (geothermal or water/water heat pump) to heat a house.

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.

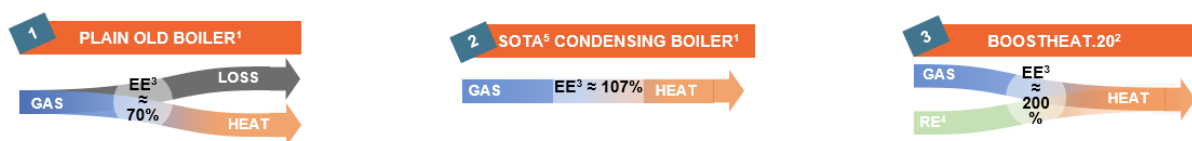


Heat pumps currently on the market (including the most recent models) have the following limitations:

- > 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 a radical 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%.¹¹ This 2-in-1 product combines the environmental benefits of heat pumps with the proven efficiency of condensing boilers.



¹Company estimate

²External laboratory test reports (CETIAT and Gas.be): 188% in aerothermal application (A7) | 229% in geothermal application (W10)

³Energy Efficiency

⁴Renewable Energy

⁵State-of-the-art

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%¹², because all of the heat they produce comes from combustion.

¹¹Test reports by external laboratories (CETIAT and Gas.be): 188% for air-source (A7) and 229% for ground-source (W10).

¹²<https://www.consoglobe.com/chaudieres-rendements-cg>

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

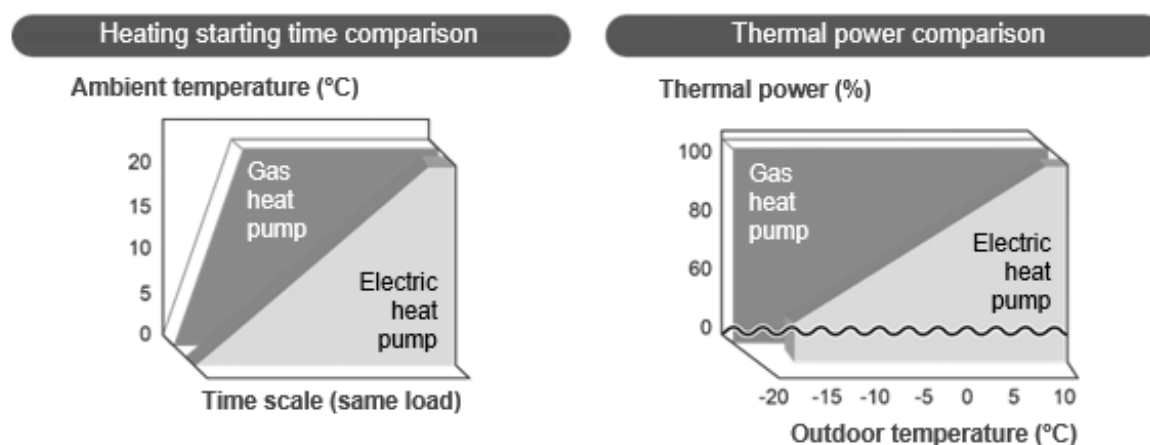
- > high primary energy efficiency;
- > mandatory periodic servicing requirements, depending on local regulations, similar to those of a gas boiler;
- > use of a natural refrigerant fluid that is neither toxic nor flammable and that has a low GWP value (see section 5.1.1.4);
- > compatibility with all 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 very energy-hungry below 0°C. This is the result of two innovations:

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



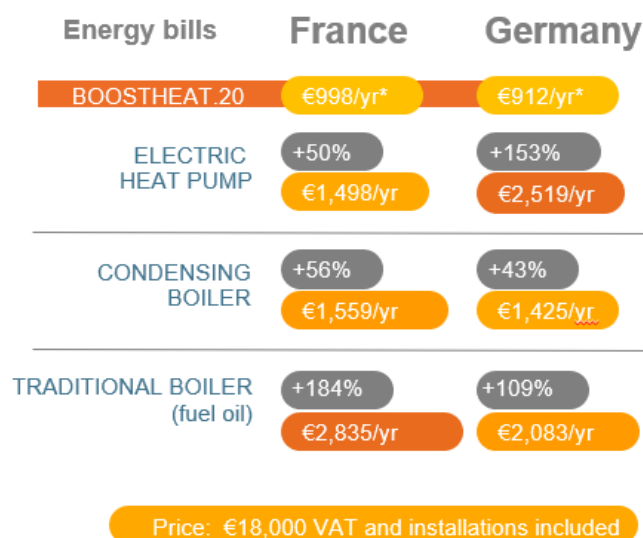
Source: Company

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.



*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 appendix IV of the French General Tax Code and customers must provide a certificate regarding the performance of works to improve the energy efficiency of their home – and for several tax incentives, some of which depend on household income. The BOOSTHEAT.20 is eligible for the Ma Prime Rénov' grant distributed by Anah (€4,000 for very-low-income households and €3,000 for low-income households) or the €2,000 CITE (*Crédit d'impôt transition énergétique*) energy transition tax credit for medium-income households, interest-free eco-loans (€15 thousand over 15 years) 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 2020 Finance Act and detailed in section 9.2). These arrangements significantly reduce the cost of purchasing a BOOSTHEAT.20 gas-powered heat pump for consumers (see table below).





Based on tax incentives in place in 2020 and a boiler purchase price of €17,998 including VAT and installation, the Company estimates that government incentives in France could range between €3,030 (CEE) and €8,860 (€4,860 CEE + €4,000 Ma Prime Rénov') depending on household income, giving a net cost of less than €10,000 for very-low-income households. In addition, a 15-year financing arrangement has been developed by the Company and a leasing solution is being prepared 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 €2,210¹³ will cover all of their monthly loan repayments¹⁴ (estimated at €130) through energy savings, without any public-sector incentive.

¹³Reference energy bill for the first year, factoring in inflation at 3.5% per year over 15 years for gas and fuel oil prices.

¹⁴Loan interest rate (APR): 3.67%.

➤ **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)*	€43,172	€44,743	€55,093	€37,750

*Budget over 15 years: purchase + the €3,030 CEE incentive + consumption + mandatory periodic servicing
 Budget over 15 years: BOOSTHEAT equipment purchase + consumption + mandatory periodic servicing (excluding the €3,030 CEE incentive): €40,780
 Company estimate

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 the €3,030 CEE incentive, is €40,780, 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 incentives¹⁵ (taking into account the CEE incentive, which is available to all). Heat pumps can rival 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 cost saving for customers, unlike the BOOSTHEAT.20.

For example, for a couple 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:

CUSTOMER PROFILE ¹	HEATING METHOD	FINANCING	ANNUAL EQUIPMENT COST ²		ANNUAL CONSUMPTION SAVINGS ³
High-income	GAS		€996	<	€1,283
High-income	FUEL OIL		€996	<	€2,364
Very low-income	GAS		€612	<	€1,283
Very low-income	FUEL OIL		€612	<	€2,364

¹High-income: couple with gross income of over €60,000 per year / Very low-income: couple in the Île-de-France region with gross income of less than €25,000 per year.

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

¹⁵Based on incentives available in 2020 for French consumers.

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

5.1.2.2 Related services

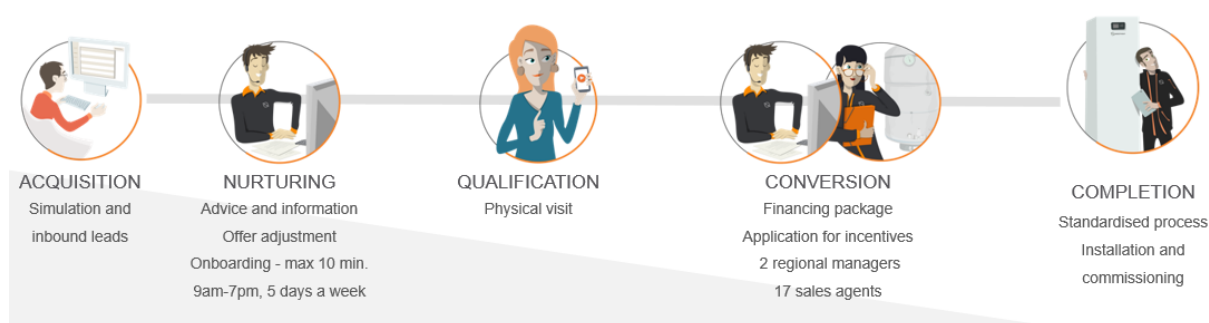
BOOSTHEAT designs and produces its BOOSTHEAT.20 gas-powered heat pumps, and installs and maintains them via a network of partners approved by the Company.

5.1.2.2.1 Direct relationship with consumers

The Company intends to address consumers, and environmentally-minded people in general, directly in order to support and advise them and increase their knowledge regarding heating and energy efficiency. The Company has adopted a customer-centric model in which consumers play an active role and seek a suitable solution for their plans, whereas most producers of heating solutions use a product-centric model, pushing their solutions towards distributors.

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.

A PHYGITAL CUSTOMER PATHWAY



Installing the equipment in customers' homes is a relatively quick and easy 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 installing it and bringing it into service (including removing the old boiler and desludging the heating system) only requires two days of work by a two-person team¹⁶. Installers, who receive training from the Company, 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. As of 31 December 2019, BOOSTHEAT had provided training to 18 installers.

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 have been taking place since early September 2019 in three types of building:

¹⁶Time required proportional to the complexity of the installation.

- small public buildings – three municipal buildings in Vénissieux (the Marcel-Sembat centre, the municipal centre for retired people and the nursery attached to the Gabriel-Péri group of schools), 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 are being sequenced over several months, depending on client requirements. Clients may be local authorities, private landlords or social landlords.

Some of the projects involve pilot installations, while most are real orders, including some financed through dedicated partnerships.

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, through its partnership with Unergies, is responding to specific invitations to tender for projects involving buildings open to the public.

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 by specialist partners (see section 5.1.4.3). The two-year contractual warranty has been increased to 10 years as part of the Pionniers launch offer (see section 5.1.4.4) and is now being offered by BOOSTHEAT to its customers as part of a specific service contract (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.

5.1.2.2.4 *Connectivity services*

Since September 2019, BOOSTHEAT products have included the latest connectivity features based on Internet of Things (IoT) technology. Its gas-powered heat pumps feature a 4G module that allow data from the equipment to be processed. The services developed as a result allow the equipment to be monitored and controlled remotely, and may be used by technicians in the Company's technical centre and external technicians carrying out maintenance work. The Company is also planning to make these services available to end-users.

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 have the choice of taking out additional cover for the annual servicing of their system, or to extend their parts and labour warranty to up to 10 years (see also section 5.1.4 of the Universal 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.

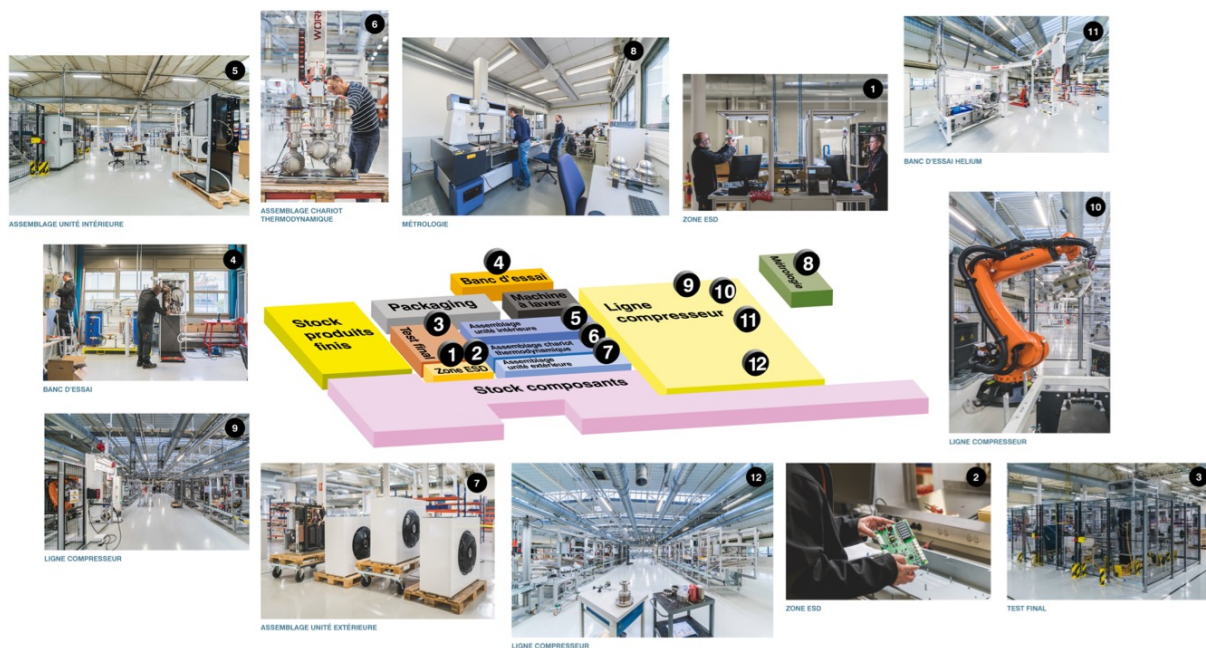
The considerable potential of BOOSTHEAT’s markets meant that it had to design a high-capacity, modern production facility that meets “Industry 4.0” standards, i.e. that is organised in a way that allows greater production flexibility and adaptability, and optimises resources through automation and the 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 its suppliers, 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.

The 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. The project has been completed and the balance of €693,488 was received on 12 November 2019.



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



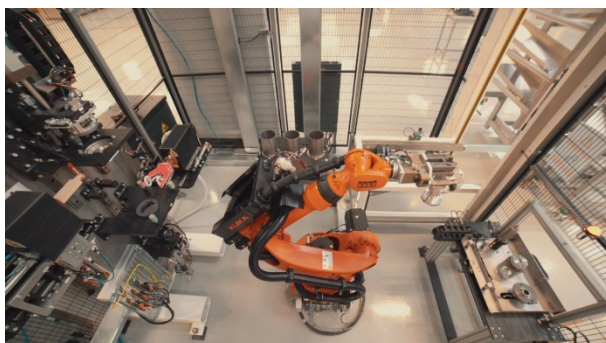
This automated production line can assemble a full thermal compressor in nine minutes with eight people.

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. The number of boilers that the Company has in stock changes every day depending on production volumes and the installation timetable. At the date of the Registration Document, the Company had around 20 boilers in stock.

Annual production capacity could be increased to 20,000 boilers per year with 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, through the addition of new robots, a greater number of production lines and an increase in the number of operators. Such increases in capacity can be achieved without a significant impact on production and within 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

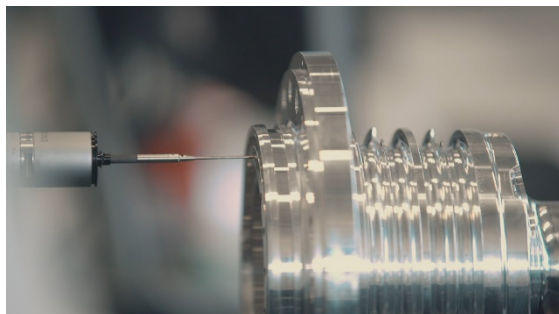


> Traceability and safety at the heart of the production process

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” (“mistake-proofing” in Japanese) and automated supervision systems that allow the assembly process and component quality to be monitored. The production line ends with test benches that ensure the flawless quality of BOOSTHEAT.20 units.

A model for the factory of the future

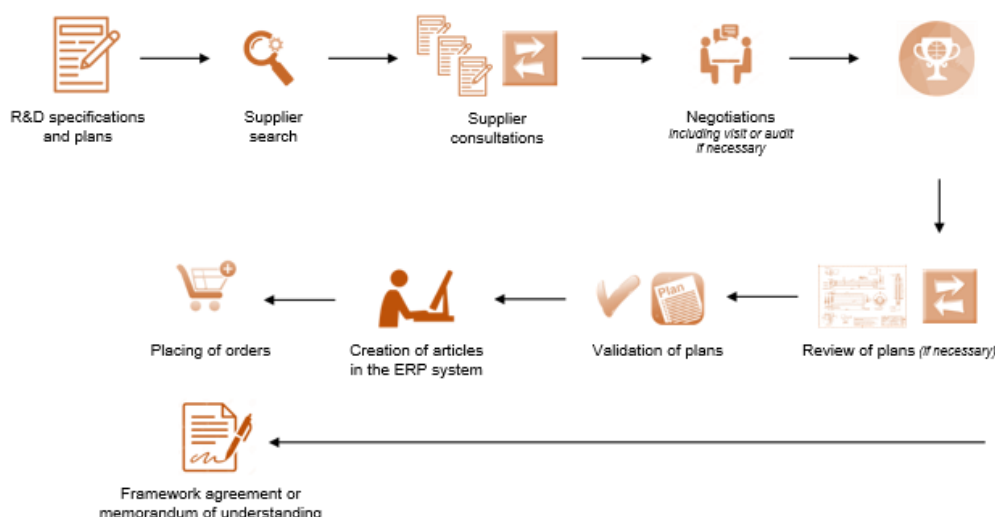


Since late 2019, strategic production resources have been covered by maintenance and calibration contracts (for example regarding fastening tools with Desoutter), while facilities management installations undergo regulatory checks by approved bodies (such as Bureau Veritas, Ecodis, Sicli and Siemens).

5.1.3.2 A sophisticated supplier selection and monitoring process

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

Supplier selection for critical components is generally a long process, lasting for 6-12 months on average, from the time the Company provides its specifications to a preselected supplier to the time the commercial relationship begins. For standard components, the supplier selection process takes 3-6 months.



Of the suppliers and subcontractors selected (around 100), five are regarded as critical. 72% of purchases are made in France and 95% in Europe (at 31 December 2019).

From the initial stage of R&D, BOOSTHEAT selected and set standards for its suppliers. It also recruited 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 aims to have around 60 days' worth of components in stock) 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.

BOOSTHEAT has begun a dual sourcing initiative for critical components, which will come into effect in the medium term when volumes are significant.

List of main suppliers

Supplier	Country	Components
DECAYEUX	France	Copper pipe bending / CO2 cooling circuit assembly
SAINT JEAN INDUSTRIES	France	Stainless steel casting/machining (compressor)
STREIT MECANIQUE	France	Aluminium forging/machining (compressor)
SAB	France	Aluminium casting/machining (compressor)
FTEU	Germany	Regenerator (compressor)
MAHR GMBH	Germany	Linear bearing (compressor)
KAORI	Taiwan	CO2 exchangers
MIDI INGENIERIE	France	Electronic circuit board
EMKA ELECTRONIQUE	France	Electronic circuit board
SANYO DENKI	Japan	Motors (compressor)
GUY DEGRENNE INDUSTRIE	France	Embossing/welding
DENALINE	Italy	CO2 buffers
SELVA ELECTRONIQUE	France	Electronic circuit board
ISOCEL	France	Hydraulic components
COPHIMEC	France	Stainless steel/aluminium machining (compressor)

In order to improve its profit margins over the long term, the Company's manufacturing teams are already 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. The Certigaz annual audit took place successfully on 14 November 2019.

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.

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

soit conforme 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 sans i) le site, Révocation of this certificate must be initial. 1/1
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.

Neully, le 24 septembre 2018

Le Directeur Général

Vincent DELARUE



CERTIGAZ SAS - 8, rue de l'Hôtel de Ville - F 69200 Neully-sur-Saône - Tél : +33 (0) 80 2 07 40 - Fax : +33 (0) 1 40 91 37 93
info@certgaz.fr - www.certgaz.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 interest-free 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

NUMÉRO E-E176887 VALABLE JUSQU'AU 08/04/2020



EDITÉ LE 11/04/2019

SITUATION ADMINISTRATIVE ET JURIDIQUE

Date de création : 06/08/2018 Raison sociale : BOOSTHEAT FRANCE

Forme juridique : SASU 41 RD MARCEL SEMBAT
Capital : 25 000 41-47
69200 VENISSIEUX

Registre du commerce ou répertoire des métiers : RC Téléphone : 06 75 66 23 28 Fax :
Siren : 842 462 947 00016 Portable : 06 75 66 23 28
Code NACE : 4674B Responsabilité légale :
Numéro caisse de congés payés : BOOSTHEAT LUC PRÉSIDENT / BOOSTHEAT LUC GÉRANT
Assurance Responsabilité Travaux :
10204058104

Assurance Responsabilité Civile :
10204058104 Site Internet :
Situation fiscale et sociale : A jour au 31/12/2018 E-mail : benoit.fougeaud@boostheat.com

Effectif moyen : 1 Tranche de classification : EFF1 Chiffre d'affaires HT : 8 530 000 Tranche de classification : CA7

QUALIFICATION PROFESSIONNELLE

Code	Qualification(s) en cours de validité	Effectif	* Date d'attribution
0231 PROB	Installation de pompe à chaleur et groupe froid en habitat individuel, collectif et tertiaire inférieur à 1000 m2	1	08/04/2019
Nombre total de qualifications : 1			

* ou du plus récent renouvellement

La durée de validité d'une qualification est de 4 ans ou 3 ans (PRON ou BICHOVALE) sous réserve que l'entreprise ait subi au moins un contrôle annuel de suivi. Lorsque le code à 4 chiffres de la qualification ou de la certification est complété par le mention d'un niveau de technicité, cela implique que l'entreprise est réputée pouvoir effectuer les travaux relevant des qualifications ou certifications du ou des niveau(s) de technicité inférieur(s) à celui qualifié ci-dessus.



FRANCE
41-47, boulevard Marcel Sambat
69200 Venissieux

LE PRÉSIDENT
DE QUALIBAT

Alain MAUGARD

R.C.S. 842 462 947
SIREN 842 462 947 000 16
TVA INTR 842 462 947

AGENCE
QUALIBAT

AGENCE DE LYON
IMMEUBLE "LA DOUA"
4, RUE DE LA DOUA
B.P. 71318
69606 VILLEURBANNE CEDEX

La (ou les) qualification(s) attribué(s) à cet établissement attestent(s) de sa conformité aux exigences du « référentiel pour l'attribution et le suivi d'une qualification professionnelle d'entreprise et la délivrance du certificat » et aux exigences associées aux qualifications mentionnées ci-dessus, en vigueur à la date de la demande. Ces exigences découlent de la norme NF X50-091.

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 Company believes that the energy and heating ecosystem is changing, with energy providers seeking to offer more services and reduce their use of intermediaries. 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 a technical assessment of the customer's existing system (see section 5.1.2.2 of the Universal Registration Document).

On average, the Company received more than 500 new information requests regarding its products every week from its website in the fourth quarter of 2019 (as opposed to 250 per week in the second quarter of 2019). As of 31 December 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 secured 162 B2C orders¹⁷, with installations starting in late September 2019.

In addition, the B2B2C marketing approach, via professional installer partners, resulted in an additional 112 orders as of 31 December 2019 and will be an important sales driver in future years.

Pilot programme in which BOOSTHEAT.20s are used in real-life conditions by consumers and tested in laboratories in France and abroad

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 programme has been taking place since the fourth quarter of 2018, involving around 20 BOOSTHEAT.20s that have been installed in consumers' homes, in order to get their feedback about performance and ease of use. These pilots are being partly financed by ADEME via €330 thousand of "innovation support" funding obtained in April 2019, comprising a €220 thousand grant and a €110 thousand repayable advance, of which €133 thousand and €67 thousand respectively were received in the first half of 2019 (see notes 3.15 and 3.16 to the 2019 consolidated financial statements in section 18.1 of the Universal 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 number of people, and offers three ways of buying a system, with customers paying after installation: (i) payment in cash, (ii) buying on

¹⁷An order is officially recorded when the purchase order is signed.

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 homes¹⁸.

✓ **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 the bank, 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, according to the Company, be available by 2021 once a specific authorisation agreement has been formed. As of the date of the Universal Registration Document, the process is underway, supported by an initial feasibility study financed by ADEME.

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 is the legal owner of the boilers).

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 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, which started in late September 2019, the Company intends to handle the process in its entirety. As soon as a prospective customer has sent information about his/her home's layout and arranged a meeting with the telephone operator at the Company's Customer Relations Centre, a mandatory site visit is organised by a BOOSTHEAT project manager in order to carry out a technical assessment and take the order.

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** (known as Project Managers at BOOSTHEAT France), who are not employees, are paid a commission when they refer qualified prospects or secure a sale, and handle BOOSTHEAT leads in their local area (17 at 31 December 2019). 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 first half of 2020, 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**.

¹⁸<https://www.notaires.fr/fr/immobilier-fiscalite/C3%A9etudes-et-analyses-immobili%C3%A8res/performance-%C3%A9nerg%C3%A9tique-la-valeur-verte-des-logements>

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 arranges 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.

Installation and maintenance partnerships with Iserba, Gaz de Bordeaux, Logista Hometech and Solwind are also very valuable for BOOSTHEAT. Their activities in the residential market have a high profile at the local level, enabling them to adopt more targeted initiatives, particularly regarding the replacement of fuel-oil boilers, which is a major part of BOOSTHEAT's strategy in 2020.

The network is being developed in various ways: communication campaigns with the installer networks of BOOSTHEAT partners such as Butagaz, in order to establish 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 can also 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 million¹⁹ in its financial year ended 31 March 2018. It is a major shareholder in BOOSTHEAT (see section 16.1 of the Universal Registration Document) and via its subsidiary Novogaz is BOOSTHEAT's exclusive distributor in Switzerland. At the date of the Registration Document produced for BOOSTHEAT's IPO (approved by the AMF on 11 September 2019), its Novogaz 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.

For Germany, BOOSTHEAT set up a marketing subsidiary – BOOSTHEAT Deutschland GmbH – in November 2018, which employed four people at 31 December 2019. A BOOSTHEAT.20 boiler has been undergoing testing by German energy company Innogy since 5 May 2019.

Partnerships with maintenance networks

As part of its controlled roll-out approach, BOOSTHEAT handles after-sales service directly. The Company wants gradually to set up partnerships with certified technicians to carry out mandatory

¹⁹ Source: Holdigaz 2017-2018 annual report.

periodic servicing and repairs by 2021. It has identified preferred partners, i.e. the Iserba group (see section 5.1.1) for consumers and the Unergies consortium for local authorities and independent professionals.

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 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 that is directly 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 servicing, 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.

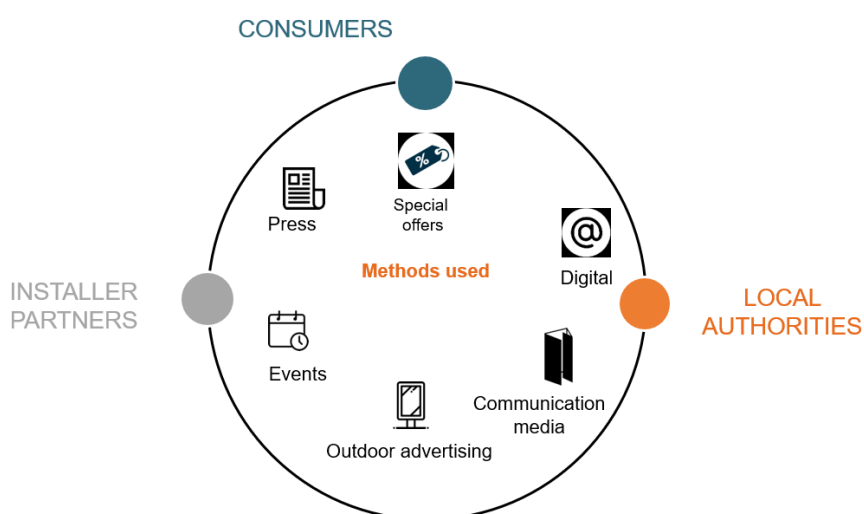
With this commercial policy, BOOSTHEAT is introducing an incentive system for its partners based on various actions: generation of prospective customers/leads, quotes and sales, installation, maintenance and repairs.

5.1.4.5 Raising the Company's profile in its priority markets

Three main target markets



360° initiatives



- Growing brand recognition among the general public (consumer customers)

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.



In 2019, BOOSTHEAT France also introduced a promotional offer for its first 200 customers: the **Pionniers offer**, valid until 31 December 2019.

Features of the offer:

a 20% discount on the quoted price

an extended 10-year warranty (subject to taking out a maintenance contract)

The offer was publicised through the website and press advertising (full-page ad in the December edition of Maison & Travaux magazine).

- Targeted efforts with local authorities

In 2019, BOOSTHEAT made efforts to convince local authorities of the BOOSTHEAT.20's benefits: a solution that will help them address the issues of France's Climate Plan, reduce heating-related energy consumption, increase the proportion of energy consumed from renewable sources and help improve their image among residents. Local authorities are obliged to make renewable energies a part of their energy solutions.

BOOSTHEAT France and Unergies will join forces to create an exclusive offering for local authorities from April 2020. BOOSTHEAT is also using the network of energy unions in French *départements* to roll out its offering. For example, BOOSTHEAT and FDE62 (the Pas-de-Calais energy union) have signed an agreement to promote the BOOSTHEAT.20 among local authorities in the Pas-de-Calais region, which contributed to four installations carried out in the first quarter of 2020.

BOOSTHEAT took part in several specialist events in 2019 (see the "Frequent attendance at trade fairs and shows" section of this document).

Promotional materials: flyers and roll-up banner displays



- **An innovative partnership with installers**

With its **BOOSTHEAT PRO** network, set up in October 2019, BOOSTHEAT is forging a new kind of manufacturer-installer relationship. For installers joining its network, BOOSTHEAT offers them a way to boost their productivity and grow their business while making their day-to-day work easier: it allows them a way to stand out by offering and installing a unique product, and to simplify their admin. BOOSTHEAT works alongside installers, offers a 10-year warranty and provides them with business on a turnkey basis.

In France, BOOSTHEAT has formed a partnership with Gaz de Bordeaux, a natural gas supplier that also has a heating services department (installation and maintenance). On average, its 35 qualified technicians maintain 20,000 heating systems in the Bordeaux region every year.



For an installer, BOOSTHEAT PRO works as follows:

- signature of a quality charter by the installer and BOOSTHEAT;
- signature of a partnership agreement;
- training at the BOOSTHEAT Academy in Vénissieux, comprising various modules, i.e. installation, commissioning, repairs and maintenance;
- support for the first two installations followed by long-term assistance via a hotline to BOOSTHEAT's technical centre.



To promote this innovative partnership among gas tradesmen and encourage them to join its BOOSTHEAT PRO network, BOOSTHEAT took part in the Interclima trade show at Paris-Villepinte for the third time between 5 and 8 November 2019.

Specific promotional materials have been created for this target audience of installer-partners.

Promotional materials: leaflet and video



BOOSTHEAT.20 installation video
Screened at trade shows and available online
<https://www.youtube.com/watch?v=bzaG1becNeQ>

In addition, the <https://pro.boostheat.fr/> website was launched in October 2019, aiming to develop the BOOSTHEAT PRO partner network by emphasising the benefits of joining.

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 the year in the Erdgas 2018 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 100,000²⁰;
- in May 2019, the BOOSTHEAT.20 won the silver award in the “smart 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).



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;

²⁰ <https://www.acpm.fr/Support/maison-travaux>

- 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;
- the Salon des Maires de l'Ain trade show in Bourg-en-Bresse on 11 October 2019;
- the Congrès des Maires du Rhône conference in Lyon on 17 October 2019;
- the Mieux Vivre Expo trade show in La-Roche-sur-Foron from 30 October to 3 November 2019;
- the Salon Interclima trade show in Paris-Villepinte from 5 to 8 November 2019. This was the third time that BOOSTHEAT took part in this trade show, which is a major opportunity to promote the BOOSTHEAT.20 among building tradespeople but also to encourage them to join its BOOSTHEAT PRO network;
- the Forum des Collectivités de Haute Savoie on 8 and 9 November 2019;
- the Smart City Expo World Congress in Barcelona from 19 to 21 November;
- the Salon des Maires de France in Paris from 19 to 21 November 2019;
- the Salon Actionaria, Europe's largest event bringing together individual shareholders and companies, at the Palais des Congrès de Paris on 21 and 22 November 2019;
- gat|wat 2019 in Cologne, Germany, from 26 to 28 November 2019, a major event for the gas, water and hydrogen economy;
- the 17th Berenberg European Conference at the Pennyhill Park Hotel in Surrey, United Kingdom on 4 December 2019, attended by almost 500 investors from Europe, the United Kingdom and the United States;

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.














Finally, BOOSTHEAT is a partner of the Lyon region's Climate, Air and Energy plan for 2030. It signed up to the plan during Lyon's sixth Energy and Climate Conference, which took place on 28 November 2019.

5.1.5 Organisation

5.1.5.1 Operational structure

The Company's operational structure, as of the Universal Registration Document's filing date, is as follows:

 Luc Jacquet CEO and co-founder	 Sabrina Ferré Head of Communications and Investor Relations, Executive Assistant	 Jean-Marc Joffroy Chief Innovation Officer and co-founder	 Yves Chabanon Chief Financial Officer
 Virginie Alphan Head of Human Resources	 Philippe Pardonnet Chief Technical Officer	 Jean-Luc Margand Chief Industrial Officer	 Anne-Sophie Clément Head of Purchasing and Supply Chain
 Emilien Benhard Head of Marketing	 Philippe Dujardin Director of BOOSTHEAT France	 Norbert Dischinger Director of BOOSTHEAT Germany	97 staff members at 31/12/2019 of which 33 Manufacturing 25 Technical / R&D

5.1.5.2 A highly experienced Management Committee



Luc Jacquet, CEO and co-founder

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). 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.



Sabrina Ferré, Head of Communications and Investor Relations, Executive Assistant

Sabrina is a graduate of IDRAC Business School and IAE de Lyon and has almost 20 years of experience in marketing and communications,

dealing with corporate and operational matters at manufacturing groups such as Bosch Rexroth, Aldes and Renault Trucks.

She joined BOOSTHEAT in 2017 as Head of Communications, before becoming Executive Assistant. In January 2020, she was appointed Head of Communications and Investor Relations alongside her role as Executive Assistant.



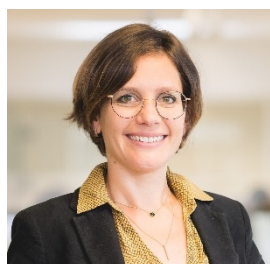
Jean-Marc Joffroy, Chief Innovation Officer and co-founder

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, co-founded the Company and is 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 is now Chief Financial Officer.



Virginie Alphan, Head of Human Resources

Virginie is a graduate of the IGS-HR human resources school, and brings to BOOSTHEAT almost 20 years of professional experience in human resources (staff administration, workforce planning, training, employment law, change management etc.) working for multi-site manufacturing companies. After 12 years at Bosch and then 3 years at Sillia VL, she joined BOOSTHEAT in 2017, where she is currently Head of Human Resources.



Philippe Pardonnet, Chief Technical Officer

Philippe has a degree in engineering from the École Supérieure d'Électricité and almost 35 years of experience working in R&D and operational and strategic management at international industrial groups such as Alcatel-Lucent Enterprise, Safran, LaCie and Seagate. He joined BOOSTHEAT in July 2019 and is now Chief Technical Officer.

**Jean-Luc Margand, Chief Industrial Officer**

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.

**Anne-Sophie Clément, Head of Purchasing and Supply Chain**

Anne-Sophie holds a degree in thermal energy engineering, with a specialisation in industrial cooling and climate, from Polytech Nantes, and brings to BOOSTHEAT almost 25 years of experience in the HVAC²¹ industry. She spent 7 years at Carrier Corporation as pre-sales engineer and customer quality manager, and then 14 years at the Atlantic group as quality manager and purchasing manager. She joined BOOSTHEAT in 2017 and is currently Head of Purchasing and Supply Chain.

**Emilien Benhard, Head of Marketing**

Emilien has a degree in electronics and telecommunications and an MBA in technology and industrial management. He has solid experience in the development and international deployment of solutions used to create and manage connected products in demanding industrial segments such as connected cars and smart grids. He has worked for major industrial device manufacturers and ITC companies, including SAGEMCOM and Transatel. In 2018 he joined BOOSTHEAT as IoT Marketing Manager, before becoming Head of Marketing.

**Philippe Dujardin, Director 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. After a period as head of BOOSTHEAT SA's development department, where his remit included partnerships, product offerings and international development, he is now Director of BOOSTHEAT France.

**Norbert Dischinger, Director of BOOSTHEAT Germany**

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.

²¹Heating, ventilation and air conditioning.

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 likely to lead to changes in our lifestyle as energy transition takes place, requiring further efforts to optimise energy use.

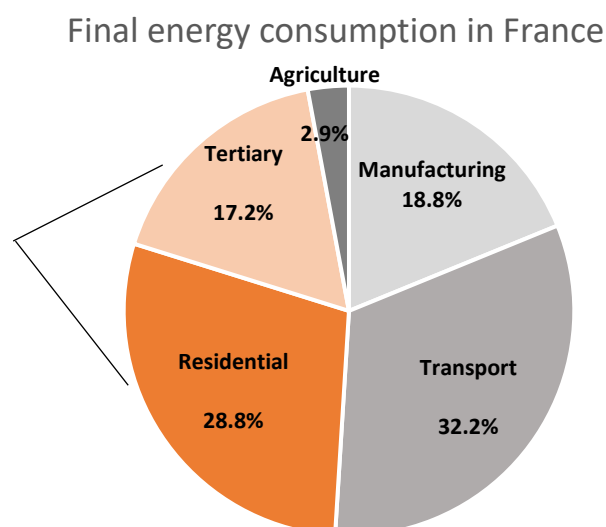
The IPCC (Intergovernmental Panel on Climate Change, which has 195 member states) published a report on 8 October 2018 stating that global greenhouse gas emissions must be reduced by 45% by 2030 compared with their 2010 level to keep the average temperature increase below 1.5°C, and that the world must 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 CO₂²² emissions.

Of that energy consumption, 42 exajoules are consumed in heating homes every year: this equates to more than €500 billion²³ being transformed into hot water and flue gas. Overall, heating homes accounts for around 25% of the world's energy consumption²⁴.

In France in 2017, the building industry accounted for 46% of final energy consumption, i.e. 65m tonnes of oil equivalent²⁵ and 23% of greenhouse gas emissions²⁶.



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

²²Source: International Energy Agency, <https://www.iea.org/topics/energyefficiency/buildings/>

²³<https://www.iea.org/topics/energyefficiency/buildings/heating/>

²⁴International Energy Agency figures, <https://iea.org/renewables2018/heat>

²⁵Figures from France's Ministry for Ecological and Inclusive Transition

²⁶Figures from INSEE, <https://www.insee.fr/fr/statistiques/2015759#tableau-Donnes>

Within the residential sector, heating represents almost 66% of household energy consumption, and an additional 11% is used for domestic hot water²⁷. 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 1975²⁸, 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 old²⁹.

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 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 solutions³⁰.

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 quarters³¹ (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.

²⁷ADEME, climate, air and energy study 2018

²⁸Source CEREN, October 2018.

²⁹<http://www.economiedenergie.fr/Chauffage-chaudiere-et-boucle-a-eau-chaude.html>

³⁰France's Ministry for Ecological and Inclusive Transition, 2017 energy report.

³¹BSRIA Domestic Boilers France / Germany 2018 survey.

Natural gas is a resource that is readily **available** in all seasons. It represents 21% of energy consumption in Europe³². 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 TWh³³.

Unlike electricity, which cannot be stored on a large scale, large quantities of natural gas **can be stored** in liquid form. As an illustration, 1m³ 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 kWh³⁴ of electricity in a 1 m³ volume. LNG's energy density is therefore 75 times greater than electricity storage³⁵.

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 Switzerland³⁶.

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 transmission³⁷.

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 2030³⁸, 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.

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 year³⁹. The global market for boilers alone was estimated to be worth more than \$50 billion in 2017⁴⁰.

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 methods⁴¹. 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

³²gasinfocus.com.

³³<https://www.connaissancedesenergies.org/fiche-pedagogique/parc-nucleaire-francais>

³⁴https://www.tesla.com/fr_FR/powerpack

³⁵<https://selectra.info>

³⁶Source: ec.europa.eu.

³⁷leseoliennes.be.

³⁸GRT Gaz, 2017 gas report.

³⁹<https://www.statista.com/statistics/414960/global-market-for-commercial-and-residential-hvac-systems/>

⁴⁰<https://www.gminsights.com/industry-analysis/boiler-market>

⁴¹Combined figures from the EHPA (European Heat Pump Association) and BRG Building Solutions.

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.

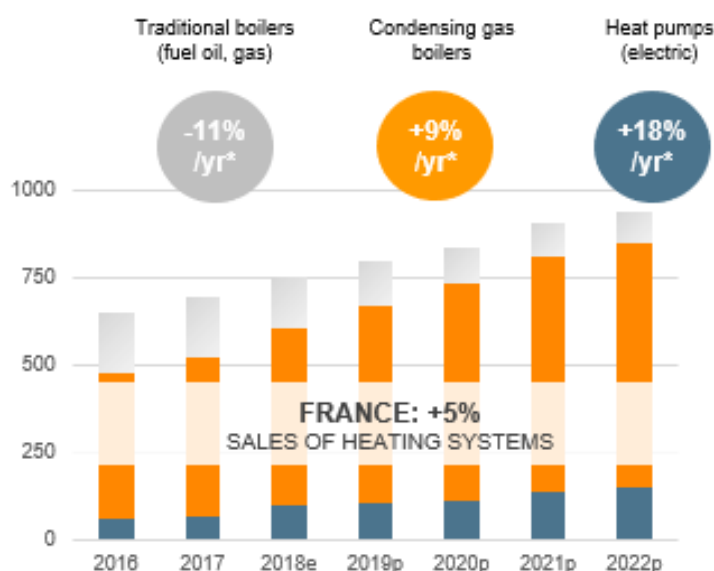
The two geographical markets targeted by BOOSTHEAT are France and Germany, since they show a lot of potential and are representative of the broad market in terms of targets for reducing greenhouse gas emissions, political support for renewable energies and energy price conditions. Switzerland is also 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 study⁴² 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).

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 year⁴³.

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 2022⁴⁴.

> Potential market for the BOOSTHEAT.20 in France

⁴²BSRIA Domestic Boilers France 2018 survey.

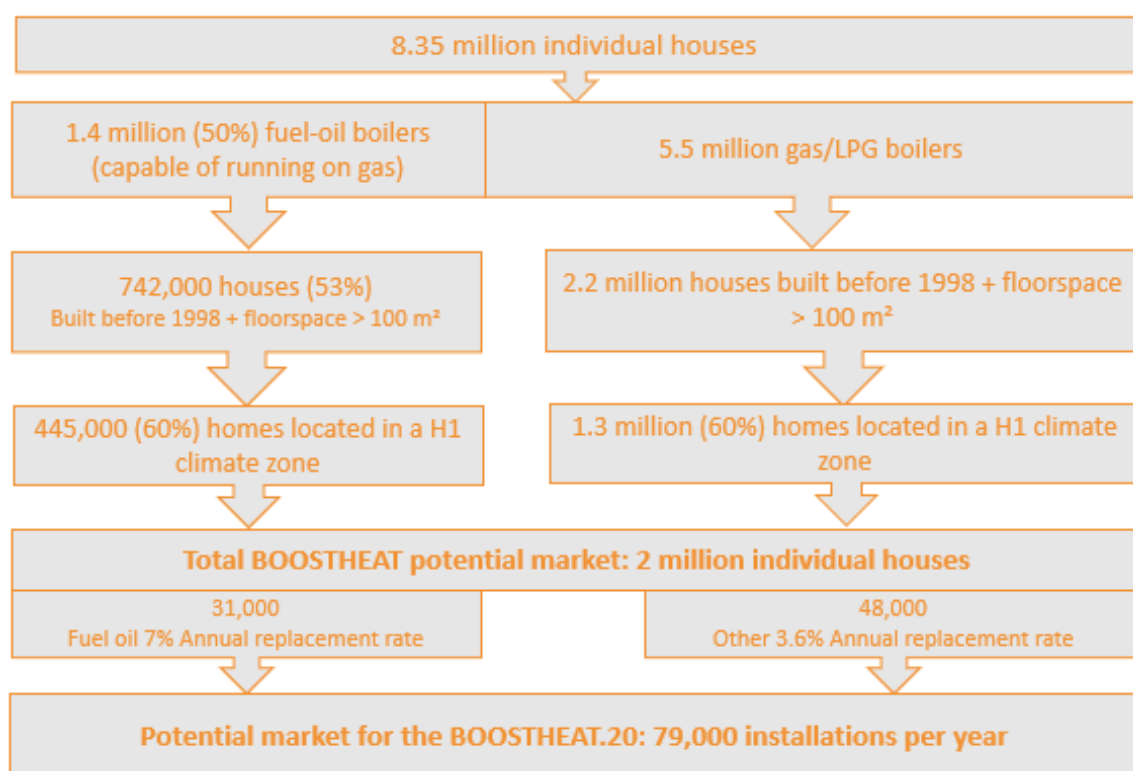
⁴³BSRIA Domestic Boilers France 2018 survey.

⁴⁴EHPA (European Heat Pump Association) data.

Based on CEREN 2018 figures⁴⁵, 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 connection⁴⁶, and applying the aforementioned criteria and an annual boiler replacement rate of 7%⁴⁷.

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).



Geographical targeting of the domestic French market is possible using the following climate zones distinguished by thermal regulations⁴⁸:

- 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

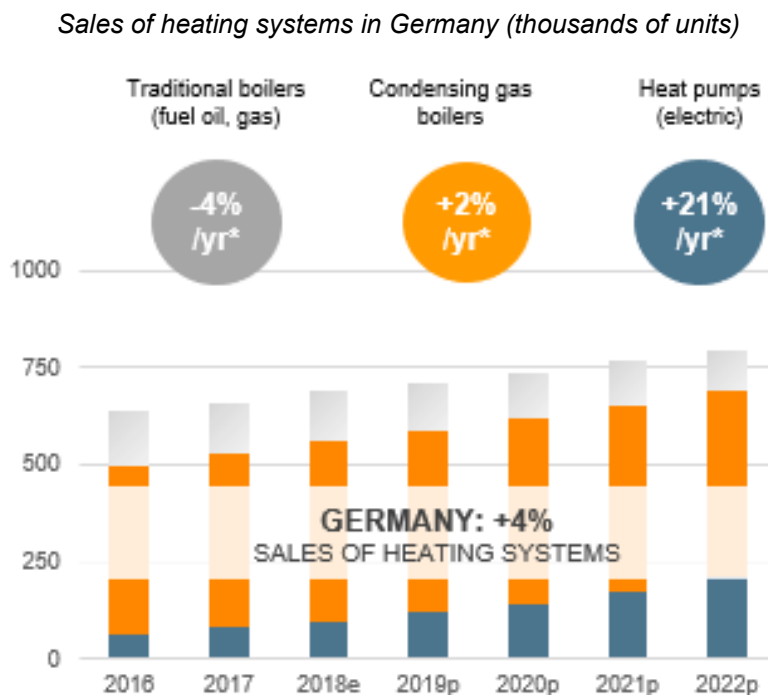
⁴⁵CEREN, energy data for the residential sector, 1990-2016.

⁴⁶<http://www.lefigaro.fr/societes/2018/11/14/20005-20181114ARTFIG00275-la-filiere-gaz-veut-supplanter-le-fuel.php>

⁴⁷CRT Gaz – 2018 outlook.

⁴⁸<https://www.calculcee.fr/repartition-departements-francais-zones-climatiques.php>

According to the BSRIA survey of Germany⁴⁹, 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.



*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 2022⁵⁰.

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 2022⁵¹, 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.

⁴⁹BSRIA Domestic Boilers Germany 2018

⁵⁰BSRIA Domestic Boilers Germany 2018

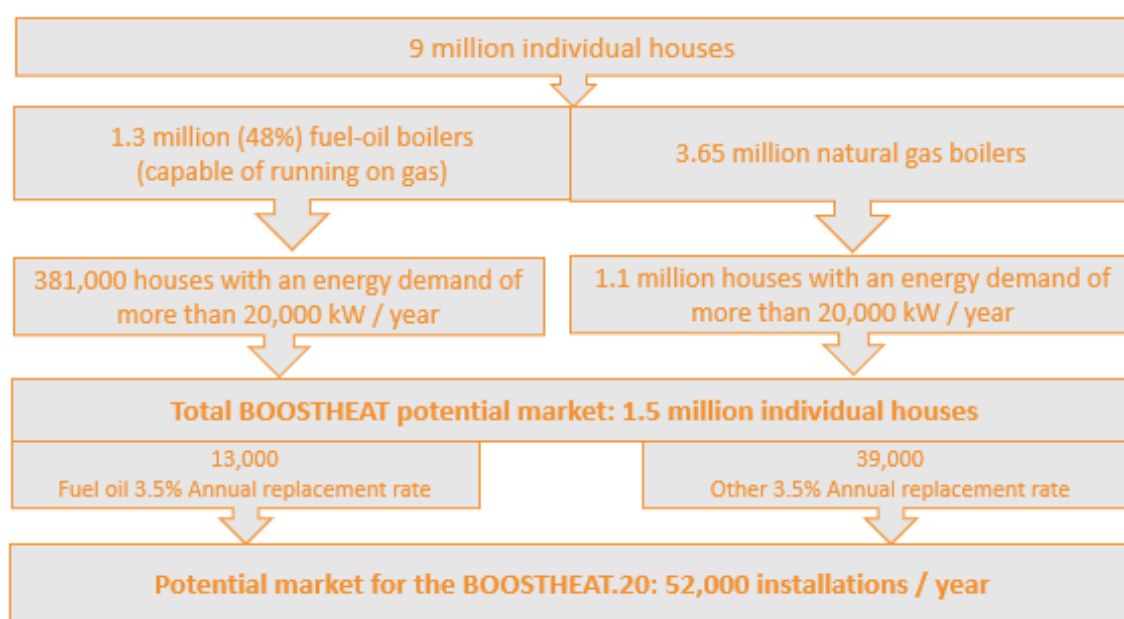
⁵¹EHPA (European Heat Pump Association) data.

> 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 kW 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.

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.

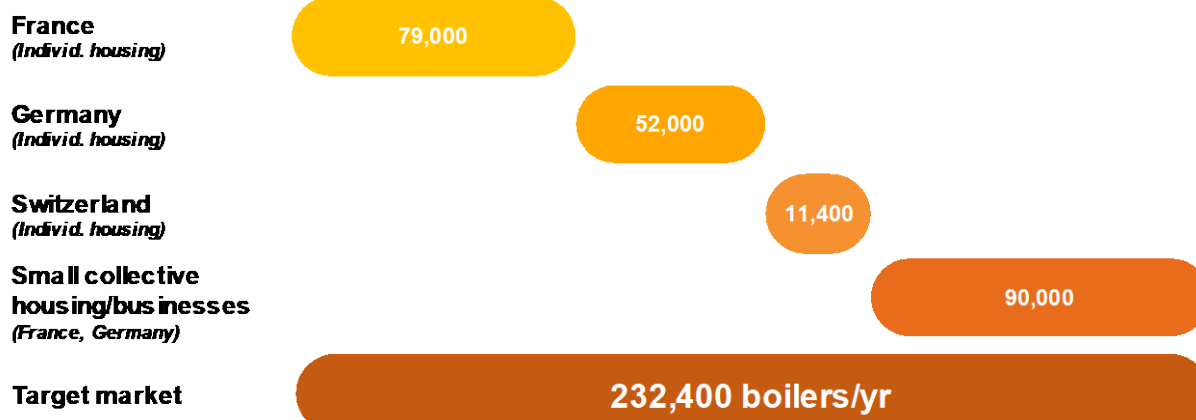
In 2016, 52% of energy consumed for heating purposes in this sector related to gas, 20% to fuel oil and 18% to electricity⁵². The shift in the economy towards the services sector resulted in 973 million m² of heated floorspace in 2016, a 47% increase relative to 1990. According to scenarios established 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.

⁵²Source CEREN, October 2018.







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

				
System type	Gas-powered heat pump BOOSTHEAT BOOSTHEAT.20	Floor-standing condensing boiler VIESSMANN VITODENS 222-F	Air/water heat pump DAIKIN ALTHERMA 16	Hybrid heat pump ATLANTIC Alféa Hybrid Duo Gaz
Manufacturer				
Model				
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%

Product comparison (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 Universal 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 Universal Registration Document's filing date. Were one or more of the risks described in section 3 "Risk factors" of the Universal 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 avenues

BOOSTHEAT's ambition is to build a dominant position in the European 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 and installations began in 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 elsewhere in 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 made from late September 2019. For customer installations and subsequent maintenance overseen by BOOSTHEAT, a partner network is currently being expanded (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. It set up a sales subsidiary in Nuremberg in August 2018, with a staff of four people at 31 December 2019.

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

The Company carried out its first installations in Switzerland and Germany in the fourth quarter of 2019.

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-using countries such as the UK, Italy and Spain from 2021, then Central Europe and the Nordic countries in 2022.

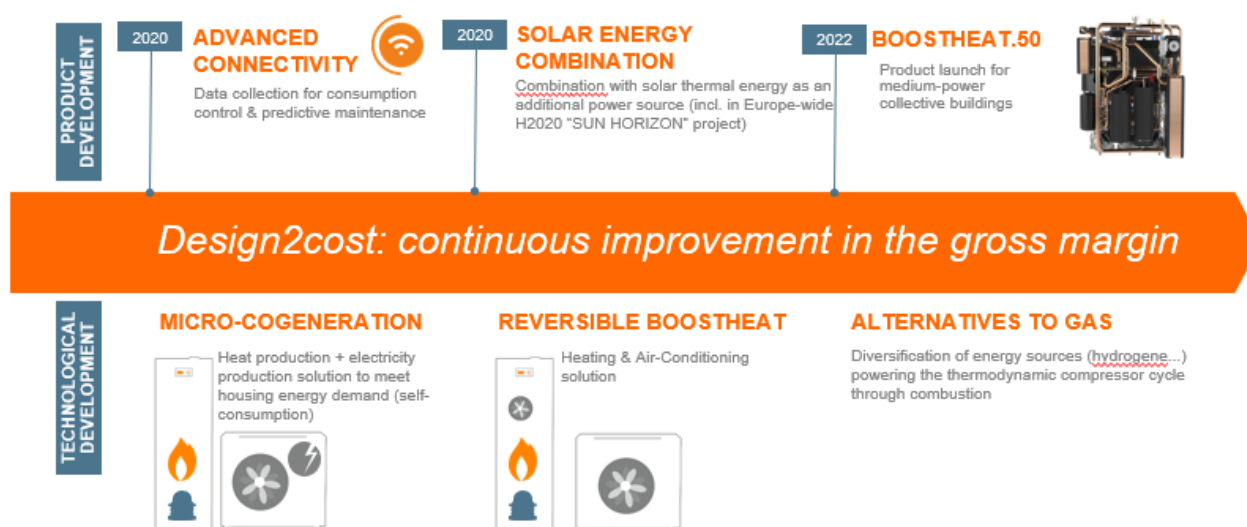
BOOSTHEAT is also preparing to market its products outside of Europe. In September 2019, initial testing began at Canada's NGTC laboratory (Natural Gas Technology Center) and at the USA's GTI laboratory (Gas Technology Institute). Those tests are intended to demonstrate the Company's new technology, which allow 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 New applications for the thermal compressor

The Company has adopted a 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.

- Technological development:
 - 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.
- Product development:
 - improvements to BOOSTHEAT's centralised server and boiler connectivity will allow closer direct links with customers, by offering them personalised services so that they play an active role in reducing resource use and 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 achieve ongoing increases in gross 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.



5.4.2 A trajectory impacted by the COVID-19 pandemic

When publishing its 2019 annual results on 5 March 2020, BOOSTHEAT announced that it had received 381 orders in 2019, nearly double the initial target, and recognized revenue from its first boiler sales. With the 40 deliveries made in 2019, the initial outlook for 2020 was 341 orders to be delivered. The Group also announced that during the first half of 2020 it would focus on internal processes and installation while pursuing sales campaigns in a reasonable manner so as not to prolong delivery times. BOOSTHEAT was in a position to be aiming for an increase in its order intake with a target of boosting annual orders to 4,500 in 2022.

The public health crisis triggered by the COVID-19 pandemic, which spread during the first quarter of 2020, followed by a global economic crisis, has created an exceptional situation affecting all businesses and BOOSTHEAT in particular.

In 2020, BOOSTHEAT should have further improved its commercial, operational and economic efficiency. The Company was laying the foundations for achieving its 2022 target for recurring operating income, to which it committed at the time of the IPO. This profitability was to come from growing revenues and reducing costs. BOOSTHEAT wanted to convince the market of its ability to manage both these aspects of its business.

To date, in view of uncertainty about the duration and extent of the COVID-19 pandemic and government lockdown measures, BOOSTHEAT is not able to accurately and reliably assess the impact it will have. **The Group has therefore suspended the medium-term guidance announced at the time of the IPO and will provide revised guidance once it is able to do so by means of a press release. BOOSTHEAT will keep the market informed of any significant developments in this situation that affect its activity.**

Despite everything, the advances of the last few months confirm BOOSTHEAT's goals and its mission to accelerate energy transition by offering affordable, energy-efficient solutions.

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

BOOSTHEAT's commercial success is 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 boiler development does not concern the core technology but simply makes marginal improvements to efficiency. BOOSTHEAT, however, has developed a technological breakthrough in its gas-powered heat pumps through its regenerative thermal compressor (see section 5.1.1.3 of the Universal Registration Document).

As a result, obtaining patents in France, Europe, the 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 increasingly tough legislations, 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 and innovation work is done by a dedicated team which, at 31 December 2019, consisted of 25 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 2019, the R&D budget amounted to €3,130 thousand and CIR tax credits amounted to €706 thousand.

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's innovations are protected and that it 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 six families, covering several countries, and applications are currently being examined for other countries in three of those families; and
- one family is currently under examination. In March 2019, BOOSTHEAT filed a patent application relating to micro-cogeneration (combination of a thermal and volumetric compressor) on the basis of its thermal compression technology.

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

Region	Country	Family 1 TWO-STAGE LINEAR REGENERATIVE THERMAL COMPRESSOR	Family 2 MODULAR MULTI- STAGE	Family 3 DEVICE FOR THERMAL COMPRESSION OF A GASEOUS FLUID	Family 4 ENERGY SAVING METER FOR INVOICING	Family 5 BOILER WITH A REGENERATIVE THERMAL COMPRESSOR	Family 6 CO2 OVERHEATING FOR AUXILIARY HEATING AND DOMESTIC HOT	Family 7 THERMAL + VOLUMETRIC COMPRESSOR COMBINATION
Patent Cooperation Treaty		PCT/EP2012/052114 Validated	PCT/EP2013/065786 Validated	PCT/FR2014/051476 Engaged	PCT/FR2014/050967 Validated	PCT/EP2016/075271 Engaged	PCT/EP2018/050925 Engaged	
France (priority)		Granted on 29/03/2013, then abandoned in favour of	Granted on 03/10/2014, then abandoned in favour of	granted on 22/12/2017	Granted on 04/11/2016, then abandoned in favour of	granted on 28/06/2019	granted on 27/09/2019	under examination (filed on 07/03/2019)
Europe	France (French part of the European	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	under examination	
Russia	Russia	Granted on 24/03/2016	Granted on 28/03/2017	Granted on 22/03/2018		under examination	under examination	
Middle East	Qatar		under examination	under examination				
	UAE		Granted on 08/08/2018	under examination				
Americas	United States	Granted on 01/03/2016	Granted on 01/03/2016	Granted on 21/08/2018	under examination	under examination	under examination	
	Canada	Granted on 12/06/2018	under examination	under examination	under examination	under examination	under examination	
Japan	Japan	Granted on 04/09/2015	Granted on 05/01/2018	Granted on 15/06/2018	Granted on 06/04/2018	under examination	under examination	
Asia	China	Granted on 23/03/2016	Granted on 23/03/2018	Granted on 01/05/2018		under examination	under examination	
	India		Granted on 31/01/2020	under examination		under examination	under examination	

*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 €147 thousand in 2018 and €99 thousand in 2019. 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, and they agreed on the value that this type of product would add for customers in terms of energy 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 a request for proposals by ADEME in relation to a collaborative project called COMANCHE, described in section 5.5.3.2.

Under 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) request for proposals called APACHE, which is described in the following section.

The first of those agreements specifies that the Company is responsible for the development and construction of the gas-powered heat pump using CO₂-based thermal compression, that the related rights belong to it and that any related patents are its property. In practice, all this development work has been carried out by the Company.

The second and third agreements specify that the results of joint works belong jointly to the parties. For that purpose, the parties have a non-exclusive right to exploit, directly and indirectly, the results of their joint work for commercial and industrial purposes. The parties may assign ownership of those results to either of them, according to terms determined after their collaboration comes to an end.

In practice, the Company has not carried out any joint work with GRDF under the aforementioned three

agreements that could have led to the creation of joint property. 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 has the exclusive exploitation rights.

Technical and commercial agreement with Butagaz

On 28 March 2017, Butagaz and the Company formed 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). Under the agreement, Butagaz paid 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 designs of the LPG boiler under the technical and commercial agreement, with Butagaz's technical input being limited to providing the use of its technical laboratory. In practice, Butagaz has not contributed any assistance or 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 came to market in the fourth quarter of 2018. This agreement includes 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. In particular, 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 was 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, all of which had been received at 31 December 2019.

The specific results of this project belong to the 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 will be determined, if a patent application is made, by a joint ownership agreement between the parties or, in the event of a disagreement, will be submitted 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 Universal 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. For intellectual property matters relating to the results of joint works, the financing agreement refers to the consortium agreement.

Under the 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 individual results and/or joint owner of joint results undertakes to grant a non-exclusive licence to the non-owning parties to: carry out the project, during its timeframe, without financial consideration and after the formation of a written agreement; exploit its own results provided that the request is made in writing at most 18 months after the end of the project and that the terms of the licence are determined in writing with financial consideration; carry out internal research and teaching without any financial consideration.

At the date of the Universal 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 Universal 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 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 Universal 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 Universal 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	Owner	Country	Class(es)	Filing date	Filing number	Registration date	Registration no.	Trademark status	Expiry date	Pre-expiry action	Comments
	MA39868FR242931	BOOSTCONNECT	BOOSTHEAT	FRANCE	9, 35, 38, 39, 42	21/08/2015	154204488	21/08/2015	154204488	Registration	21/08/2025	Renewal	
	MA39868CA251547	boostHEAT	BOOSTHEAT	CANADA	9, 11, 37	30/10/2015	1752798	19/06/2019	TMA1028988	Registration	19/06/2029	Renewal	
	MA39868FR251547	boostHEAT	BOOSTHEAT	FRANCE	9, 11, 37	04/05/2015	154178381	04/05/2015	154178381	Registration	04/05/2025	Renewal	
	MA39868WO251547	boostHEAT	BOOSTHEAT	INTERNATIONAL	9, 11, 37	30/10/2015	1282507	30/10/2015	1282507	Filing	30/10/2025	Renewal	
	MA39868WO251547	boostHEAT	BOOSTHEAT	UNITED STATES (INT)	9, 11, 37	30/10/2015	1282507	25/10/2016	5066476	Registration	30/10/2025	Renewal	
	MA39868WO251547	boostHEAT	BOOSTHEAT	UNITED STATES (INT)	9, 11, 37	30/10/2015	1282507	25/10/2016	5066476	Registration	25/10/2021	Declaration of use	
	MA39868WO251547	boostHEAT	BOOSTHEAT	UNITED STATES (INT)	9, 11, 37	30/10/2015	1282507	25/10/2016	5066476	Registration	25/10/2026	Declaration of use	
	MA39868WO251547	boostHEAT	BOOSTHEAT	INDIA (INT)	9, 11, 37	30/10/2015	1282507	30/10/2015	1282507	Filing	30/10/2025	Renewal	
	MA39868WO251547	boostHEAT	BOOSTHEAT	JAPAN (INT)	9, 11, 37	30/10/2015	1282507	10/03/2017	1282507	Registration	30/10/2025	Renewal	
	MA39868WO251547	boostHEAT	BOOSTHEAT	RUSSIA (INT)	9, 11, 37	30/10/2015	1282507	30/10/2015	1282507	Registration	30/10/2025	Renewal	
	MA39868WO251547	boostHEAT	BOOSTHEAT	SWITZERLAND (INT)	9, 11, 37	30/10/2015	1282507	30/10/2015	1282507	Registration	30/10/2025	Renewal	
	MA39868WO251547	boostHEAT	BOOSTHEAT	EUROPEAN UNION (INT)	9, 11, 37	30/10/2015	1282507	30/10/2015	1282507	Registration	30/10/2025	Renewal	
	MA39868FR599615	BOOSTHEAT (semi-figurative)	BOOSTHEAT	FRANCE	9, 11, 37	14/11/2018	4499826	14/11/2018	4499826	Registration	14/11/2028	Renewal	
	MA39868WO599615	BOOSTHEAT (semi-figurative)	BOOSTHEAT	INTERNATIONAL	9, 11, 37	07/02/2019	1462926	07/02/2019	1462926	Registration	07/02/2029	Renewal	
	MA39868WO599615	BOOSTHEAT (semi-figurative)	BOOSTHEAT	GERMANY (INT)	9, 11, 37	07/02/2019	1462926	07/02/2019	1462926	Registration	07/02/2029	Renewal	
	MA39868WO599615	BOOSTHEAT (semi-figurative)	BOOSTHEAT	BENELUX (INT)	9, 11, 37	07/02/2019	1462926	07/02/2019	1462926	Filing	07/02/2029	Renewal	
	MA39868WO599615	BOOSTHEAT (semi-figurative)	BOOSTHEAT	SWITZERLAND (INT)	9, 11, 37	07/02/2019	1462926	07/02/2019	1462926	Filing	07/02/2029	Renewal	
	MA39868CN320092	BOOSTHEAT + 保思迪 + logo (semi-figurative in colour)	BOOSTHEAT	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)	BOOSTHEAT	CHINA	37	26/06/2017	24982007	28/12/2018	24982007	Registration	27/12/2028	Renewal	
	MA39868FR599614	BOOSTHEAT ENERGY UNITES PEOPLE (semi-figurative)	BOOSTHEAT	FRANCE	11, 35, 37	14/11/2018	4499833	14/11/2018	4499833	Registration	14/11/2028	Renewal	
	MA39868WO599614	BOOSTHEAT ENERGY UNITES PEOPLE (semi-figurative)	BOOSTHEAT	INTERNATIONAL	11, 35, 37	07/02/2019	1463333	07/02/2019	1463333	Registration	07/02/2029	Renewal	
	MA39868WO599614	BOOSTHEAT ENERGY UNITES PEOPLE (semi-figurative)	BOOSTHEAT	GERMANY (INT)	11, 35, 37	07/02/2019	1463333	07/02/2019	1463333	Filing	07/02/2029	Renewal	Following an objection, class 35 will be limited.
	MA39868WO599614	BOOSTHEAT ENERGY UNITES PEOPLE (semi-figurative)	BOOSTHEAT	BENELUX (INT)	11, 35, 37	07/02/2019	1463333	07/02/2019	1463333	Filing	07/02/2029	Renewal	
	MA39868WO599614	BOOSTHEAT ENERGY UNITES PEOPLE (semi-figurative)	BOOSTHEAT	SWITZERLAND (INT)	11, 35, 37	07/02/2019	1463333	07/02/2019	1463333	Filing	07/02/2029	Renewal	
	MA39868FR243347	Compresseur JOFFROY	BOOSTHEAT	FRANCE	7, 9, 11, 35, 37	21/08/2015	154204554	21/08/2015	154204554	Registration	21/08/2025	Renewal	
	MA39868FR599613	ENERGY UNITES PEOPLE	BOOSTHEAT	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:

- act4climate.eu
- boosthe.at
- boostheat.at
- boostheat.be
- boostheat.ch
- boostheat.cn
- boostheat.co.uk
- boostheat.com
- boostheat.de
- boostheat.es
- boostheat.eu
- boostheat.fr
- boostheat.it
- boostheat.nl
- boostheat.org
- boostheat.uk
- boostheat.us
- boostheat-group.com
- boostheat-groupe.com
- boostheat.pro
- boostheat-pro.be
- boostheat-pro.ch
- boostheat-pro.com
- boostheat-pro.de
- boostheat-pro.fr
- boostheat-pro.it
- dualfuelboiler.com
- dualfuelheatpump.com
- eatpumpboiler.eu
- heatpumpboiler.info
- heatpumpboiler.org
- hybridboiler.info
- hybridheatpump.info
- myboostheat.at
- myboostheat.be
- myboostheat.ch
- myboostheat.com
- myboostheat.de
- myboostheat.es
- myboostheat.fr
- myboostheat.it
- myboostheat.uk
- 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 Universal Registration Document.

5.7 CAPITAL EXPENDITURE

5.7.1 Main capital expenditure in the 2019 and 2018 financial years

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

Capital expenditure (in € thousands)	2019	2018
Intangible assets	1,535	2,065
Property, plant and equipment	1,249	2,945
<i>of which finance leases</i>	183	1,905
Financial assets	159	3
TOTAL	2,943	5,013

2019 Movements mainly concerned:

- Intangible assets, with €1,470 thousand of capitalised R&D expenses and €33 thousand of IoT developments;
- Property, plant and equipment, with €365 thousand relating to additional industrial equipment for the production site that came on stream in November 2018 and a marginal amount of equipment purchases for the R&D team;
- Financial assets corresponding to lease collateral.

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 came on stream 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.

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. BOOSTHEAT's capital expenditure is likely to pause again in 2020.

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

None.

5.7.4 CSR and HR commitments

5.7.4.1 CSR approach

A product that addresses major environmental issues

Over the years, heating has become a key area for energy transition. Heating homes accounts for around 25% of the world's energy consumption⁵³ and, in Europe alone, almost 50% of boilers have exceeded their 25-year technical lifespan⁵⁴.

BOOSTHEAT developed the BOOSTHEAT.20 to address this major global environmental challenge of achieving **a more efficient way of heating homes**: a heating solution that reduces energy consumption, has zero particulate emissions, uses a natural, non-polluting refrigerant fluid (CO₂ - see section 5.1.1.4 of the Universal Registration Document) and harnesses renewable energy, 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**.

⁵³ International Energy Agency figures – <https://iea.org/renewables2018/heat>

⁵⁴ The European Commission's 2016 report (An EU Strategy on Heating and Cooling).

For example, the Company opted to use a solvent-free component cleaning machine. BOOSTHEAT has also set up a system for sorting and recycling its industrial waste with the support of three specialist companies (RDS, Trédi Séché and Epur). In addition, in February 2020 the Company committed to reducing its use of plastics, banning plastic cups and water containers in its premises and replacing them with water fountains connected to the mains drinking water supply, along with glasses, reusable bottles, jugs, cups and personalised mugs given to each staff member at Christmas.

In addition, producing a boiler and its thermal compressor involves the assembly of components and sub-assemblies that are sourced from around 100 suppliers and subcontractors. **72% of BOOSTHEAT's purchases are made in France and 95% in Europe** (at 31 December 2019), which limits its carbon footprint.

A proactive approach to CSR

In June 2019, BOOSTHEAT adopted a target of continuous improvement in workforce-related and environmental matters as part of its corporate social responsibility (CSR) approach. 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 a **significant increase (28 points) relative to 2017 across all rating themes**. This also shows a promising level of maturity in terms of ESG (environmental, social and governance) matters 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 workforce-related and HR matters.



Signatory of the Lyon region's Climate, Air and Energy plan

BOOSTHEAT is a partner of the **Lyon region's Climate, Air and Energy plan for 2030**. It signed up to the plan during Lyon's sixth Energy and Climate Conference, which took place on 28 November 2019,

thereby committing to help reach the plan's 2030 targets. Every two years, the Company will report on its initiatives in relation to the Lyon region's Climate, Air and Energy plan. BOOSTHEAT will also take part in biennial Energy and Climate Conferences or other related workshops, highlighting its initiatives and bringing together all partners of the climate plan, of which there are currently 145, falling into three categories: companies, support participants and institutions.

5.7.4.2 HR policy

BOOSTHEAT's values and the skills of its staff members form the foundation for its business performance.

For BOOSTHEAT, diversity means first and foremost diversity of **talent**: when it recruits, it is not seeking to clone or compartmentalise its staff, but to build complementary skills in our teams. The Company believes that equal opportunities and intergenerational practice form the basis of a strong company, to which each individual can contribute the best of themselves.

At BOOSTHEAT, each staff member plays a key role in the Company's collective success.

Working together to help improve human relations

At BOOSTHEAT, continuously improving working relationships is a management priority. To help achieve that, and in line with the company's shared values, **the Company has drawn up a human relations charter.**

BOOSTHEAT's human relations charter was produced by a working group selected from among the company's employees, which met on 13 December 2018 in Toulouse and on 19 December 2018 in Vénissieux. It represents a set of attitudes that employees should adopt to help continuously improve relationships at work, based on the company's shared values.

This is a priority for BOOSTHEAT's management, which has approved the charter's content. It has also made a commitment to ensure that the values underlying the charter show through in day-to-day working relationships and are perpetuated through their adoption by new staff members helping to drive BOOSTHEAT's success.

The charter is more than just a text: it is a genuine commitment. All staff members can refer to the charter if they feel they are in a situation that is inappropriate and at odds with the document's content.

During a social event on Friday 27 September 2019, BOOSTHEAT's employees officially signed the charter. Members of the management team had also officially approved its content, presenting and signing it in front of staff members a few days previously.

In addition, BOOSTHEAT has started a **Quality of Life at Work (QLW)** project in 2020. QLW refers to actions that both improve working conditions for employees and enhance companies' overall performance. On 28 January 2020, the QLW working group – consisting of volunteers representing all our teams – took part in a training session about the BNQ 9700-800 "Healthy Enterprise" standard, led by an AFNOR-certified consultant. This first phase of the project was followed by a quantitative survey among all of the Company's employees, which seeks to identify areas for improvement and will eventually result in practical action to improve wellbeing at work.



BOOSTHEAT
ENERGY UNITES PEOPLE

HUMAN RELATIONSHIP C H A R T E R

F O R E W O R D

This charter was drawn up by a working group composed of BOOSTHEAT employees that met on December 13, 2018 in Toulouse and December 19, 2018 in Vénissieux. The charter describes a set of attitudes to which we are expected to commit in order to contribute towards continuously improving workplace relationships based on BOOSTHEAT's shared values. Management has approved the contents of the charter and has committed to ensure that the values enshrined therein:

- underpin daily workplace relationships, and
- are presented to all newcomers to BOOSTHEAT to ensure they are passed on and upheld.

Each employee can consult the charter if they find themselves in an inappropriate situation in conflict with its precepts.

CONTRIBUTING IN A **H**UMAN WAY TOWARDS **T**OGETHER **E**NHANCING HUMAN **R**ELATIONSHIPS

D I V E R S I T Y

BOOSTHEAT was founded in a spirit of diversity and this is one of its main strengths. We undertake to ensure that our daily actions and choices reflect this commitment to diversity, whether in terms of disability, age, gender, training or status.

C O N S I D E R A T I O N

Regardless of position, rank, occupational category, place of work and reporting line, we respect each individual as a human being. We listen to others and they listen to us with the same degree of respect and consideration. We are polite and know how to say "hello", "please", "thank you" and "well done". We avoid using strong language. We avoid insulting, aggressive and derogatory statements and attitudes. If we have experienced a situation in which we felt frustrated, we are free to share our views with the person concerned and/or refer the matter to our line management, accompanied by a colleague if we so wish.

H U M I L I T Y A N D P R I D E

We are all entitled to make mistakes and this experience helps us to improve. We are all entitled to say "I don't know" and we undertake to help find an answer to the question. We avoid vague, annoying and unconstructive language like "I suppose we'll just have to", "we can only" and "all we need do is". When we identify problems, even outside our remit, we are ready to offer or seek help. We are proud of working for BOOSTHEAT, an employer that pays heed to its employees' training and career aspirations in order to enhance their performance. We are aware that the entire BOOSTHEAT organizational system must be geared towards generating customer satisfaction and we undertake to spread this mindset among colleagues and all the people we come into contact with outside BOOSTHEAT.

T E A M S P I R I T

Innovations and solutions arise from sharing ideas and points of view: all suggestions are welcome and we undertake to provide feedback to their originators. We talk openly about our work, subject to confidentiality restrictions. We pay no attention to and cut short all rumors and gossip, sticking to the facts and re-establishing the truth if need be. We undertake not to harm others or the company in pursuit of our own interests.

F R I E N D S H I P

We can express ourselves freely and share opinions in a spirit of friendship in the welcoming breakout areas set aside for this purpose at BOOSTHEAT. We are free to celebrate professional and personal occasions in these areas.

S H A R I N G

We follow the news about the company and its locations. Aware of our colleagues' diversity and different backgrounds, we strive together to achieve shared goals. We believe that the cross-departmental working groups established at each location provide an opportunity to foster and preserve our culture in order to encourage mutual awareness and understanding. We are familiar with the jobs assigned to the colleagues with whom we interact and the tasks they are required to perform. We are familiar with the company organizational chart.

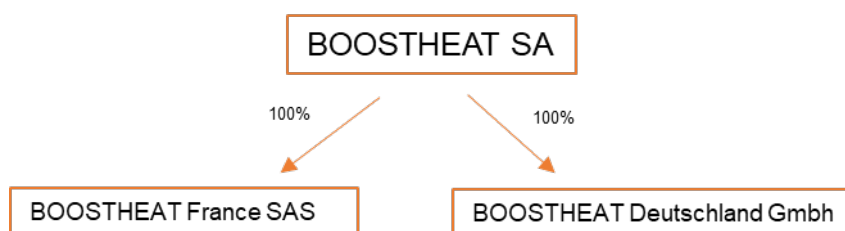
E M P L O Y E E C S R C O M M I T M E N T

We are aware of promoting a product that is beneficial to the environment. As employees of BOOSTHEAT, we are aware of the values and image for which we are the ambassadors. Acting together, we adopt behavior that reflects these values and this image in our daily actions and work decisions.

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.

Those two entities were created in the second half of 2018 and started commercial and operational activities, including boiler installations, in 2019.

Key figures at 31 December 2019

Name	(in € thousands)			
	Share capital	Equity (including share capital)	Revenue	Net income
BOOSTHEAT SA	2,209	23,580	519	-16,783
BOOSTHEAT France SAS	25	-829	227	-854
BOOSTHEAT Deutschland GmbH	25	-260	25	-276

6.3 MAIN INTRAGROUP TRANSACTIONS

Given that the two commercial subsidiaries were set up only recently, the main intragroup transactions were small in 2018 and 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 and its subsidiaries entered into transfer pricing and cash management agreements.

- Transfer pricing agreement

BOOSTHEAT designs, develops and produces boilers that it sells to its subsidiaries at the transfer price. Each subsidiary markets the heating equipment directly. The transfer price was the object of an agreement with each subsidiary on 15 May 2019, for an indefinite period.

- Cash management agreement

To limit cash flows between BOOSTHEAT and its subsidiaries, transactions are recorded in a current account. Those transactions are subject to cash management agreements of 1 January 2019, with interest being charged on market terms (3-month EURIBOR + 0.5%).

At 31 December 2019, the loan to BOOSTHEAT France was €673,200 and interest for the year was €171.46.

At 31 December 2019, the loan to BOOSTHEAT Deutschland was €291,895 and interest for the year was €174.37.

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 Universal Registration Document and in particular:

- The Company's consolidated financial statements for the year ended 31 December 2019, prepared according to IFRSs (International Financial Reporting Standards) as adopted by the European Union and presented in section 18.1 of the document audited by the Company's statutory auditors, whose report is included in section 18.3.1.

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. According to the Company, therefore, it offers significant advantages over traditional heating solutions.

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 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 funding that enabled it to recruit 35 production staff members who are experts in their field.

The Company gradually started to market its boiler at the end of the fourth quarter of 2018, and has started installing boilers in three priority markets (France since late September 2019, Germany and Switzerland since the fourth quarter of 2019), having sold the boilers either directly or through commercial agreements such as the agreement with Novogaz, a subsidiary of 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 did not take place until September 2019. Those sales will 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 expense (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 (until 2018) 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 regards it as appropriate to present, in 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:

- Large and unusual disposal gains or losses, or impairment, relating to non-current assets, i.e. 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 expense 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 monitors 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.

Now that boiler installations have begun, 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 – 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 €104 thousand to the financing of R&D work in 2019 and €206 thousand in 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 section 7. From BOOSTHEAT's point of view, and given that the marketing of its products is at an early stage, the main factors affecting its operating income are or could be:

- **Long-term, pro-environmental trends in the heating market.** Given the importance of heating for energy transition, environmental issues and trends are currently having a major influence on the development of the Company's market, in which growth is also being boosted by government tax incentives. Unlike its rivals, the Company is directly targeting end-customers, which means that demand for its solutions depends on the general market and regulatory context, demand for innovative heating solutions and consumers' disposable income, but also the level of public subsidies granted to consumers for the purchase of new or replacement energy-efficient boilers as part of the plan to cut CO₂ emissions. The Company's initial priority markets for launching the BOOSTHEAT.20 were France, Germany and Switzerland, particularly because of its existing network in France, high levels of interest in environmentally friendly solutions in Germany, where energy prices are high, and its partnership with Holdigaz in the Swiss market. The Company plans to enter other markets in future and so will also be influenced by demand and trends in those markets at a later date.
- **Success obtaining the necessary funding.** The Company generated its first revenue in 2019, and previously depended on its ability to obtain sufficient external funding, for example by issuing debt securities and obtaining tax credits, subsidies and loans from its shareholders. Its capital expenditure has so far mainly related 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 commercial launch of the Company's products and its future development projects will depend on obtaining sufficient funding, and any difficulty in that respect could delay the implementation of the Company's strategy and affect its profitability.
- **Commercial success and the timing of commercial launches, which will determine any increase in order volumes.** Given that the Company's business is at an early stage, the successful commercial launch of its products, increasing order volumes and revenue generation will depend on its ability to attract new customers through its multi-channel promotional and commercial strategy. The Company has spent a large amount on marketing to raise the profile of its products, for example through advertising campaigns and attendance at specialist trade shows and fairs. Sticking to its schedule in terms of commercial product launches and development projects will also depend on the Company's planned expenditure on sales and marketing, and on its recruitment plan, which is mainly intended to strengthen its sales force and production teams in order to increase its production capacity, including the formation of an additional team.
- **Research and development.** The Company has made heavy investments in R&D, and in carrying out validation tests as part of its technological development plan to improve the BOOSTHEAT.20, both by improving the current gas-powered heat pump and by developing a medium-power heat pump for the tertiary market. The Company has filed seven families of patents and patent applications that protect the product it has developed, and it has adopted a roadmap involving ongoing efforts to innovate and find scientific and technical solutions to new environmental and industrial requirements relating to energy efficiency. The Company is confident that its commercial success depends greatly on its ability to protect its technologies and the resulting products and solutions, and that its in-house know-how and research capabilities give it a competitive edge while increasing the appeal of its products.
- **The cost of raw materials and supplies.** The cost of raw materials, supplies and components used in boiler production represent a large proportion of the Company's operating income. The Company expects these expenses to be subject to economies of scale once production is well underway and it is planning 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 the manufacturing process 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, could further influence the cost of purchases consumed 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 alter 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 on which companies focus their communication efforts (print, radio and TV). The Company will base its communication efforts on the same schedule. 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 about orders and revenue by country.

7.1.2 Business activity in the 2019 and 2018 financial years

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)	2019	Year ended 31 December 2018
Net revenue	490	-
Purchases consumed	(2,579)	(1,598)
Other purchases and external expenses	(3,098)	(2,646)
Personnel costs	(6,012)	(3,963)
Taxes other than on income	(230)	(207)
Net additions to depreciation, amortisation and provisions	(2,813)	(761)
Other operating income and expense	728	1,108
Recurring operating income	(13,514)	(8,067)

Recurring operating losses increased during the period presented, from €8,067 thousand in 2018 to €13,514 thousand in 2019. That change was mainly due to:

- The Vénissieux production plant coming into service;
- Purchases of components and other supplies required for the production of initial boilers; and
- Increased marketing efforts.

Revenue

- 2019 and 2018

The Company's first boiler sales took place in 2019, when it delivered or installed 40 boilers (including 20 as part of pilot projects), generating revenue of €490 thousand.

Purchases consumed

The "Purchases consumed" item breaks down as follows:

(in € thousands)	Year ended 31 December	
	2019	2018
Purchases of raw materials, supplies and other inputs	(2,320)	(1,327)
Change in inventories of raw materials, supplies and other inputs	999	915
Production held in inventory	368	
Change in the inventory of merchandise	(33)	33
Purchases of studies	(702)	(715)
Other purchases	(13)	(20)
Purchases of materials and supplies not held in inventory	(788)	(443)
Purchases of merchandise	(90)	(41)
Purchases consumed	(2,579)	(1,598)

- 2019 and 2018

The sharp increase in purchases consumed in 2019 was due in particular to:

- Purchases of raw materials and merchandise (net of changes in inventories) in an amount of €986 thousand in 2019, used for the production of boilers;
- Purchases of studies, mainly initiated by R&D teams in Toulouse relating to industrial production and innovation in an amount of €702 thousand; and
- Purchases of materials and supplies not held in inventory (mainly for development of the BOOSTHEAT.20 boiler) in an amount of €788 thousand as opposed to €443 thousand in 2018.

Other purchases and external expenses

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

(in € thousands)	2019	Year ended 31 December 2018
General subcontracting	(558)	(243)
Finance lease payments	-	-
Rent and service charges	(207)	(567)
Maintenance and repairs	(100)	(74)
Studies and research	(124)	(118)
Remuneration of intermediaries and fees	(685)	(390)
Advertising	(362)	(619)
Various (insurance, banking services, training etc.)	(789)	(608)
Other external expenses	(273)	(27)
External expenses	(3,098)	(2,646)

• 2019 and 2018

External expenses rose between 2018 and 2019. The increase was due in particular to:

- One-off subcontracting expenses relating to the commissioning of the assembly line within the production site and developments related to the e-commerce website;
- Remuneration paid to intermediaries and professional fees (legal and accounting services to patents and CIR tax credits);
- Expenditure on insurance, banking services and training also rose in line with growth in the workforce (79 staff members on average in 2018 and 97 in 2019), adjustments to insurance policies in line with increased industrial risks and the arrangement of a 10-year warranty covering boilers installed for consumer customers.

Personnel costs

• 2019 and 2018

Personnel costs recorded as expenses increased sharply during the period presented, from €3,963 thousand in 2018 to €6,012 thousand in 2019 (see details in note 3.27 to the consolidated financial statements included in section 18.3.1 of the Universal Registration Document). The sharp increase reflects:

- The increase in average headcount from 79 in 2018 to 97 in 2019;
- The increase in social security charges after innovative young company (JEI) status was lost, which previously entitled the Company to reduced social security contributions for R&D activities;
- A lower proportion of capitalised expenses in 2019 compared with 2018. 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 €1,248 thousand in 2019, down from €1,757 thousand in 2018.

Taxes other than on income

• 2019 and 2018

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

Net additions to depreciation, amortisation and provisions

• 2019 and 2018

The increase in recurring net additions to depreciation, amortisation and provisions from €761 thousand in 2018 to €2,813 thousand in 2019 was mainly because amortisation relating to BOOSTHEAT.20 development costs began in October 2018, resulting in 3 months of amortisation in 2018 and 12 in 2019.

Other operating income and expense

Other recurring operating income and expense breaks down as follows:

(in € thousands)	Year ended 31 December	
	2019	2018
Private-sector financial support	258	614
Tax credits	259	434
Public subsidies	-	-
Investment subsidies	247	107
Purchasing/reselling of spare parts	64	40
Other income	9	31
Total other operating income	837	1,226
Other operating expense	(109)	(118)
Total other operating expense	(109)	(118)
Total other operating income and expense	728	1,108

• 2019 and 2018

Private-sector financial support includes:

- a) 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 2019 for five recruits and €405 thousand in 2018 for 9 recruits;
- b) Technical co-operation revenue, including:
 - €206 thousand in 2018 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;
 - €30 thousand in 2019 under an agreement with Dalkia.

Tax credits consist of the CICE tax credits (2018 only) 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.

Other expenses mainly correspond to attendance fees granted to directors in 2019 and 2018.

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)	2019	Year ended 31 December 2018
Recurring operating income	(13,514)	(8,067)
Other non-recurring operating income and expense	(648)	(515)
Operating income	(14,162)	(8,582)
Cost of net debt	(3,789)	(456)
Change in fair value	(617)	
Income before tax	(18,568)	(9,038)
Income tax		
Net income	(18,568)	(9,038)

Other non-recurring operating income and expense

- 2019 and 2018

Non-recurring operating expense recognised in 2019 mainly consisted of €603 thousand of IPO-related expenses.

€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.

Cost of net debt

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

(in € thousands)	2019	Year ended 31 December 2018
Interest expense on borrowings		(49)
Interest expense on bonds	231	
Bond redemption premiums	3,396	
Other interest expense	50	
Warrants - IFRS 2		(394)
IFRS 16 accretion effect	117	
Other financial income and expense	(5)	(12)
Cost of net debt	3,789	(455)

- 2019 and 2018

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

- Interest expense on borrowings, which rose slightly to €50 thousand in 2019;

- The non-recurring expense related to the early redemption of two bond issues, which gave rise to the payment of a €3,396 thousand redemption premium, calculated at a rate of 20%, and normal interest calculated at a rate of 8% (and 5% for the €10 million of bonds issued in September);
- The recognition of an IFRS 2 expense 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 €394 thousand in 2018. Those warrants had either expired or been exercised at 31 December 2019.

Net income/loss

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 loss since it owns 100% of its consolidated subsidiaries) of €18,568 thousand in 2019 and €9,038 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 41% consisted of net non-current assets at 31 December 2019 (as opposed to 63% at 31 December 2018), most of which were property, plant and equipment following the application of IFRS 16 from 1 January 2019.

(in € thousands)	Year ended 31 December	
	2019	2018
Intangible assets	6,173	5,887
Property, plant and equipment	9,332	3,694
Financial assets	226	67
Total non-current assets	15,731	9,648

Net intangible assets

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

(in € thousands)	Year ended 31 December	
	2019	2018
Development costs	4,538	5,723
Concessions, patents, trademarks and software	132	85
Intangible assets in progress	1,503	79
Intangible assets	6,173	5,887

- 2019 and 2018

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 2019, 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 €4,538 thousand.

Taking into account the remaining R&D expenses recognised as such in the year in which they were incurred (€1,627 thousand in 2019 and €1,128 thousand in 2018), the annual R&D budget in the last two years (net of CIR tax credits) was €3,130 thousand in 2019 and €3,103 thousand in 2018.

At the end of 2019, the remaining intangible assets in progress related to development costs incurred in 2019 in an amount of €1,503 thousand.

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

Net property, plant and equipment

(in € thousands)	2019	Year ended 31 December 2018
Right-of-use assets relating to leased buildings	5,335	-
Technical installations, industrial plant and machinery	1,839	3,435
Right-of-use assets relating to leased plant and machinery	1323	
Other property, plant and equipment	267	234
Right-of-use assets relating to other leased assets	568	-
Property, plant and equipment in progress	-	25
Property, plant and equipment	9,332	3,694

• 2019 and 2018

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 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.

Net financial assets

(in € thousands)	2019	Year ended 31 December 2018
Equity interests	24	24
Other long-term investment securities	-	-
Other financial assets	202	43
Financial assets	226	67

• 2019 and 2018

The €24 thousand of “Equity interests” 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.

7.1.3.2 Net current assets

(in € thousands)	2019	Year ended 31 December 2018
Inventories and work in progress	2,281	948
Trade receivables	175	785
Tax receivables	706	1,064
Other receivables	1,370	617
Cash and cash equivalents	18,275	2,223
Prepaid expenses	50	105
Total current assets	22,857	5,742

- 2019 and 2018

Inventories and work in progress

The Company's first established its inventories in 2018. At 31 December 2019, inventories of finished goods amounted to €367 thousand. Inventories of parts for use in boiler production amounted to €1,913 thousand.

Trade 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. At 31 December 2019, they mainly consisted of trade receivables in connection with initial boiler sales. 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), relating to 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 CIR tax credits plus, in 2018, the CII and CICE tax credits.

The breakdown is shown in section 8.2.1.3 below.

Other receivables

At 31 December 2019, the €1,370 thousand of other receivables mainly included €1,145 thousand of VAT-related tax receivables (VAT credits and deductible VAT).

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

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.

7.1.3.3 Equity

(in € thousands)	2019	Year ended 31 December 2018
Share capital	2,209	1,511
Share premiums	50,209	15,267
Consolidated reserves	(13,757)	(5,245)
Net income for the period	(18,568)	(9,038)
Equity attributable to equity holders of the parent	20,093	2,495

• 2019 and 2018

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

- The proceeds of capital increases (€37,732 thousand in 2019 and €6,002 thousand in 2018, see section 8.2.1.1 below); and
- Net income/losses in each period.

7.1.3.4 Non-current liabilities

(in € thousands)	2019	Year ended 31 December 2018
Borrowings and financial liabilities	4,427	5,946
Lease liabilities (part at more than one year)	5,837	
Contingency and loss provisions	139	76
Deferred tax liabilities	-	-
Other non-current liabilities - prepaid income (part at more than one year)	450	393
Total non-current liabilities	10,853	6,415

• 2019 and 2018

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 and the conditional advances obtained in relation to R&D projects.

Lease liabilities

€5,837 thousand of lease liabilities, corresponding to lease agreements, were recognised at 31 December 2019, resulting from the application of IFRS 16, using the modified retrospective approach, from 1 January 2019. This figure corresponds to the non-current portion of liabilities arising from restatements relating to the first-time adoption of IFRS 16 from 1 January 2019 (see notes 3.18 and 3.26 of the notes to the financial statements, in section 18.1.6).

At 31 December 2019, the non-current portion of “Lease liabilities” comprised:

- Leasing contracts and financial leases, in the amount of €4,721 thousand;
- Real estate leases in the amount of €1,116 thousand.

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	
	2019	2018
Financial support received from private-sector partners	309	529
Public-sector investment subsidies	662	776
Prepaid revenue	0	25
Total prepaid income	971	1,330
<i>Of which part at less than one year</i>	<i>521</i>	<i>937</i>
<i>Of which part at more than one year</i>	<i>450</i>	<i>393</i>

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 as part of 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.

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 other non-current liabilities due in more than one year (prepaid income) at 31 December 2019.

7.1.3.5 Current liabilities

(in € thousands)	2019	Year ended 31 December 2018
Borrowings and debt (part at less than 1 year)	1,737	958
Lease liabilities (part at less than 1 year)	1,225	
Contingency and loss provisions (part at less than 1 year)	-	500
Trade payables	2,382	2,296
Other current liabilities	1,777	1,789
Prepaid income	521	937
Total current liabilities	7,642	6,480

- 2019 and 2018

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 2019, included in section 18.1 of the Registration Document.

Lease liabilities

€1,225 thousand of lease liabilities, corresponding to lease agreements, were recognised at 31 December 2019, resulting from the application 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 from 1 January 2019.

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 dispute has been settled, and so the related risk no longer exists. There were no provisions at 31 December 2019.

Trade payables

There was little change in trade payables between 31 December 2018 and 31 December 2019.

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)	2019	Year ended 31 December 2018
Trade payables	198	
Shareholder loans	108	
Social security liabilities	1,180	1,044
Tax liabilities (other than income tax)	110	633
Other liabilities	181	111
Other current liabilities	1,777	1,789

Prepaid income

At 31 December 2019, the amount of €521 thousand mainly consisted of: €309 thousand of private-sector financial support relating to the GRDF agreement to facilitate the pilot phase and commercial launch, with the remainder consisting solely of public-sector investment subsidies.

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), and the remainder exclusively consisting of public-sector investment subsidies.

7.2 OPERATING INCOME

7.2.1 Main factors affecting operating income

See the description in section 7.1.1.5 and the 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)	2019	Year ended 31 December 2018
Time deposits	-	-
Cash	18,275	2,223
Total cash and cash equivalents (A)	18,275	2,223
Borrowings and debt - Non-current portion	4,427	5,946
Borrowings and debt - Current portion	1,737	958
Debt (B)	6,164	6,904
Net debt (B) - (A)	(12,111)	4,681

2019 and 2018

At 31 December 2019, the amount of available net cash (available cash minus bank overdrafts) was €18,275 thousand as opposed to €2,123 thousand at 31 December 2018.

At 31 December 2019, there was a net cash position of €12,111 thousand as opposed to net debt of €4,681 thousand at 31 December 2018 because of the capital increase as part of the 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 total funding of €76.4 million at 31 December 2019 (and €35.8 million at 31 December 2018), 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 31 December 2019, the Company had received a total of €54,870 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 Universal 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
2019	37,732
Total gross amount raised	54,870

8.2.1.2 February 2019 bonds and 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 Universal Registration Document.

In September 2019, the Company carried out a new bond issue in a nominal amount of €10 million.

As planned, these bonds were redeemed early at the time of the IPO and interest and redemption premiums were paid, allowing their holders to subscribe the capital increase through the set-off of receivables.

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 January 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 January 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 January 2018	1,064
Receipt of the 2018 CIR	(945)
Receipt of the 2018 CICE	(82)
Receipt of the 2018 CII	(37)
CIR with respect to 2019	706
Amount receivable at 31 January 2019	706

The Company usually receives settlement of its CIR receivable in the fourth quarter in the year after it is recognised. The CIR due with respect to 2018 was received in November 2019.

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	Debt arising from the restatement of finance
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	41	300	800	443	-	1,885	1,608
+ amounts received	-	-	-	0	-	460	460	
+ finance lease liabilities and lease liabilities (1)	-	-	-	0	-	-		6,738
- repayments	(80)	(15)	(58)	(25)	(98)	(42)	(315)	(1,285)
Balance due at 31 December 2019	220	26	242	775	345	418	2,030	7,061

(1) Lease liabilities are the balancing entry for right-of-use assets recognised in relation to leases in accordance with IFRS 16, which has been applied since the first half of 2019.

The terms of these loans still outstanding at 31 December 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), the production facility (PIAVE) and initial BOOSTHEAT.20 installations as part of pilot projects (ADEME). Please refer to sections 11.3.2 and 6.5.1 and the detailed terms of the advances in note 3.18 to the consolidated financial statements, contained in section 18.1 of the Universal Registration Document.

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					
+ amounts received	90	90			180
- repayments	-	-	-	-	
Balance due at 31 December 2016	245	245	-	-	490
Amount of support obtained in 2017			3415		3415
+ amounts received	-	-	1 055		1 055
- repayments	-	-	-	-	
Balance due at 31 December 2017	245	245	1 055	0	1 545
Amount of support obtained in 2018	-	-	-	110	110
+ amounts received	-	-	1 666	0	1 666
- repayments	-	-	-	-	
Balance due at 31 December 2018	245	245	2 721	0	3 211
Amount of support obtained in 2019	-	-	-		
+ amounts received	65	65	694	66	890
- repayments	30	30	0	0	60
Balance due at 31 December 2019	280	280	3 415	66	4 041
+ amounts received	65	65	694	66	890
Balance still to be received at 31 December 2019	0	0	0	44	44

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

8.2.1.6 Funding through subsidies

Since its creation, the Company has received several subsidies totalling €2,852 thousand, of which €2,043 thousand had been received at 31 December 2019. 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 gave the Company a €2,000 subsidiary to help revitalise the industrial site;

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 initial BOOSTHEAT.20 installations 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 recruitm ent 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	-	-	-	-	2000	-	-	-	-	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	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	-	722
Subsidies obtained in 2019	-	-	-	-	-	-	-	-	220	220
- amounts received	-	-	-	-	-	-	-	-	(133)	(133)
Balance still to be received at 31 December 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 Coface⁵⁵, 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.

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.

⁵⁵The public export guarantee activities managed by Coface were transferred to BPI in January 2017.

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	(2)
Balance due at 31 December 2019	95

8.2.2 Cash flow

During the period presented, cash flow was as follows:

(in € thousands)	Year ended 31 December	
	2019	2018
Net cash flow from operating activities	(13,303)	(6,732)
Net cash flow from investing activities	(2,347)	(2,347)
Net cash flow from financing activities	31,802	8,016
Change in cash	16,152	(1,063)

8.2.2.1 Cash flow from operating activities

The net amount of cash used in operating activities was €13,303 thousand in 2019 and €6,732 thousand in 2018.

(in € thousands)	Year ended 31 December	
	2019	2018
Consolidated total net income	(18,568)	(9,038)
Net depreciation, amortisation and provisions	2,169	1,166
Tax expense/(income)	-	-
Other calculated income and expense	644	424
Funds from operations	(15,755)	(7,448)
Change in inventories	(1,333)	(948)
Change in trade receivables	610	(1,207)
Change in trade payables	86	1,989
Change in other receivables and payables	(704)	821
Cost of debt	3,793	61
Net cash flow from operating activities	(13,303)	(6,732)

- 2019 and 2018

This increase was mainly due to:

- A sharp decrease in funds from operations because of losses that increased between 2018 and 2019 for reasons set out in section 7.1.2 above;
- The €1,341 thousand increase in the working capital requirement (WCR) in 2019, mainly related to the increase in inventories;
- The payment of interest and redemption premiums to bondholders, in an amount of €3,793 thousand, in the form of capital.

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	
	2019	2018
Purchases of property, plant and equipment and intangible assets	(2,333)	(3,106)
Change in loans and advances granted	(159)	(3)
Investment subsidies received	133	762
Disposals of non-current assets	12	-
Net cash flow from investing activities	(2,347)	(2,347)

- 2019 and 2018

Most of the amounts relating to purchases of non-current assets relate to:

- expenditure on developing the BOOSTHEAT.20 boiler totalling €1,503 thousand in 2019, comprising €670 thousand of external expenditure and €833 thousand of capitalised internal costs. Purchases of intangible assets also include patent and software purchases amounting to €32 thousand in 2019;

- The remainder relates to installations and purchases of industrial plant and machinery in connection with 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.

Changes in advances granted relate to rent guarantee deposits.

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	
	2019	2018
Capital increase	15,006	6,003
Change in treasury shares	(47)	
New borrowings and conditional advances	18,330	2,329
Repayments of borrowings and conditional advances	(1,425)	(256)
Interest paid	(169)	(60)
Change in shareholder loans	107	-
Net cash flow from financing activities	31,802	8,016

- 2019 and 2018

The main changes were as follows:

2019

- Three capital increases totalling €15,006 thousand (before the deduction of costs from the issue premium) including the €14,393 thousand capital increase in October 2019 at the time of the Company's IPO;
- €16,980 raised through bond issues, which was subsequently contributed to the capital increase through the set-off of receivables;
- €1,351 thousand of new debt, including €460 thousand of borrowings, €694 thousand received under the PIAVE conditional advance (see detailed tables in section 8.2.1.5), €131 thousand received through the FUI conditional advance and €67 thousand received through the ADEME;
- Loan repayments and finance lease instalments totalling €1,425 thousand; and
- Interest expense of €169 thousand.

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.

8.3 FUNDING STRUCTURE AND FUNDING REQUIREMENTS

8.3.1 Funding structure

At 31 December 2019, the Group's funding structure was as follows:

- Equity of €20,093 thousand, and
- Net cash of €12,111 thousand (taking into account available cash of €18,275 thousand), with that total including:
- €7,062 thousand of lease liabilities corresponding to restatements arising from the first-time adoption of IFRS 16 from 1 January 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.

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 31 December 2019	Security
Bpi (1)	€400 thousand	Average 3-month Euribor plus 5.5% (reduced to 3.7% during the deferment period)	juin-14	8 years - repayment in 20 quarterly instalments after a 36-month deferment period	€220 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)	juin-13	8 years - repayment in 20 quarterly instalments after a 36-month deferment period	€26 thousand	Death benefit insurance for Luc Jacquet in an amount of €75 thousand
Of which Total loan (3)	€400 thousand (of which €300 thousand already received)	1,00%	mars-17	5 years - repayment in 36 monthly instalments after a 24-month deferment	€242 thousand	None
Crédit Coopératif (4)	€800 thousand	2,33%	déc-17	7 years - repayment in 60 monthly instalments after a 24-month deferment	€775 thousand	Bpifrance Financement 40% Pledge of business assets
Banque Populaire du Sud (5)	€500 thousand	1,30%	mai-18	5 years - repayment in 60 monthly instalments	€345 thousand	Prêt Innov Plus security (50%) Pledge of business assets
Société Générale (6)	€460 thousand	1,50%	mars-19	7 years - repayment in 84 monthly instalments	€418 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 fund industrial equipment (robotic production unit).

8.4 RESTRICTIONS ON THE USE OF CAPITAL

At 31 December 2019, restrictions on the use of capital related to €202 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 year ended 31 December 2019, contained in section 18.1 of the Universal Registration Document; and
- Section 3.2 “Liquidity risk” of the Universal 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 Universal 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 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.

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.

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 the incentives set out below.

➤ 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.

The energy-saving certificates (CEE) system 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) to replace a non-condensing boiler. In regulatory terms, the BOOSTHEAT boiler is classified in this category. BOOSTHEAT allows customers to access the higher-rate “*Coup de pouce chauffage*” grant because of its agreement with Butagaz (which has “*Obligé*” status since it buys energy-saving certificates issued by BOOSTHEAT). This means that “*Coup de pouce chauffage*” grants of €3,030 are available for low-income households and €4,860 for very low-income households.

In 2020, the French government appointed Anah to distribute Ma Prime Rénov' grants of €3,000 for low-income households and €4,000 for very low-income households when buying and installing an air-to-water heat pump. The grant is paid directly to the consumer once installation is complete. It combines and replaces former Anah's former incentive and the CITE 30% discount that were in place in 2019.

For higher-income households (excluding low- and very low-income households, i.e. 50% of households in France), the government has in 2020 introduced two new categories: medium-income households (5th to 8th deciles) and high-income households (9th and 10th deciles). For medium-income households, a flat-rate CITE grant of €2,000 is available for an air-to-water heat pump. For high-income households, CITE incentives are no longer available in 2020. The CITE grant is therefore fairly significantly affected, particularly for so-called high income customers (as a reminder, the 2019 CITE allowed for a 30% tax credit up to a maximum of €16,000 per household). The impact of the reduction in grants paid to this target client base is therefore on average €2,000 to €4,000.

Interest-free 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 €15,000 per renovation project, and may be granted to owners of homes more than two years old. 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, with a maximum loan amount of €15,000, to be repaid over a maximum term of 180 months. Interest-free 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 in 2020.

➤ Germany

In Germany, various incentives (from BAFA, KfW, local authorities etc.) are available for heating systems that use a renewable energy source. These include both systems running entirely on renewable energy and traditional boilers combined with a renewable energy source.

The new conditions for BAFA incentives from 1 January 2020 result in an increase in the overall grant, i.e. between 20% and 45% of the total cost of changing the heating system up to a limit of €50,000 including VAT per home. The percentage applied depends on the energy efficiency of the new system and that of the system being replaced.

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) were met, with a SEER of 150. As a result, the BOOSTHEAT.20 has been eligible for the BAFA incentive since September 2019:

- the BAFA incentive equals 35% of the total cost of installing a BOOSTHEAT.20 in a new or existing building.
- Where a BOOSTHEAT.20 is installed in an existing building that was previously heated using fuel oil, the BAFA incentive is 45% of the total cost.

Summary

Type of building	Energy source of the previous system	BAFA incentive	
Existing building	Fuel oil	45%	of the total cost, limited to €50,000 including VAT per home
	Other	35%	
New building	-	35%	

There are also 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. Amounts range between €100 and €1,000. Other arrangements such as the KfW incentive exist, but they are intended more for the tertiary market.

As regards the risks relating to incentive policies, see section 3.2 “Risks related to the Company's financial position”.

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 5.1.1 and 5.4.2 of the Universal Registration Document.

10.2 TRENDS, UNCERTAINTIES, CONSTRAINTS, COMMITMENTS OR EVENTS THAT MAY MATERIALLY AFFECT THE GROUP'S OUTLOOK

The COVID-19 pandemic that spread across the globe as of February 2020 and has since severely affected Europe constitutes an event with a material impact on the Group's current activities and creates uncertainty about its growth prospects for the coming months or even years.

The Group's activities during 2020 are affected on a number of levels, in particular:

- since 18 March, the lockdown measures implemented in France have resulted in the shutdown of production in order to ensure the protection of the company's employees for a period that was still indefinite as of the date of this document;
- as soon as it can be considered, resuming production may be slowed down by supply shortages from suppliers who obtain some components from China;
- BOOSTHEAT boiler installations could be affected by the gradual resumption of partner installers' activities;
- lastly, consumer demand for new boilers – even innovative and environmentally friendly boilers – could be weakened by the possible impact of the crisis on their buying power and the time needed to regain enough confidence about the economic situation.

The Company is permanently monitoring all developments that could impact its activities and will inform the market of any major developments.

See also the risk factors presented in Section 3, as well as in "Significant events since the close of the financial year: COVID-19 pandemic" in Section 5.1.1 of this document.

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 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 office: 2022 shareholders' general meeting voting on the financial statements for the financial year ending 31 December 2021	Engineer and director (1)	None
Jean-Marc Joffroy	Deputy Chief Executive Officer	First appointment: 26 April 2019 (2) Appointment last renewed: N/A End of term office: 2020 shareholders' general meeting voting on the financial statements for the financial year ending 31 December 2019	Engineer and director (2)	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 Deputy CEO 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 for a three-year term. Luc Jacquet's term of office as director was renewed in the shareholders' general meeting of 15 June 2017 for a three-year term expiring at the end of the shareholders' general meeting taking place in 2020 to consider the financial statements for the financial year ended 31 December 2019.
- (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 Deputy CEO. 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 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 Deputy CEO for the remainder of his term of office as director in accordance with article 18-II of the articles of association. Jean-Marc Joffroy's term of office as director was renewed in the shareholders' general meeting of 15 June 2017 for a three-year term expiring at the end of the shareholders' general meeting taking place in 2020 to consider the financial statements for the financial year ended 31 December 2019.

The business address of the Chief Executive Officer and Deputy CEO is that of the Company's registered office.

The expertise and management experience of the Chief Executive Officer and Deputy CEO result from their various previous roles as employees and managers (see section 5.1.5.2 of the Universal Registration Document).

12.1.2 Members of the board of directors

At the date of the Universal Registration Document, the Company's board of directors has nine members⁽⁵⁾ 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 office
Luc Reginster (3) (related to Chemium)	Director and Chair of the Board (1)	None	First appointment: Shareholders' general meeting of 29 September 2017 Appointment last renewed: N/A End of term of office: 2020 shareholders' general meeting 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: Shareholders' general meeting of 15 June 2018 Appointment last renewed: N/A End of term of office: 2021 shareholders' general meeting voting on the financial statements for the financial year ending 31 December 2020
Eric Dutilleul (3)	Director	None	First appointment: Shareholders' general meeting of 15 December 2014 Appointment last renewed: 15 June 2017 End of term of office: 2020 shareholders' general meeting voting on the financial statements for the financial year ending 31 December 2019
Luc Jacquet	Director	Chief Executive Officer and director	First appointment: Shareholders' general meeting of 15 December 2014 Appointment last renewed: 15 June 2017 End of term of office: 2020 shareholders' general meeting voting on the financial statements for the financial year ending 31 December 2019
Jean-Marc Joffroy	Director	Deputy CEO Engineer	First appointment: Shareholders' general meeting of 15 December 2014 Appointment last renewed: 15 June 2017 End of term of office: 2020 shareholders' general meeting voting on the financial statements for the financial year ending 31 December 2019
Myriam Maestroni (3)	Director	None	First appointment: Shareholders' general meeting of 30 March 2015 Appointment last renewed: 15 June 2018 End of term of office: 2021 shareholders' general meeting voting on the financial statements for the financial year ending 31 December 2020
Claudia Zimmer (3) (4) (related to Kozinet)	Director	None	First appointment: Shareholders' general meeting of 29 September 2017 Appointment last renewed: 15 June 2018 End of term of office: 2021 shareholders' general meeting 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 shareholders' general meeting Appointment last renewed: N/A End of term of office: 2021 shareholders' general meeting voting on the financial statements for the financial year ending 31 December 2020
Raphaël de Winter (related to Fluxys)	Director	None	First appointment: Shareholders' general meeting of 20 January 2017 Appointment last renewed: N/A End of term of office: 2020 shareholders' general meeting voting on the financial statements for the financial year ending 31 December 2019

- (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 her 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; Claire Vanneste resigned in April 2020 with effect as of the end of the general meeting planned for 2 June 2020.
- (4) Appointed to replace a director who resigned for the remainder of his term of office.
- (5) Sébastien Fuki, independent director provisionally appointed by the board of directors on 22 May 2019 and ratified in the shareholders' general meeting of 7 June 2019, resigned from his role as director in February 2020.

The board of directors, in a meeting held on 3 April 2020, made a proposal to the shareholders' general meeting of 2 June 2020 regarding the renewal of the following directors' terms of office expiring at the end of that meeting: Luc Reginster, Luc Jacquet and Raphaël de Winter.

Eric Dutilleul and Jean-Marc Joffroy, whose terms of office are also expiring, have not asked for their terms to be renewed.

The board of directors, in its meeting of 3 April 2020, also made a proposal to the shareholders' general meeting of 2 June 2020 regarding the appointment of Isabelle Montfort as a new board member. The information relating to her application as required under Article R. 225-83-5 is as follows:

FULL NAME: ISABELLE MONTFORT

DOMICILE: 31 RUE D'IVRY 69004 LYON

DATE AND PLACE OF BIRTH: 11 OCTOBER 1973, CLERMONT-FERRAND

PROFESSIONAL AND BUSINESS POSITIONS HELD DURING THE LAST FIVE YEARS AT ALL COMPANIES:

Since 2013 Advans International (Paris): Group Finance Director

Since 2018 Advans Pakistan (Financial institution, Karachi):
Member of the Board of Directors
Chair of the Risk Management Committee
Member of the Audit Committee

Since 2013 Advans Cote d'Ivoire (Financial institution, Abidjan):
Member of the Board of Directors

JOBS OR POSITIONS HELD WITHIN THE COMPANY:

NONE

NUMBER OF COMPANY SHARES:

NA

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 (related to Chemium)	Condition met (1)	Condition met	Condition met: Equity stake: 4.13% Diluted equity stake*: 4.68%	Condition met	Condition met
Eric Dutilleul	Condition met (1)	Condition met	Condition met: Equity stake: 0.19% Diluted equity stake*: 0.18%	Condition met	Condition met
Myriam Maestroni	Condition met	Condition met	No shares held	Condition met	Condition met
Claudia Zimmer (related to Kozinet)	Condition met	Condition met	Condition met: Equity stake: 2.41% Diluted equity stake*: 2.51%	Condition met	Condition met
Claire Vanneste	Condition met	Condition met	No shares held	Condition met	Condition met

* Based on the current share capital plus the 1,091 shares that may be created through the exercise of currently existing founder share warrants and the 489,994 shares that may be created through the exercise of the 2019 warrants (see section 19.1.4 of the Universal 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 by members of the board of directors during the year

- Other roles currently held

Directors	Company	Role
Other roles held within the Group		
None		
Other roles held outside the Group		
Luc Reginster	Innovation Fund SA (BE)	Director
	PurVer SA (BE)	Director
	Chemium Sprl (BE)	Manager
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 are 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 Universal 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. 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, has 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. In the meantime, she set up her own company (Coachieve) and is also regional Managing Partner for The Job Coach Academy.



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.

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 Universal Registration Document).

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 Deputy CEO and director) (see section 17.3 of the Universal Registration Document). Those agreements were approved in the shareholders' general meeting of 7 June 2019.

On 25 February 2019, the board of directors authorised, as regulated agreements, bond issue agreements and undertakings by certain shareholders and/or directors, i.e. Holdigaz, Officium Projects, Kozinet, Luc Jacquet and Jean-Marc Joffroy to subscribe to the bond issue decided by the board on the same day. Those agreements were approved in the shareholders' general meeting of 7 June 2019.

On 6 September 2019, the board of directors authorised, as a regulated agreement, a bond issue agreement and the undertaking by Holdigaz to subscribe to the bond issue decided by the board on the same day.

No new regulated agreement has been formed since 1 January 2020.

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 Universal 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 <u>awarded</u> to each executive corporate officer		
Name	2019	2018
	Amount awarded	Amount awarded
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	€0	€0
Value of options awarded during the year	€0	€0
Value of bonus shares awarded during the year	€0	€0
TOTAL	€180,000	€180,000
Jean-Marc Joffroy - Deputy CEO (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	€0	€0
Value of options awarded during the year	€0	€0
Value of bonus shares awarded during the year	€0	€0
TOTAL	€180,000	€180,000
Luc Register - Chair of the Board of Directors since 1 February 2019		
Remuneration due with respect to the year (detailed in table 2)	€31,400	€12,000
Value of multi-year variable remuneration awarded during the year	€0	€0
Value of options awarded during the year	€0	€0
Value of bonus shares awarded during the year	€0	€0
TOTAL	€31,400	€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)	€19,400	€18,000
Value of multi-year variable remuneration awarded during the year	€0	€0
Value of options awarded during the year	€0	€0
Value of bonus shares awarded during the year	€0	€0
TOTAL	€19,400	€18,000
TOTAL EXECUTIVE CORPORATE OFFICERS	€410,800	€390,000

- (1) Luc Jacquet was CEO between 1 January and 15 June 2017, then Deputy CEO 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 Deputy CEO 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 Deputy CEO in its 26 April 2019 meeting.

TABLE NO.2

Summary of remuneration granted to each executive corporate officer				
Name	2019		2018	
	Amounts due with respect to 2019	Amounts paid in 2019	Amounts due with respect to 2018	Amounts paid in 2018
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>	€180,000	€180,000	€108,000	€108,000
<i>of which with respect to his role as engineer (1)</i>	€0	€0	€72,000	€72,000
Annual variable remuneration	€0	€0	€0	€0
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration	€0	€0	€0	€0
Attendance fees	€0	€0	€0	€0
Benefits in kind	€0	€0	€0	€0
TOTAL	€180,000	€180,000	€180,000	€180,000
Jean-Marc Joffroy - Deputy 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>	€180,000	€180,000	€108,000	€108,000
<i>of which with respect to his role as engineer (1)</i>	€0	€0	€72,000	€72,000
Annual variable remuneration	€0	€0	€0	€0
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration	€0	€0	€0	€0
Attendance fees	€0	€0	€0	€0
Benefits in kind	€0	€0	€0	€0
TOTAL	€180,000	€180,000	€180,000	€180,000
Luc Reginster - Chair of the Board of Directors since 1 February 2019				
Annual fixed compensation	€0	€0	€0	€0
<i>of which with respect to his role as corporate officer (1)</i>	€0	€0	€0	€0
<i>of which with respect to his role as engineer (1)</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	€31,400	€0	€12,000	€3,000
Benefits in kind	€0	€0	€0	€0
TOTAL	€31,400	€0	€12,000	€3,000
Eric Dutilleul - Chair of the Board of Directors from 29 September 2017 to 1 February 2019				
Annual fixed compensation	€0	€0	€0	€0
<i>of which with respect to his role as corporate officer (1)</i>	€0	€0	€0	€0
<i>of which with respect to his role as engineer (1)</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	€19,400	€0	€18,000	€15,000
Benefits in kind	€0	€0	€0	€0
TOTAL	€19,400	€0	€18,000	€15,000
TOTAL EXECUTIVE CORPORATE OFFICERS	€410,800	€360,000	€390,000	€378,000

- (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 1 May 2019, following a decision by the board of directors on 26 April 2019, all remuneration has been assigned to the relevant person's role as corporate officer.

At the date of the Universal Registration Document, the remuneration policy for the Executive Management team was unchanged. The CEO and Deputy CEO receive fixed annual remuneration. They do not receive variable remuneration, benefits in kind or any remuneration with respect to their roles as director.

On 24 January 2020, the board of directors determined the remuneration criteria for directors and members of the specialist committees:

- only independent directors may receive remuneration;
- a fixed annual amount was determined;
- to take into account the involvement of the director and specialist committee member and the work they do depending on the issues addressed, a variable amount was determined in relation to the director's attendance at a board meeting and the specialist committee member's participation in the relevant committee;
- the chair of the board of directors and the chairs of the specialist committees receive double the fixed and variable annual amount;
- the board of directors may award additional remuneration in relation to an undertaking or exceptional contribution made by a director.

Directors and members of specialist committees do not receive any benefits in kind.

The shareholders' general meeting scheduled for 2 June 2020 will be asked, based on proposals formulated by the board of directors on 3 April 2020:

- to determine the overall amount of director remuneration;
- to approve the remuneration policy for executives and corporate officers (ex-ante vote);
- to approve information in the corporate governance report relating to remuneration paid or awarded to executives and corporate officers in the last financial year (first part of the ex-post vote);
- to approve the remuneration and individual benefits awarded to each executive (second part of the ex-post vote).

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 <u>received</u> by non-executive corporate officers		
Name	2019	2018
	Amounts paid	Amounts paid
Luc Reginster - Chair of the Board of Directors		
Attendance fees	€0	€3,000
Other remuneration	€0	€0
Eric Dutilleul - Director		
Attendance fees	€0	€15,000
Other remuneration	€0	€0
Myriam Maestroni - Director		
Attendance fees	€0	€12,000
Other remuneration	€0	€0
Claudia Zimmer - Director		
Attendance fees	€0	€3,000
Other remuneration	€0	€0
François Samyn - Director		
Attendance fees	€0	€15,000
Other remuneration	€0	€0
Attendance fees paid in 2018 and/or 2019 to directors whose terms of office ended during those years		
Denis Mersch (2) - Term of office ended 26 August 2019		
Attendance fees	€0	€3,000
Other remuneration	€0	€0
Total	€0	€51,000

- (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**2018:**

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	Weighted average price (1)	2018:		
		2017 founder share warrants	Bonus shares	Stock options
Shareholders' general meeting date		15 June 2017	None	None
Date of board meeting		27 April 2018		
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	None	None
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		

2019

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	Weighted average price (1)	2019		
		2017 founder share warrants	Bonus shares	Stock options
Shareholders' general meeting date		15 June 2017	None	None
Date of board meeting		27 April 2018		
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	None	None
Number of rights exercised or acquired by the ten employees who are not corporate officers who hold the greatest number of rights (total number)	€5.35	9,900		

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 al: N/A							
End of term of office	AGM convened in 2022 to vote on the financial statements for the period ended 31 December 2021							
Jean-Marc Joffroy								
Deputy CEO		X		X		X		X
Start of term of office	First appointment: 26 April 2019 (2)							
	Last renewal al: N/A							
End of term of office	AGM convened in 2020 to vote on the financial statements for the period ended 31 December 2019							
Luc Reginster								
Chair of the Board of Directors		X		X		X		X
Start of term of office	First appointment: 29 September 2017							
	Last renewal al: N/A							
End of term of office	AGM convened in 2020 to vote on the financial statements for the period ended 31 December 2019							

(1) Please refer to section 12.1.1 of the Universal Registration Document.

(2) Please refer to section 12.1.1 of the Universal Registration Document.

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 12-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 Deputy CEO. The Chief Executive Officer and Deputy CEO 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 board of directors has set up three specialist committees to assist it: an audit committee and a strategy committee, established by the board of directors on 29 November 2019, and a remuneration and appointments committee established by the board of directors on 4 March 2020.

Audit committee

Composition

The audit committee is made up of at least two members appointed by the board of directors.

The audit committee members are selected from the members of the board of directors and, as far as possible, at least one member of the audit committee must be independent according to the criteria of the corporate governance code for small- and mid-cap companies published by Middlednext in September 2016.

The chair of the audit committee is appointed by the board of directors, if possible from among its independent members.

Currently, the audit committee consists of Eric Dutilleul, independent director, and Raphaël de Winter.

Remit

Under the sole and collective responsibility of the members of the board of directors and in order to ensure the quality of internal control and the reliability of information provided to shareholders and the financial markets, the audit committee monitors issues relating to the preparation and control of accounting and financial information and, for that purpose, is particularly tasked with:

- monitoring the process of preparing financial information including examining, before they are presented to the board of directors, the half-year and full-year parent-company and consolidated financial statements and any quarterly financial presentations, and examining the relevance and consistency of the accounting policies used to prepare those financial statements and/or presentations. The audit committee will consider major transactions in connection with which conflicts of interest could have arisen and will examine any conflict of interest that could affect a member of the board of directors, and will propose measures to resolve it; in general, the audit committee oversees the quality of financial information provided to shareholders;
- monitoring the efficacy of internal control, internal audit and risk management systems, but also monitoring financial and accounting information;
- monitoring the audit of the parent-company and consolidated financial statements by the statutory auditor;
- making a recommendation regarding the statutory auditors put forward for appointment by the shareholders' general meeting and reviewing the terms of their remuneration;
- monitoring the independence of the statutory auditors;
- periodically reviewing the status of material disputes;
- examining the Group's procedures regarding receiving, logging and dealing with complaints relating to accounting and accounting controls performed in-house, to audit matters and to documents sent anonymously and confidentially by employees that call into question accounting or audit practices; and
- in general, providing any appropriate advice and recommendations in the aforementioned areas.

Strategy committee

Composition

The strategy committee is made up of at least three individuals appointed by the board of directors.

Currently, the strategy committee consists of Philippe Petitpierre (Holdigaz), Claudia Zimmer, Luisa Helms, Luc Jacquet and Luc Reginster.

Remit

To help the board of directors develop the Group, the strategy committee's tasks include:

- assisting the board of directors in considering the Company's long-term strategic direction, and
- examining all major projects related to the Company's development and strategic position, particularly plans for strategic partnerships and major investment and divestment transactions, along with the Company's development plans submitted to the board of directors.

Remuneration and appointments committee

Composition

The remuneration and appointments committee consists of at least two directors appointed by the board of directors.

Currently, the remuneration and appointments committee consists of Myriam Maestroni, Claudia Zimmer, Claire Vanneste and Luc Reginster.

Remit

The remuneration and appointments committee has the following tasks.

- As regards appointments:
 - presenting recommendations to the board of directors regarding the composition of the board of directors and its committees;
 - every year, submitting to the board of directors a list of its members who may be designated independent according to the criteria of the corporate governance code for small- and mid-cap companies published by Middlednext in September 2016;
 - establishing a succession plan for the Company's executives and helping the board of directors select and assess board members;
 - preparing a list of people who may be recommended for appointment as executives or board members;
 - preparing a list of board members who may be recommended for appointment as a board committee member; and
 - helping executive management recruit people to fill key positions.
- As regards remuneration:
 - examining the main objectives proposed by executive management regarding the remuneration of managers who are not corporate officers of the Company, including bonus share, stock option and founder share warrant plans;
 - examining the remuneration of managers who are not corporate officers of the Company, including bonus share and stock option plans, pension and benefit plans and benefits in kind;
 - examining the main objectives of any bonus share plan that may be considered for the Company's employees;
 - making recommendations and proposals to the board of directors regarding:
 - remuneration, pension and benefit plans, benefits in kind and other pecuniary benefits including termination benefits for executive corporate officers. The Company proposes remuneration amounts and structures, including rules for determining the variable portion taking into account the Group's strategy, objectives and results along with market practices, and
 - bonus share and stock option plans and any other similar incentive mechanism, including personal awards to executive corporate officers eligible for that kind of mechanism;
 - examining the total amount of attendance fees and their apportionment between members of the board of directors, along with the terms for reimbursing any expenses borne by board members;
 - preparing and presenting any reports provided for by the internal rules of the board of directors; and
 - preparing any other recommendation that it may be asked to prepare by the board of directors or executive management in relation to remuneration.

Summary of the committees

Members	Strategy committee	Audit committee	Remuneration and appointments committee
Eric Dutilleul	-	Member*	-
Raphaël de Winter	-	Member	-
Philippe Petitpierre	Member	-	-
Claudia Zimmer	Member*	-	Member*
Luc Jacquet	Member	-	-
Luc Reginster	Member*	-	Member*
Luisa Helms	Member	-	-
Myriam Maestroni	-	-	Chair*
Claire Vanneste	-	-	Member*

*Independent member

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 Middelnext (the "Middelnext Code", available at <https://www.middelnext.com/>) as the code to which it refers.

The table below details the Company's assessment of its compliance with the Middelnext Code provisions:

- the Middelnext Code recommendations with which it believes it complies have a cross in the "Applied" column;
- the Middelnext Code recommendations with which it does not currently comply have a cross in the "Not applied" column, and the Company is currently in discussions about these recommendations.

At the date of this document, the Company believes that it is not yet fully compliant with all Middelnext Code recommendations because of its scale. It intends to be fully compliant with the code before the end of the current year.

Middlesex 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	
R10: Remuneration of Board members	X	
R11: Assessment of the Board's work		X (2)
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 (3)
R15: Combination of an employment contract and role as corporate officer	X	
R16: Severance pay	X	
R17: Supplementary pension plan	N/A	N/A (4)
R18: Stock options and bonus share awards	X	
R19: Review of areas for attention	X	

(1) R6: the board of directors on 29 November 2019 decided to set up an "audit committee" and a "strategy committee", and the board of directors on 4 March 2020 decided to set up an "appointments and remuneration committee" (see section 14.3.2).

(2) R11: as the Company has set up various committees (audit, strategy, appointments and remuneration), it will implement this assessment of the work of the board of directors for the end of the 2020 financial year.

(3) R14: not yet applied, the board of directors expects this preparation to be done in 2020.

(4) 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 Universal Registration Document, the administration and management bodies had not decided on any changes to the composition of the administration and management bodies, apart from as mentioned in Section 12.1.2 above. 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 Deputy CEO 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 Universal Registration Document, the Company had not decided to adjust the remuneration of executive officers with respect to the current year and until the formation of the

remuneration committee (expected to take place in 2020 – see section 14.3.2), or to distribute any special bonuses related to the planned IPO.

Executive officers do not receive performance-related bonuses arranged by the Company for its top management (see section 3.4).

In accordance with the French Commercial Code, 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 the 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 Universal 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 have been prepared on a half-yearly basis by the same firm since the Company has been 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, which is expected to take place in late 2020.

That approach covers all activities recorded during process mapping. Management fulfils its commitments in this area through a quality policy adopted in September 2018 and 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, which apply to listed companies in particular;
- The prevention and management of identified risks arising from business activities;
- The optimisation of operational activities.

For each process (management, operations and support functions), the purpose, procedures, indicators, control resources and maturity of the process are documented.

This includes:

as regards commercial activity, the detailed customer pathway (customer acquisition, order management, installation, billing etc.);

for purchasing activities, the classification of components and the selection, monitoring and assessment of suppliers. An internal purchasing policy was formalised in June 2019;

for HR activities, 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. A Human Relations Charter was adopted in September 2019 (see section 5.7.4).

The IT process contains detailed provisions regarding security, hosting, back-ups, availability and access to data, among other aspects. The three sites (Vénissieux, Ramonville Saint-Agne and Nuremberg) are interconnected and equipped with fibre-optic technology. The infrastructure configuration is backed up and documented so that it can be reinstalled quickly in the event of an incident (DRP or Disaster Recovery Plan).

After its IPO on the Euronext Paris regulated market in October 2019, BOOSTHEAT has also adopted procedures ensuring compliance with its obligations as a listed company (adoption of a code of conduct for stockmarket transactions, appointment of an ethics officer and use of Euronext Insiderlog software).

15 EMPLOYEES

15.1 NUMBER OF EMPLOYEES AND BREAKDOWN BY CATEGORY

The Company's salaried workforce breaks down by function as follows:

Headcount at end of period	31/12/2017	31/12/2018	31/12/2019
Executive Management	2	2	4
Administration and Finance Department	10	10	9
Technical / R&D / Innovation Department	27	33	25
Manufacturing Department	23	32	33
Sales and Marketing Department	5	15	
Marketing Department			3
BOOSTHEAT France			19
BOOSTHEAT Germany		3	4
Total workforce	67	95	97

The Company's operational organisation is presented in section 5.1.5.1 of the Universal 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 of 2019 warrants	Number of shares that may result from their being exercised		Total currently held	Diluted total (1)

Executive corporate officers						
Luc Jacquet	1,313,405	-	-	1,313,405	14.83%	14.05%
Jean-Marc Joffroy	1,388,601	-	-	1,388,601	15.67%	14.85%
Other corporate officers						
Eric Dutilleul	16,516	-	-	16,516	0.19%	0.18%
Luc Reginster <i>Of which directly held</i>	37,036	-	-	37,036	0.42%	0.40%
<i>Of which as representative of Officium Projects</i>	329,114	1,000,000	71,428	400,542	3.71%	4.28%
Luisa Helms <i>Of which directly held</i>	-	-	-	-	-	-
<i>Of which as representative of Holdigaz</i>	2,221,840	5,000,000	357,142	2,578,982	25.08%	27.58%
Myriam Maestroni	-	-	-	-	-	-
Claudia Zimmer <i>Of which directly held</i>	-	-	-	-	-	-
<i>Of which as representative of Kozinet</i>	213,207	300,000	21,428	234,635	2.41%	2.51%
Claire Vanneste	-	-	-	-	-	-
Raphael de Winter <i>Of which directly held</i>	-	-	-	-	-	-
<i>Of which as representative of Fluxys</i>	373,831	-	-	373,831	4.22%	4.00%
TOTAL	5,893,550	6,300,000	449,998	6,343,548	66.52%	67.84%

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 Middlednext Code. At the date of the Universal Registration Document, the Company had no plans to carry out such an issue.

15.3 OWNERSHIP OF THE COMPANY'S CAPITAL BY EMPLOYEES

At 31 December 2019, shares held directly by employees in registered form represented 0.66% of the Company's capital.

16 MAJOR SHAREHOLDERS

16.1 OWNERSHIP OF SHARES AND VOTING RIGHTS AT THE DATE OF THE UNIVERSAL REGISTRATION DOCUMENT

At the date of this document, the total equity interests of board members represented 5,839,998 shares, i.e. 65.92% of the current capital and 67.27% of the diluted capital (the interests of each member are presented in section 15.2).

	Current stake		Securities giving access to the capital (5)	Diluted stake	
	Number of shares and voting rights	% of capital and voting rights	Founder share warrants / 2019 warrants	Number of shares and voting rights	% of capital and voting rights
Luc Jacquet (founder)	1,313,405	14.83%		1,313,405	14.05%
Jean-Marc Joffroy (founder)	1,388,601	15.67%		1,388,601	14.85%
Holdigaz (1)	2,221,840	25.08%	357,143	2,578,983	27.58%
Officium Projects Ltd (2)	329,114	3.71%	71,429	400,543	4.28%
Kozinet (3)	213,207	2.41%	21,429	234,636	2.51%
Fluxys (4)	373,831	4.22%		373,831	4.00%
Total members of the board of directors	5,839,998	65.92%	450,000	6,289,998	67.27%
Employees	60,120	0.68%	1,091	61,211	0.65%
Other shareholders (6)	2,959,131	33.40%	40,000	2,999,131	32.08%
TOTAL	8,859,249	100%	491,091	9,350,340	100%

- (1) Holdigaz is a 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.). Luisa Helms is related to Holdigaz;
- (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. Luc Reginster is related to Chemium;
- (3) Claudia Zimmer is related to Kozinet;
- (4) Fluxys is a 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). Raphaël de Winter is related to Fluxys;
- (5) Please refer to the description of the 2019 bonds with warrants in section 19.1.4.2 of this document;
- (6) Including 20.66% of the capital and voting rights held through shares in registered form.

As part of the IPO that took place on 8 October 2019, shareholders representing 82.8% of existing capital (including the board members included in the table above) made lock-up commitments, undertaking to hold their shares until 4 October 2020, it being specified that Holdigaz, representing 25.08% of existing capital, has agreed to hold its shares until 4 October 2022.

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 conferring, by operation of law, double voting rights to shares that have been registered in the name of the same shareholder for at least two years 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 this 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 was previously a shareholder pact, which became void by operation of law when the Company's shares were 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.

16.5 PLEDGES

16.5.1 Pledges of Company shares

None.

16.5.2 Other pledges

The pledging of business assets relates to 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
Business assets	Crédit Coopératif and Banque Populaire du Sud	Aug-17	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 2019 was €775 thousand 2 - €500 thousand loan (Banq Pop Sud): the balance due at 31 Dec 2019 was €345 thousand

17 TRANSACTIONS WITH RELATED PARTIES

In 2018, the Company signed memoranda of understanding with Jean-Marc Joffroy (then CEO and director) and Luc Jacquet (then Deputy CEO 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 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, the new regulated agreements that have been authorised relate 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 issues of 2019 bonds with warrants in June 2019 (through the set-off receivables arising from the February 2019 bonds with warrants) and (iii) the agreement formed between Holdigaz (which owns 11.74% of the capital and voting rights) and the Company regarding the September 2019 bond issue.

17.1 INTRAGROUP TRANSACTIONS

None.

17.2 TRANSACTIONS WITH RELATED PARTIES

See section 17.3 below.

17.3 STATUTORY AUDITORS' REPORTS ON REGULATED AGREEMENTS WITH RESPECT TO THE FINANCIAL YEARS ENDED 31 DECEMBER 2018 and 2019

17.3.1 Special report on regulated agreements – 2019

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 general shareholders' meeting

In accordance with article L. 225-40 of the French Commercial Code, we have been informed of the following agreement formed during the year that obtained prior approval from your board of directors.

► With the company Holdigaz

Person concerned: Luisa Helms, representative of the company Holdigaz and director in charge of energy supply and marketing, board member and vice-chair of the board of directors of your company.

Type, purpose and terms

"Subscription to the September 2019 Bonds"

The "September 2019 Bonds" are summarised in the following table:

Maximum issue amount:	€10,000,000
Unit nominal value:	€1
Subscription price per bond:	€1
Issue date:	6 September 2019
Maturity date:	5 September 2022
Interest rate:	5% per year from 2 September 2019
Redemption premium:	20% of September 2019 Bonds

The undertakings made by Holdigaz are as follows:

to subscribe to the issue of September 2019 Bonds;

to request mandatory early redemption of the September 2019 Bonds if your Company carries out an IPO, a capital increase or an issue of securities giving access to your Company's capital in a nominal amount (including the issue premium) of at least fifteen million euros (€15,000,000) (a "Designated Transaction"). In this event, your Company would be required to redeem early all the September 2019 Bonds in issue, effective immediately before the decision by your Company's board of directors or any other competent body of your Company to issue shares as part of the IPO or immediately before the decision by your Company's board of directors or any other competent body of your Company to issue shares or said securities giving access to capital.

Any early redemption of September 2019 Bonds shall result in the payment by the Company of a redemption premium equal to 20% of the total nominal amount of Bonds held by the Holder concerned.

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 receivables relating to the September 2019 Bonds (principal, interest and issue premium).

Amount: €10,000,000.00

Reasons justifying the interest of the agreement for the company

Your board has justified this agreement as follows: 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 up until the IPO.

Agreements already approved by the general shareholders' meeting

■ Agreements authorised in previous years

We inform you that we have not been informed of any agreements already approved by the general meeting that were executed during the last financial year.

■ Agreements authorised during the year

We have also been informed of the execution during the past financial year of the following agreements, already approved by the general shareholders' meeting of 7 June 2019, concerning the statutory auditors' special report of 21 May 2019.

► With the company Officium Projects

Person concerned: Luc Reginster, director and chair of the board of directors of your company.

Type, purpose and terms

• "Subscription to the February 2019 Bonds":

This general meeting approved 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 February 2019 Bonds

In certain cases, the February 2019 Bonds may be subject to mandatory early redemption, particularly if your Company carries out an IPO, a capital increase or an issue of securities giving access to your 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 your Company carrying out an IPO or a Designated Transaction, your 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.

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 your 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 receivables (those receivables consisting of the principal and accrued interest payable 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 receivables relating to the bonds with warrants (principal, interest and issue premium).

Amount: €1,000,000.00

► **With the company Holdigaz**

Person concerned: Luisa Helms, representative of the company Holdigaz and director in charge of energy supply and marketing, board member and vice-chair of the board of directors of your company.

Type, purpose and terms

• “Subscription to the February 2019 Bonds”:

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 your 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 receivables (those receivables consisting of the principal and accrued interest payable 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 receivables relating to the bonds with warrants (principal, interest and issue premium).

Amount: €5,000,000.00

► **With the company Kozinet**

Person concerned; Claudia Zimmer, shareholder and director of your company.

Type, purpose and terms

• “Subscription to the February 2019 Bonds”:

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 your 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 receivables (those receivables consisting of the principal and accrued interest payable 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 receivables relating to the bonds with warrants (principal, interest and issue premium).

Amount: €300,000.00

Type, purpose and terms

► With François Samyn, director

• “Subscription to the February 2019 Bonds”:

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 your 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 receivables (those receivables consisting of the principal and accrued interest payable 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 receivables relating to the bonds with warrants (principal, interest and issue premium).

Amount: €100,000.00

► With Luc Jacquet, director, deputy chief executive officer

Type, purpose and terms

• “Subscription to the February 2019 Bonds”:

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 your 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 receivables (those receivables consisting of the principal and accrued interest payable 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 receivables relating to the bonds with warrants (principal, interest and issue premium).

Amount: €60,000.00

► With Jean-Marc Joffroy, director, chief executive officer

Type, purpose and terms

• “Subscription to the February 2019 Bonds”:

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 your 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 receivables (those receivables consisting of the principal and accrued interest payable 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 receivables relating to the bonds with warrants (principal, interest and issue premium).

Amount: €60,000.00

Antichan de Frontignes and Montpellier, 29 April 2020

SERGE DECONS AUDIT

The Statutory Auditors

ERNST & YOUNG Audit

Serge Decons

Marie-Thérèse Mercier

17.3.2 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 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 Deputy 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 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%

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 receivables (those receivables consisting of the principal and accrued interest payable 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 receivables relating 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 receivables (those receivables consisting of the principal and accrued interest payable 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 receivables relating 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 receivables (those receivables consisting of the principal and accrued interest payable 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 receivables relating 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 receivables (those receivables consisting of the principal and accrued interest payable 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 receivables relating 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 Deputy CEO

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 receivables (those receivables consisting of the principal and accrued interest payable 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 receivables relating 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 receivables (those receivables consisting of the principal and accrued interest payable 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 receivables relating 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

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 IFRSs (see section 18.1.6 below), the parent-company financial statements of BOOSTHEAT SA 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	31/12/19 (12 months)	31/12/18 (12 months)
Revenue	3.23	490	0
Purchases consumed	3.25	-2,579	-1,598
Other purchases and external expenses (*)	3.25	-3,098	-2,646
Personnel costs	3.27	-6,012	-3,963
Taxes other than on income		-230	-207
Net additions to depreciation, amortisation and provisions (*)	3.8/3.9/3.22	-2,813	-761
Other operating income and expense	3.28	728	1,108
Recurring operating income	3.24	-13,514	-8,067
Other non-recurring operating income and expense	3.29	-648	-515
Operating income	3.24	-14,162	-8,582
Cost of net debt (*)	3.30	-3,789	-456
Change in fair value of derivatives (liabilities)	3.17	-617	
Income before tax		-18,568	-9,038
Income tax	3.31		
Net income		-18,568	-9,038
Net income attributable to equity holders of the parent		-18,568	-9,038
Non-controlling interests' share of net income		0	0
Basic earnings per share (€)		-2.77	-1.55
Diluted earnings per share (€)		-2.77	-1.55

(*) The Group has applied IFRS 16 using the modified retrospective approach from 1 January 2019 (see note 3.26). The items affected by IFRS 16 (external expenses, depreciation, amortisation and financial items) are therefore not comparable with figures for the year ended 31 December 2018.

Consolidated comprehensive income statement

In € thousands	Notes	31/12/19	31/12/18
Consolidated net income for the period		-18,568	-9,038
Other comprehensive income not to be reclassified subsequently to profit or loss		-17	4
Actuarial gains and losses on employee-related liabilities		-17	4
Other comprehensive income that may be reclassified subsequently to profit or loss		0	0
Exchange differences			
Total other comprehensive income		-17	4
Comprehensive income statement		-18,585	-9,034
Attributable to equity holders of the parent		-18,585	-9,034
Non-controlling interests		0	0

Consolidated statement of financial position

In € thousands	Notes	31/12/19	31/12/18
Development costs		4,538	5,723
Concessions, patents, trademarks, software and similar rights		132	85
Intangible assets in progress		1,503	79
Intangible assets	3.8	6,173	5,887
Right-of-use assets relating to leased buildings (*)		5,335	
Technical installations, industrial plant and machinery		1,836	3,435
Right-of-use assets relating to leased plant and machinery (*)		1,324	
Other property, plant and equipment		269	234
Right-of-use assets relating to other leased assets (*)		568	
Property, plant and equipment in progress		0	25
Property, plant and equipment	3.9	9,332	3,694
Equity interests		24	24
Other financial assets		202	43
Financial assets	3.10	226	67
Total non-current assets		15,731	9,648
Inventories	3.13	2,281	948
Trade receivables	3.14	175	785
Tax receivables	3.15	706	1,064
Other receivables	3.14	1,370	617
Cash and cash equivalents	3.16	18,275	2,223
Prepaid expenses		50	105
Total current assets		22,857	5,742
Total assets		38,588	15,390

In € thousands	Notes	31/12/19	31/12/18
Share capital	3.17	2,209	1,511
Share premiums		50,209	15,267
Consolidated reserves		-13,757	-5,245
Net income for the period		-18,568	-9,038
Equity attributable to equity holders of the parent		20,093	2,495
Non-controlling interests		0	0
Total equity		20,093	2,495
Borrowings and financial liabilities	3.18	4,427	5,946
Lease liabilities (part at more than one year) (*)	3.18	5,837	
Contingency and loss provisions	3.21-3.22	139	76
Deferred tax liabilities			
Prepaid income (part at more than one year)	3.19	450	393
Total non-current liabilities		10,853	6,415
Borrowings and debt (part at less than one year)	3.18	1,737	958
Lease liabilities (part at less than one year) (*)	3.18	1,225	
Contingency and loss provisions (part at less than one year)	3.22	0	500
Trade payables	3.19	2,382	2,296
Other current liabilities	3.19	1,777	1,789
Prepaid income (part at less than one year)	3.19	521	937
Total current liabilities		7,642	6,480
Total liabilities		38,588	15,390

(*) The Group has applied IFRS 16 using the modified retrospective approach from 1 January 2019 (see note 3.26). The items affected by IFRS 16 (non-current assets and lease liabilities) are therefore not comparable with figures for the year ended 31 December 2018.

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	
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	-9,034		-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	2,494	-	2,494
31/12/2018	6,045,235	1,511	15,267	-	14,283	2,494	-	2,494
Net income for the period					-18,568	-18,568		-18,568
Items recognised as OCI*					-17	-17		-17
Comprehensive income					-18,585	-18,585		-18,585
Capital increase		659	34,115			34,774		34,774
Exercise of warrants		39	800			839		839
Elimination of treasury shares					-46	-46		-46
Change in fair value of derivatives (liabilities)			617			617		617
Expired warrants and founder share warrants			-590		590	0		0
31/12/2019	8,837,269	2,209	50,209	-	32,324	20,093	-	20,093

*Other comprehensive income

After various fundraising transactions in 2019 and the exercise of warrants, the number of shares at 31 December 2019, each with par value of €0.25, was 8,837,269.

A summary of transactions involving the share capital during the year is provided in note 3.17.

Consolidated cash flow statement

In € thousands	Notes	déc.-19	déc.-18
Total consolidated net income		-18,568	-9,038
Net depreciation, amortisation and provisions		2,169	1,166
Tax expense/(income)			
Other calculated income and expense		644	424
Funds from operations		-15,755	-7448
Change in inventories		-1,333	-948
Change in trade receivables		610	-1,207
Change in trade payables		86	1,989
Change in other receivables and payables		-704	821
Cost of net debt		3,793	61
Cash flow from operating activities		-13,303	-6732
Purchases of property, plant and equipment and intangible assets		-2,333	-3,106
Change in loans and advances granted		-159	-3
Investment subsidies received		133	762
Disposals of non-current assets		12	0
Cash flow from investing activities		-2,347	-2,347
Capital increases	3.17	15,006	6,003
Change in treasury shares		-47	
New borrowings and conditional advances	3.18	18,330	2,329
Repayments of borrowings and conditional advances	3.18	-1,425	-256
Interest paid		-169	-60
Change in shareholder loans		107	0
Cash flow from financing activities		31,802	8,016
Impact of changes in exchange rates		0	0
Change in cash position		16,152	-1063
Net cash and cash equivalents at start of period	3.16	2,123	3,186
Net cash and cash equivalents at end of period	3.16	18,275	2,123
Change in cash position		16,152	-1063

Notes to the consolidated financial statements

Note 1: General information

BOOSTHEAT ("BOOSTHEAT" or the "Company"), founded in 2011, designs, develops and produces heating solutions that are technologically advanced, energy-efficient and sustainable. BOOSTHEAT's new-generation boilers feature a patented thermal compressor, enabling them to achieve efficiency of up to 200% and reduce energy consumption by up to half. They are more environmentally friendly and economical, giving users the opportunity to achieve an immediate and significant reduction in their environmental impact.

The Company's aim is to accelerate ecological transition with its products, by making them affordable for the largest possible number of customers.

The BOOSTHEAT.20 boiler is aimed at the home renovation market in the Company's priority countries of France, Germany and Switzerland, and is produced at the Vénissieux plant, which has been operational since October 2018.

BOOSTHEAT is a public limited company (*société anonyme*) governed by a board of directors. Its registered office is located at 41-47 boulevard Marcel Sembat, 69200 Vénissieux.

It has been listed on Euronext Paris, compartment C (ISIN: FR0011814938) since 9 October 2019.

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 year ended 31 December 2019 were finalised on 4 March 2020 by the board of directors, which authorised their publication. The accounting policies applied are set out in note 3 below.

The scope of consolidation at 31 December 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	Nürnberg, HRB 35455	Full consolidation	25,000	100%	100%

The financial years ended 31 December 2019 and 2018 each cover a 12-month period.

Note 2: Key events

• Key events in 2019

On 13 February, the Company received the final subsidy (€0.23 million) from Robert Bosch France under the co-operation agreement signed in July 2016.

On 25 February, it carried out a €7.0 million bond issue subscribed by its core shareholders.

On 15 March, it received a loan from Société Générale (€0.46 million) to fund the purchase of industrial equipment.

On 21 June, it carried out an issue of bonds with warrants (OBSA 2019) in a nominal amount of €6.9 million, subscribed by the set-off of receivables arising from the early redemption of almost all of the bonds issued in February 2019. The Company confirmed the exercise of 156,843 warrants issued in 2017, generating gross proceeds of €839 thousand.

On 2 September, it received the remainder (€0.13 million) of French government funding obtained in 2014 from the APACHE single interministerial fund.

On 6 September, it carried out a €10.0 million bond issue subscribed by core shareholder Holdigaz.

On 9 October, the Company's initial public offering took place on Euronext's regulated market in Paris. Overall, the Group raised €36.9 million from French and international investors, including €20.6 million of shares subscribed through the set-off of receivables by holders of the February 2019 and September 2019 bonds and the September 2019 bonds with warrants. As part of the transaction, the Group's long-standing shareholder and key commercial partner Holdigaz renewed its support, taking Holdigaz's total investment in BOOSTHEAT since its creation to €25 million.

On 12 November, the Company received the remainder (€0.69 million) of the PIAVE conditional advance obtained in 2016.

On 21 November, it received CIR and CII tax credits with respect to 2018 (€0.98 million). CIR tax credits with respect to 2019 amount to €706 thousand.

The Company's first product, the BOOSTHEAT.20, was successfully launched in the market in 2019. With 381 orders, the BOOSTHEAT.20 has proven its market appeal. This figure shows the Company's success in convincing end-consumers and major business partners of the product's benefits. In addition, BOOSTHEAT joined forces with installer networks that provide broad geographical coverage in France and will handle installations scheduled in 2020.

As of the accounting date (4 March 2020), the 381 boilers sold should have been installed within a year, according to schedule and pursuant to the Company's general terms and conditions. Detailed information about named orders taken is not provided in the notes to the consolidated financial statements in accordance with IFRS 15. In view of the potential impact of COVID-19 on consumers' buying power and ability to invest, the Company expects a fall in BOOSTHEAT.20 orders over the coming months relative to its initial targets (see section 5.4.2 of this document), although the extent of this fall cannot be estimated at this stage.

Note 3: Main accounting policies

The main accounting policies applied in the preparation of the consolidated financial statements are described below.

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 2019. IFRSs are available on the European Commission's website:

http://ec.europa.eu/internal_market/accounting/ias_fr.htm

Standards and interpretations mandatorily applicable from 1 January 2019

At 31 December 2019, the Group applied the accounting standards, interpretations, policies and principles used in the 2018 financial statements, except for those mandatorily applicable under IFRSs 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
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 year ended 31 December 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 right-of-use assets: 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 1 January 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%	4,982,757
Ramonville lease	SCI El Paso	01/07/2017	30/06/2026	8	42,000	315,000	No	1.30%	298,228
Ramonville lease	SCI IRIS	31/12/2019	31/12/2028	9	72,000	0	No	1.30%	0

(*) 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 amounted to €3,544 thousand at 31 December 2018. The €2,378 thousand difference with respect to the IFRS 16 figure at 1 January 2019 is due to a supplementary agreement signed with lessor Robert Bosch France regarding the annual lease payment 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"	01/01/2021	N/A
3	Amendment to IFRS 3: Definition of a Business	01/01/2020	N/A
4	Amendment to IAS 1 and IAS 8: Definition of Material	01/01/2020	N/A

The Group is unlikely to be affected by the application of these standards.

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:

- the Group's available cash at 31 December 2019, which amounted to €18,275 thousand;
- 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 CIR and CII tax credits receivable with respect to 2019 between now and November 2020;
- sums still to be received with respect to conditional advances and subsidies already granted in an estimated amount of €268 thousand in the next few months.

The Company's maximum funding requirement is around €20,300 thousand for the next 12 months. It could face liquidity risk from the end of December 2020. However, it believes that it will be able to meet its commitments in the next 12 months from the date of approval of this document.

The Company is considering one or more of the following financing solutions:

- financing of the working capital requirement (inventories and trade receivables);
- significant financing from the European Investment Bank. Given the key development milestones the Company has reached since it first began discussions with the EIB, the Company will ask the EIB to resume its appraisal of a loan, the terms of which have yet to be agreed;
- a shareholder loan subject to conditions;
- additional non-dilutive funds (such as subsidies and interest-free loans etc.); and
- a capital increase by the end of 2020 if market conditions permit.

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 could jeopardise the expected level of growth, without compromising the Company's status as a going concern.

3.3 Significant post-balance sheet events

- The coronavirus epidemic that has developed in the last few weeks seems likely to affect all activity around the world. 95% of the Company's supplies come from France and Europe. The Company is being regularly updated by its few suppliers that source goods, particularly electronic components, from China. The Company does not expect shortages of boiler components in the next few months, or lockdown measures that could materially affect its production.
- On 4 March 2020, the Board of Directors formally noted an increase in the share capital following the exercise of founder share warrants (20,060 shares in late 2019 and 1,920 shares in early 2020). This resulted in the issue of 21,980 shares, fully paid-up, for total gross proceeds of €117,593 and representing an increase of €5,495 in the share capital from €2,209,317.25 to €2,214,812.25, divided into 8,859,249 shares.

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 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 31 December 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 3.31.

(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.

In 2019, the Group recognised €490 thousand of revenue in connection with initial sales of its BOOSTHEAT.20 boiler, including €25 thousand generated by its German subsidiary. As a result, most 2019 revenue was generated in France.

Most of the Group's property, plant and equipment and intangible assets are located in France; the German subsidiary's non-current assets represented 0.2% of the Group's total non-current assets at 31 December 2019. R&D activities are located in France.

As a result, the Company's management does not regard it as appropriate to present 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.

Note 3.8 to the consolidated financial statements describes the arrangements for recognising development costs as assets and those relating to amortisation and impairment testing in respect of those assets.

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 criteria under IAS 38 “Intangible assets” 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 1 October 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.

The net carrying amount of capitalised development costs is subject to impairment testing and is written down where evidence of a loss of value exists.

(c) Intangible assets in progress

R&D expenses recognised as such in the year in which they were incurred amounted to €1.62 million in 2019 and €1.1 million in 2018.

Intangible assets break down as follows:

in € thousands	31/12/2018	Acquisitions	Disposals	Transfers	Additions during the year	31/12/2019
Development costs	6,682	0				6,682
Concessions, patents and similar rights	261	32		79		372
Other intangible assets	0					0
Intangible assets in progress	79	1,503		(79)		1,503
Total intangible assets	7,022	1,535	0	0	0	8,557
Amortisation/impairment of development costs	-959				-1,185	-2,144
Amortisation/impairment of concessions, patents and similar	-176				-64	-240
Amortisation/impairment of other intangible assets	0					0
Total amortisation/impairment of intangible assets	-1,135	0	0	0	-1,249	-2,384
Total net value	5,887	1,535	0	0	-1,249	6,173

At 31 December 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.

Intangible assets in progress (€1,503 thousand) include €1,470 thousand of capitalised R&D expenses in 2019 and €33 thousand of downpayments made to Devenson, the subcontractor for IoT development work relating to the boiler, which had not been completed by 31 December 2019.

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	-134				-42	-176
Amortisation/impairment of other intangible assets						0
Total amortisation/impairment of intangible assets	-820	0	0	0	-315	-1135
Total net value	4,137	2,065	0	0	-315	5887

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	31/12/2018	Acquisitions	Disposals	Transfers	First-time adoption of IFRS 16	Additions during the year	31/12/2019
Right-of-use assets relating to leased buildings	0	608			5,298		5,906
Technical installations, plant and machinery	2,438	365	-26	460			3,237
Right-of-use assets relating to leased plant and machinery	1,959			-460			1,499
Other property, plant and equipment	492	93	-2	25			608
Right-of-use assets relating to other leased assets	0	183			648		831
Property, plant and equipment in progress	25			-25			0
Total property, plant and equipment	4,914	1,249	-28	0	5,946	0	12,081
Depreciation of right-of-use assets related to leased buildings	0					-571	-571
Depreciation/impairment of technical installations, plant and machinery	-906		15			-507	-1,398
Depreciation of leased technical installations, plant and machinery	-55					-121	-176
Depreciation/impairment of other property, plant and equipment	-259					-82	-341
Depreciation of right-of-use assets related to other leased property, plant	0					-263	-263
Total depreciation/impairment of property, plant and equipment	-1,220	0	15	0	0	-1,544	-2,749
Total net value	3,694	1,249	-13	0	5,946	-1,544	9,332

The €460 thousand of decreases related to the expiry of plant and machinery leases corresponds to a change in the financing method for a machine (finance lease until 31 December 2018, purchase financed by a bank loan in 2019).

The €608 thousand relating to new real-estate leases concern the late-2019 renewal of the commercial lease on the Toulouse premises with SCI IRIS for a nine-year term.

in € thousands	31/12/2017	Acquisitions	Disposals	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	4,914
Depreciation/impairment of buildings	0				0
Depreciation/impairment of technical installations, plant and	-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	-458	-1,220
Total net value	1,221	2,945	-14	-458	3,694

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	31/12/2018	Acquisitions	Disposals	Reclassifications	31/12/2019
Equity securities	24				24
Other receivables related to equity investments - non-current	0				0
Loans, guarantee deposits and other receivables - non-current	43	159			202
Total financial assets	67	159	0		226

Total impairment of financial assets

Total net value	67	159	0		226
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The €159 thousand change includes a new €131 thousand security deposit paid to Bosch.

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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Equity securities relate to the purchase of shares in Somudimec, UIMM's financing company, as part of obtaining a medium-term funding facility.

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

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	31/12/2019	31/12/2018
Raw materials, components and other supplies	1,913	915
Finished and semi-finished goods	367	
Merchandise	0	33
Total, gross	2,280	948
Impairment		
Total, net	2,280	948

The €1,913 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	31/12/2019	31/12/2018
Trade receivables	175	785
Receivables relating to personnel and social security agen	88	9
Tax receivables (excluding current tax)	1,261	537
Advances and prepayments to suppliers	1	13
Other receivables	24	58
Total, gross	1,549	1,402
Impairment of trade receivables		
Impairment of other receivables	(4)	
Total, net	1,545	1,402

At 31 December 2018, receivables mainly consisted of amounts receivable from private-sector partners that have granted financial support to the Group (see note 3.28).

At 31 December 2019, they mainly consisted of trade receivables in connection with initial boiler sales. There were no provisions for the impairment of trade 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 €777 thousand and €341 thousand of deductible VAT for 2019.

The €706 thousand of current tax receivables relate to the 2019 research tax credit.

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	31/12/2019	31/12/2018
Amount recognised as a deduction from intangible assets	448	629
Amount recognised under "other operating income"	258	352
Total	706	981

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	31/12/2019	31/12/2018
Crédit Impôt Recherche	706	944
Crédit Impôt Innovation	0	37
Crédit Impôt Compétitivité Emploi	0	83
Total	706	1,064

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	31/12/2019	31/12/2018
Cash	18,275	2,223
Marketable securities	0	0
Total cash and cash equivalents	18,275	2,223
Short-term bank borrowings	0	(100)
Total net cash and cash equivalents for the cash flow statement	18,275	2,123

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 2019, the Company's share capital amounted to €2,209,317.25, consisting of 8,837,269 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 31 December 2018:

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		
Share capital at 31 December 2018			6,045,235			€0.25	€1,511,308.75
21 June 2019	Exercise of 2017 warrants	156,843	6,202,078	€39,210.75	€799,899.30	€0.25	€1,550,519.50
10 October 2019	Capital increase subscribed in cash as part of the IPO	1,028,060	7,230,138	€257,015.00	€14,135,825.00	€0.25	€1,807,534.50
10 October 2019	Capital increase subscribed through the set-off of receivables as part of the IPO	1,471,940	8,702,078	€367,985.00	€20,239,175.00	€0.25	€2,175,519.50
8 November 2019	Capital increase subscribed in cash (partial exercise of the over-allotment option)	135,191	8,837,269	€33,797.75	€1,858,876.25	€0.25	€2,209,317.25
Share capital at 31 December 2019			8,837,269			€0.25	€2,209,317.25

Expenses related to the IPO amounted to €2.7 million, of which €2.1 were directly attributable to the transaction and recognised as a deduction from the issue premium and €0.6 million were not directly attributable and recognised as non-recurring operating expenses.

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 consisted of 9,760 2014 founder share warrants. Each 2014 founder share warrant could 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 2019, but only 5,300 2014 founder share warrants remained in issue because 4,460 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 2019 are summarised in the table below.

The capital increase resulting from founder share warrants exercised in 2019 was formally noted on 4 March 2020. At 31 December 2019, the funds paid were recognised under advances from shareholders.

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 still in issue at 1 January 2019 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 in 2018 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 2019 are summarised in the table below.

The capital increase resulting from founder share warrants exercised in 2019 was formally noted on 4 March 2020. At 31 December 2019, the funds paid were recognised under advances from shareholders.

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 was attached to each 2017 share with warrant. Each of the 382,882 2017 warrants entitled 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 December 2017.

Movements relating to the number of 2017 warrants in issue in 2019 are summarised in the table below. All 2017 warrants not exercised by 15 June 2019 lapsed by operation of law.

2.2 2018-1 shares with 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 December 2018.

Movements relating to the number of 2018-1 warrants in issue in 2019 are summarised in the table below. All 2018-1 warrants not exercised by 15 June 2019 lapsed by operation of law.

2.3 2019 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.

Those bonds were redeemed early when the IPO took place on 9 October 2019. The bondholders used the amounts receivable as a result of that early redemption to subscribe the capital increase that took place as part of the Company's IPO.

At 31 December 2019, there remained in issue 6,860,000 warrants detached from the bonds with warrants and exercisable until 7 June 2024.

Terms of exercise: each 2019 warrant will entitle its holder to subscribe N new shares in the Company, with N calculated as follows: $N = \text{number of 2019 warrants held by the holder concerned} / \text{€14 (IPO Price)}$ at a unit price of €23.80 per 2019 warrant (i.e. 1.7 times the IPO Price);

Exercise ratio: Since the number of ordinary shares resulting from the warrants depends either on the IPO price or on the price of a qualifying transaction, the exercise ratio is not fixed.

As a result, the conversion option must be recognised as a derivative at fair value through profit and loss until the ratio becomes fixed and the derivative is reclassified as equity. As a result, (i) a new valuation was carried out at 31 December 2019 based on market figures at that date and (ii) the change was recognised at fair value through profit and loss.

Fair value of the warrants: The fair value of the 6,860,000 warrants on the detachment date was €583 thousand. A new valuation was carried out at 31 December 2019 resulting in a fair value of €1,200 thousand (unit fair value of €2.45), representing a €617 thousand increase in fair value recognised under financial expense in the 2019 income statement.

This fair value was calculated using the Black-Scholes method and based on the following main assumptions:

- Volatility: 40%
- Risk-free rate: -0.63%
- Maturity of the option: 2.22

No 2019 warrants were exercised in 2019.

3 – Table summarising founder share warrants and warrants in issue

	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 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 in issue at 31 December 2016	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 in issue 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 in issue at 31 December 2018	17,840	10,991	381,204	335,795		745,830
Number of securities issued during the period					489,994	489,994
Number of securities exercised during the period	(2,540)	(9,900)	(156,843)			(169,283)
Number of securities cancelled/lapsed during the period	(1,440)		(224,361)	(335,795)		(561,596)
Number of securities giving access to the capital in issue at 31 December 2019	480	1,091	-	-	489,994	491,565
Number of shares that may be created through the exercise of securities giving access to the capital in issue at 31 December 2019	1,920	1,091	-	-	489,994	493,005

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 Bpifrance (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	31/12/2019	Less than 1	1-5 years	More than 5
Lease liabilities	7,061	1,240	5,821	
Bank borrowings	2,030	513	1,426	91
Conditional advances	4,040	1,130	2,910	
Other debts	95	95	0	
Sub-total borrowings and debt	13,226	2,978	10,157	91
Short-term funding (Daily/factoring/CICE prefinancing)				
Bank overdrafts				
Total borrowings and debt	13,226	2,978	10,157	91
<i>of which current</i>	<i>2,978</i>	<i>2,978</i>		
<i>of which non-current</i>	<i>10,248</i>			<i>10,248</i>

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	

Lease liabilities are obligations related to leases as provided for by IFRS 16 (see note 3.26).

Bank borrowings broke down as follows at 31 December 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 interest-free debt. It was not deemed meaningful to apply an Effective Interest Rate (EIR).

- In 2019, the company obtained a €110 thousand repayable advance from ADEME, of which €67 thousand was received in 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.

- 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 interest-free 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 interest-free debt. It was not deemed meaningful to apply an Effective Interest Rate (EIR).

The “Bonds” item includes the three bond issues carried out in 2019:

February 2019: €6,980 thousand of bonds, of which €6,860 thousand were redeemed early in June 2019. The receivables arising from that redemption were used to subscribe an issue of bonds with warrants (the 2019 bonds with warrants) in June 2019;

June 2019: €6,980 thousand of 2019 bonds with warrants (see above);

September 2019: €10,000 thousand of bonds.

When the IPO took place, all remaining bonds arising from those three bond issues were redeemed early (€16,980 thousand, i.e. €120 thousand of February 2019 bonds, €6,860 thousand of 2019 bonds with warrants and €10,000 of September 2019 bonds). The receivables arising from those redemptions, plus accrued interest, were used to subscribe the capital increase that took place in October 2019 as part of the Company's IPO.

The breakdown of debt by applicable interest rate is as follows:

In € thousands	31/12/2019	31/12/2018
Variable rate (based on 1- to 6-month Euribor)	246	544
Fixed rate of less than 10%	8,844	3,052
Fixed rate of more than 10%	0	0
Zero interest rate	4,136	3,308
Total	13,226	6,904

All debts are denominated in euro.

In 2019, liabilities bearing interest at a fixed rate of less than 10% include €7,062 thousand of lease liabilities in connection with the first-time adoption of IFRS 16.

Changes in debt have been as follows:

In € thousands	Balance at 01/01/2019	New borrowings	Repayments	Balance at 31/12/2019
Bank borrowings	1,885	460	- 318	2,027
Of which Bpi start-up loan	300	-	80	220
Of which Bpi participating loan	42	-	15	27
Of which Total loan	300	-	58	242
Of which Crédit Coopératif loan	800	-	25	775
Of which Société Générale loan	-	460	42	418
Of which Banque Pop. Sud innovation loan	443	-	98	345
Conditional advances	3,211	890	- 60	4,041
Of which APACHE FUI 1 project	245	65	30	280
Of which APACHE FUI 2 project	245	65	30	280
Of which ADEME project	-	67	-	67
Of which PIAVE project	2,721	693	-	3,414
Coface advance	97	-	2	95
Bonds	-	16,980	-	16,980
Repayment of lease liabilities	-	-	1,046	- 1,046
Total movements having a cash impact	5,193	18,330	- 1,426	22,097
Liabilities relating to leases entered into during the year	1,608	6,738	- 238	8,108
Accrued interest not matured on bank borrowings	3	-	2	1
Early redemption of bonds in shares	-	-	16,980	- 16,980
Bank overdraft	100	-	100	-
TOTAL	6,904	8,088	- 18,746	13,226

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	31/12/2019	31/12/2018
Trade payables	2,382	2,296
Customer downpayments	198	
Shareholder loans	108	
Social security liabilities	1,180	1,044
Tax liabilities (other than income tax)	110	633
Other liabilities	181	111
Total trade payables and other current liabilities	4,159	4,084

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.

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	31/12/2019	31/12/2018
Financial support received from private-sector partners	309	529
Public-sector investment subsidies	662	776
Prepaid revenue	0	25
Total prepaid income	971	1,330
<i>Of which part at less than one year</i>	<i>521</i>	<i>937</i>
<i>Of which part at more than one year</i>	<i>450</i>	<i>393</i>

In 2019, the Group received €133 thousand of new investment subsidies.

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 had JEI innovative young company status until 31 December 2019, which applied 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	2019	2018
Provisions for retirement benefit obligatio	123	76

Changes in obligations with respect to the defined-benefit plan during the period are set out below:

	2019	2018
At 1 January	76	44
Current service cost during the financial year	29	32
Financial cost	1	1
Actuarial gains and losses	17	-1
Exchange differences	0	0
At 31 December	123	76

Amounts recognised in the income statement are as follows:

(in € thousands)	2019	2018
Current service cost during the financial year	29	32
Financial cost	1	1
Changes of plan		0
At 31 December	30	33

The main actuarial assumptions adopted are as follows:

	2019	2018
Discount rate	0.77%	1.57%
Rate of salary increases	1%	1%

For BOOSTHEAT, the collective agreement applied was that of the pharmaceutical industry until 2015 and has been that of the metalworking industry since 2016.

For BOOSTHEAT France, the collective agreement is that of the building industry.

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 termination 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 concern termination benefits (see note 3.21) and provisions for boiler warranties recognised according to IAS 37. The addition to provisions in 2019 was calculated as 3.2% of revenue.

In € thousands	01/01/2019	Additions	Reversals	of which used	31/12/2019
Warranty provisions	-		16	-	16
Total provisions (part at more than one year)	-		16	-	16

Details of the current portion of provisions are set out below:

In € thousands	01/01/2019	Additions	Reversals	of which used	31/12/2019
Provisions for litigation	500		-	500	500
Total provisions (part at less than one year)	500		-	500	500

A dispute with a former director That resulted in a €500 thousand settlement in the first half of 2019, which was paid during 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.

Revenue generated from equipment sales is recognised when control over the asset is transferred to the customer, generally when the equipment is delivered. Revenue from service activities is recognised in the period in which the installation service is provided, where collection of the amount receivable appears reasonably certain.

Accordingly, equipment revenue is recognised at the time of the installation and the associated transfer of risk, in accordance with rules established in agreements with related parties, to the extent that all contractual obligations are fulfilled and that collection of amounts receivable appears reasonably certain.

3.24 Operating income

BOOSTHEAT regards it as appropriate to present, in 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 assets, i.e. 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	2019	2018
Purchases of raw materials, supplies and other inputs	-2320	-1327
Change in inventories of raw materials, supplies and other inputs	999	915
Change in merchandise inventories	-33	33
Change in inventories of manufactured products	368	
Purchases of studies	-702	-715
Other purchases	-13	-20
Purchases of materials and supplies not held in inventory	-788	-443
Purchases of merchandise	-90	-41
Total	-2,579	-1,598

- Other purchases and external expenses

Other external expenses are detailed below:

In € thousands	2019	2018
General subcontracting	-558	-243
Finance lease payments	0	-0.4
Rent and service charges	-207	-567
Maintenance and repairs	-100	-74
Studies and research	-124	-118
Payment of intermediaries and professional fees	-685	-390
Advertising	-362	-619
Various (insurance, banking services, training etc.)	-789	-608
Other external expenses	-273	-27
Total	-3,098	-2,646

3.26 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 right-of-use assets: 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

The IFRS 16 interest expense recognised in 2019 was €117 thousand.

The IFRS 16 amortisation charge recognised in 2019 was €955 thousand.

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.

- Ramonville (lessor: SCI IRIS)

This lease was granted and accepted for a term of 9 years from 31 December 2019, i.e. until 31 December 2028. The Company may give notice to quit on each of the following dates:

- 31 December 2022
- 31 December 2025
- 31 December 2028, the lease expiry date.

The following assumptions were made when restating these three 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%	4,982,757
Ramonville lease	SCI El Paso	01/07/2017	30/06/2026	8	42,000	315,000	No	1.30%	298,228
Ramonville lease	SCI IRIS	31/12/2019	31/12/2028	9	72,000	0	No	1.30%	0

(*) 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 right-of-use assets at 1 January 2019, as well as leases beginning after 1 January 2019.

3.27 Personnel costs

Personnel costs break down as follows:

In € thousands	Dec-19	Dec-18
Wages and salaries	4,185	2,799
Social security costs	1,797	1,115
Additions to retirement benefit provisions	30	34
Expenses related to share-based payments	0	15
Total	6,012	3,963

Non-capitalised personnel costs rose 51.7% in 2019 because fewer development expenses were capitalised:

- €1,248 thousand for 2019
- €1,757 thousand for 2018

The 23% increase in average headcount in 2019 and the end of the Company's innovative young company (JEI) status led to a 27% increase in personnel expense.

Headcount at the end of the last two periods has been as follows:

	Dec-19	Dec-18
Managers	51	58
Clerical and technical	31	22
Manual	15	15
Total	97	95

3.28 Other operating income and expense

In € thousands	Dec-19	Dec-18
Private-sector financial support	258	614
Tax credits	259	434
Public subsidies	0	0
Investment subsidies	247	107
Purchase/resale of spare parts	64	40
Other income	9	31
Total other operating income	837	1,226
Other operating expenses	-109	-118
Total other operating income and expenses	728	1,108

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. €225 thousand in 2019 and €405 thousand in 2018;

- Technical co-operation revenue, including:
 - €206 thousand in 2018 under the Butagaz agreement;
 - €30 thousand in 2019 with respect to the Dalkia subsidy.

Tax credits consist of the CICE tax credits (for 2018 only) 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 granted to directors in 2019 and 2018.

3.29 Other non-recurring operating income and expense

Other "non-recurring operating 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 2019, there was a net non-recurring operating expense of €648 thousand, including €603 thousand of expenses related to the IPO.

In 2018, other 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	Dec-19	Dec-18
Interest expense on bonds	231	22
Bond non-redemption premiums	3,396	
Other interest expense	50	39
IFRS 2 expense - warrants		394
IFRS 16 financial expenses	117	
Other operating (income)/expense	-5	
Total	3,789	455

In 2019, the early redemption of two bond issues gave rise to the payment of a €3,396 thousand redemption premium, calculated at a rate of 20%, and normal interest calculated at a rate of 8% (and 5% for the €10 million of bonds issued in September).

In 2018, the IFRS 2 expense related 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-2019 were not recognised as assets because their future consumption was not deemed probable (€34,644 thousand at 31 December 2019 for BOOSTHEAT, €854 thousand for BOOSTHEAT France and €288 thousand for BOOSTHEAT GmbH).

The applicable tax rate in France at 31 December 2019 was 28% up to €500 thousand of taxable profit and 31% above that level.

The applicable tax rate in Germany at 31 December 2019 was 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.

3.32 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, in accordance with IAS 33.41.

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:

		déc.-19		déc.-18
Net income attributable to equity holders of the parent in € thousands	-	18,568	-	9,038
Non-controlling interests' share of net income in € thousands		-		-
Average number of shares in issue		6,708,153		5,834,278
Number of warrants in issue at 31/12		489,994		716,999
Number of founder share warrants in issue at 31/12		3,011		28,831
Earnings per share in €	-	2.768	-	1.549
Diluted earnings per share in €	-	2.768	-	1.549

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 two 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 liquidity risk in the next 12 months.

Currently, mainly taking into account:

- the Group's available cash at 31 December 2019, which amounted to €18,275 thousand;
- 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 CIR and CII tax credits receivable with respect to 2019 between now and November 2020;
- sums still to be received with respect to conditional advances and subsidies already granted in an estimated amount of €268 thousand in the next few months,

the Company's maximum funding requirement is around €20,300 thousand for the next 12 months. It could face liquidity risk from the end of December 2020. However, it believes that it will be able to meet its commitments in the next 12 months from the date of approval of this document.

The Company is considering one or more of the following financing solutions:

- financing of the working capital requirement (inventories and trade receivables); 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;
- a shareholder loan subject to conditions;
- additional non-dilutive funds (such as subsidies and interest-free loans etc.); and
- a capital increase by the end of 2020 if market conditions permit.

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.

(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 2019 was €246 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.

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	0
Rhône Alpes region subsidy	768	484	284
H2020 Sun Horizon subsidy	641	224	417
ADEME subsidy	159	159	0
ADEME leasing offering subsidy	35	14	21
ADEME innovation support subsidy	221	133	88
Total subsidies	2,426	1,616	810

Note 6: Transactions with related parties

6.1 Executive remuneration

In € thousands	déc.-19	déc.-18
Remuneration of executive corporate officers (1)	360	360
Other remuneration (2)	100	80
Total	460	440

(1) This amount comprises remuneration paid to the Company's CEO and Deputy CEO. Since 1 May 2019, that remuneration has covered all of the CEO and Deputy CEO's roles as corporate officers.

(2) Attendance fees granted to members of the board of directors.

The remuneration stated in the table above corresponds to the definition provided for in article L. 225-

37-3 of the French Commercial Code as amended by the French government order of 27 November 2019.

Note 7: Statutory auditors' fees

	déc.-19	déc.-18
Fees relating to the statutory audit of the accounts	67	20
Ex-VAT fees invoiced with respect to non-audit services	246	0
Total	313	20

18.1.7 Date of latest financial information

The date of the latest financial information presented is 31 December 2019.

18.2 INTERIM AND OTHER FINANCIAL INFORMATION

Not applicable.

18.3 AUDIT OF HISTORICAL ANNUAL FINANCIAL INFORMATION

18.3.1 Statutory auditors' report on the Company's consolidated financial statements for the financial year ended 31 December 2019

To the shareholders of BOOSTHEAT,

Opinion

In accordance with our appointment as Statutory Auditors by your shareholders in general meetings, we have audited the accompanying consolidated financial statements of BOOSTHEAT for the year ended 31 December 2019. These financial statements were prepared by the Board of Directors on 4 March 2020 on the basis of information available as of this date against the changing backdrop of the COVID-19 public health crisis.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, assets and liabilities and results of the group formed by the persons and entities included in the consolidation, in accordance with the International Financial Reporting Standards as endorsed by the European Union.

The opinion formulated above is consistent with the content of our report to the audit committee.

Basis of our opinion

■ Audit

We conducted our audit in accordance with professional standards applicable in France. We believe that the information that we have collected provides a sufficient and appropriate basis for our opinion. Our responsibilities under those standards are stated in the "Responsibilities of the Statutory Auditors in relation to auditing the consolidated financial statements" section of this report.

■ Independence

We conducted our audit in accordance with the independence rules applicable to us between 1 January 2019 and the date on which we issued our report, and in particular we did not provide any services forbidden by Article 5, paragraph 1 of Regulation (EU) No. 537/2014 or by the code of conduct of the Statutory Auditors' profession in France.

Emphasis of matter

Without qualifying the opinion expressed above, we would draw your attention to Note 3.1 “Statement of compliance” to the consolidated financial statements, which sets out the impact of the first-time adoption of IFRS 16 “Leases” from 1 January 2019.

Justification of our assessments – Key audit matters

As required by Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters, relating to what were, in our professional judgement, the main risks of material misstatement in relation to our audit of the year’s consolidated financial statements, and our responses to those risks.

Those assessments were made in the context of our audit of the consolidated financial statements taken as a whole, prepared under the conditions set out above, and in the formation of our opinion stated above. We express no opinion on items of the consolidated financial statements taken in isolation.

■ Going concern

Risk identified	Our response
<p>2019 was a pivotal year for your company, because it was the year in which its commercial activity began with the marketing of its new BOOSTHEAT.20 boiler.</p> <p>However, your group’s consolidated net income remained negative, with a loss of €18.6 million.</p> <p>Your group’s has mainly been funded through equity investments (capital increases in the recent IPO), bond issues and borrowings.</p> <p>As mentioned in Note 3.2 to the consolidated financial statements, BOOSTHEAT has been treated as a going concern given its cash position at end-December 2019, its sales prospects and current negotiations with financial partners regarding additional funding.</p> <p>The assessment of the estimated funding requirement in the next 12 months and your group’s ability to secure appropriate funding to maintain industrial production was therefore a key matter in our audit.</p>	<p>Our work consisted of analysing cash flow forecasts prepared by management for the next 12 months. This included:</p> <ul style="list-style-type: none">▶ holding several meetings with the company’s management;▶ assessing expenditure forecasts and their consistency with the group’s activity report and strategy;▶ comparing forecasts with actual accounting data, particularly at 31 December 2019;▶ critically analysing management assumptions factoring in funding facilities and sales prospects;▶ asking management about its knowledge of any events or circumstances after 31 December 2019 that may affect its future cash flow forecasts. <p>We also examined whether Note 3.2 to the consolidated financial statements provides appropriate disclosures.</p>

■ Recognition and measurement of capitalised development costs

Risk identified	Our response
<p>At 31 December 2019, your group’s net capitalised development costs totalled €4.5 million out of total assets of €38.6 million. Those development costs mainly represent the cost of developing the BOOSTHEAT.20 and BOOSTHEAT.50 boilers. After your company obtained the CE mark for its thermodynamic boiler on 24 September 2018, it</p>	<p>As part of our audit, our work consisted of:</p> <ul style="list-style-type: none">▶ examining the work done by the group to determine whether development costs can be capitalised and to assess its compliance with IAS 38;▶ carrying out tests of detail based on a sample of invoices and timesheets to assess whether the

started a large-scale marketing campaign in the fourth quarter of 2018. As a result, amortisation of the boiler's development costs started on 1 October 2018.

Note 3.8 to the consolidated financial statements describes the arrangements for recognising development costs as assets and those relating to amortisation and impairment testing in respect of those assets. As described in that note, development costs are capitalised where they meet the following criteria:

- ▶ your group has the intent and the financial and technical ability to see the development project through to completion;
- ▶ your 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 your group;
- ▶ expenditure attributable to the intangible asset during its development can be measured reliably.

Capitalised development costs are amortised on a straight-line basis over five years.

The net carrying amount of capitalised development costs is subject to impairment testing and is written down where evidence of a loss of value exists.

We took the view that the measurement of these capitalised development costs, carried as assets on the balance sheet, and the arrangements for their amortisation and impairment represented a key audit matter because of their materiality in the group's financial statements and the judgement required in (i) assessing whether development costs are capitalised and (ii) making the estimates and assumptions used in determining the amortisation period for development costs and the absence of impairment losses.

amounts selected may be capitalised and their connection with projects whose costs may be capitalised;

- ▶ assessing the principles and methods for capitalising development costs;
- ▶ assessing, including through discussions with management, the main data and assumptions used to determine the amortisation period;
- ▶ examining the arrangements of impairment tests on development costs relating to products in service and under development, and the method for calculating their value in use. We examined the consistency of cash flow forecasts with budgets prepared by management;
- ▶ assessing whether Note 3.8 to the consolidated financial statements provides appropriate disclosures.

■ Revenue recognition

Risk identified	Our response
<p>Your group's revenue in 2019 amounted to €0.5 million.</p> <p>That figure consisted of sales of the Boostheat.20 boiler and service activities (installations).</p> <p>According to the arrangements described in Note 3.23 to the consolidated financial statements, revenue generated from equipment sales is recognised when control over the asset is transferred to the customer, generally when the equipment is delivered. Revenue from service activities is recognised in the period in which the installation service is provided, where collection of the amount receivable appears reasonably certain.</p> <p>Revenue from service activities is recognised in the period in which the installation service is provided,</p>	<p>Our work on internal controls related mainly to assessing contractual terms, invoicing and revenue recognition with respect to the first sales generated in France. We examined the internal control procedures that the group has adopted in this area, along with the general revenue recognition policy.</p> <p>Our audit regarding revenue recognition also included substantive checks on the accounts themselves.</p> <p>Those checks included:</p> <ul style="list-style-type: none"> ▶ analysing contractual clauses in a sample of contracts in order to assess the applicable accounting treatment; ▶ carrying out analytical procedures in respect of budget data;

where collection of the amount receivable appears reasonably certain.

We took the view that revenue recognition was a key audit matter because 2019 was the first year in which the group generated sales and because internal controls are important in ensuring the completeness and accuracy of revenue.

- ▶ testing the substance of revenue recognised on equipment sales by obtaining the delivery slips for a selection of transactions during the year;
- ▶ testing the application of the accrual principle through tests of detail.

Specific verifications

We also carried out specific verifications, as required by statutory and regulatory texts, of information relating to the Group provided in the board of directors' management report of 3 April 2020, in accordance with professional standards applicable in France. As regards the events that have occurred and information known after the accounting date relating to the effects of the COVID-19 crisis, management has told us that a communication on this will be made at the general meeting to approve the financial statements.

We have no comments to make as to its fair presentation and its consistency with the consolidated financial statements.

Information resulting from other statutory and regulatory obligations

■ Appointment of the statutory auditors

Serge Decons Audit was appointed as statutory auditor of BOOSTHEAT in the general meeting of 15 June 2018 and Ernst & Young Audit in the general meeting of 21 June 2012.

At 31 December 2019, Serge Decons Audit was in its second year of uninterrupted engagement and Ernst & Young Audit was in its eighth year of uninterrupted engagement, including one year in each case since the company's shares were admitted to trading on a regulated market.

Responsibilities of management and persons involved in corporate governance in relation to the consolidated financial statements

Management is responsible for preparing consolidated financial statements that present a true and fair view, in accordance with IFRSs as endorsed by the European Union, and for setting up the internal controls it deems necessary for preparing consolidated financial statements that do not contain any material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, for presenting in those statements any necessary information relating to its status as a going concern, and for applying the accounting concept of going concern, except where there is a plan to liquidate the company or discontinue its operations.

The audit committee is responsible for monitoring the process of preparing the financial information and for monitoring the effectiveness of internal control and risk management systems, and internal audit systems as the case may be, as regards procedures relating to the preparation and treatment of accounting and financial information.

The consolidated financial statements have been approved by the board of directors.

Responsibilities of the statutory auditors as regards auditing the consolidated financial statements

■ Audit objective and procedure

Our responsibility is to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements, taken as a whole, are free of material misstatement. Reasonable assurance means a high level of assurance, although there is no guarantee that an audit conducted in accordance with professional standards will systematically detect all material misstatements. Misstatements may arise from fraud or error, and are regarded as material when they can reasonably be expected, individually or together, to influence the economic decisions that users of the financial statements take on the basis of those statements.

As stated by Article L. 823-10-1 of the French Commercial Code, our audit assignment does not involve guaranteeing the viability of your company or the quality of its management.

When conducting an audit in accordance with professional standards in France, statutory auditors use their professional judgement throughout the audit.

In addition:

- ▶ they identify and assess the risks that the consolidated financial statements contain material misstatements, whether through fraud or error, define and implement audit procedures to address those risks, and collect information that they regard as sufficient and appropriate as the basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false statements or the circumvention of internal controls;
- ▶ they familiarise themselves with the internal controls relevant to the audit, in order to define audit procedures appropriate to the situation in hand, and not in order to express an opinion on the effectiveness of internal control;
- ▶ they assess the appropriateness of accounting policies adopted and the reasonableness of accounting estimates made by management, along with information about those estimates provided in the consolidated financial statements;
- ▶ they assess whether management has applied appropriately the going concern convention and, based on information collected, whether or not there is a material uncertainty arising from events or circumstances likely to call into question the company's ability to continue as a going concern. That assessment is based on information collected until the date of the auditors' report, although it should be borne in mind that subsequent circumstances or events may call into question the company's status as a going concern. If the auditors conclude that there is a material uncertainty, they draw the attention of those reading their report to information provided in the consolidated financial statements in relation to that uncertainty or, if that information is not provided or is not relevant, they certify the financial statements with reservations or refuse to certify them;
- ▶ they assess the overall presentation of the consolidated financial statements and assess whether the consolidated financial statements reflect the underlying operations and events so that they give a true and fair view;
- ▶ regarding financial information relating to persons or entities included in the scope of consolidation, they collect the information that they regard as sufficient and appropriate to express an opinion on the consolidated financial statements. The statutory auditors are responsible for managing, supervising and conducting the audit of the consolidated financial statements and for the opinion expressed on those financial statements.

■ Reporting to the audit committee

We submit a report to the audit committee that includes the extent of audit work and the schedule of work performed, along with the conclusions arising from our work. We also make it aware, as the case may be, of any material internal control weaknesses that we have identified regarding procedures for preparing and treating accounting and financial information.

The information in the report to the audit committee includes what we regard as the main risks of material misstatements with respect to the audit of the year's consolidated financial statements, and which are therefore the key audit matters. It is our role to describe those matters in the present report.

We also provide the audit committee with the declaration provided for by Article 6 of Regulation (EU) No 537-2014 confirming our independence, within the meaning of the rules applicable in France, as determined in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the code of conduct of the statutory audit profession in France. As the case may be, we discuss with the audit committee any risks to our independence and the safeguard measures applied.

Antichan de Frontignes and Montpellier, 29 April 2020

	The Statutory Auditors	
Serge Decons Audit		Ernst & Young Audit

Serge Decons	Marie-Thérèse Mercier]
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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 Universal 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.

The transaction agreement with a former director entered into during the first half of 2019 representing an amount of €500 thousand was settled by the Company during the second half of 2019.

18.7 MATERIAL CHANGE IN THE FINANCIAL OR TRADING POSITION

The Group's financial position has not changed materially since 31 December 2019.

Please refer to section 8.2.1.8 of the Universal Registration Document.

19 ADDITIONAL INFORMATION

19.1 SHARE CAPITAL

19.1.1 Amount of share capital

At the date of this document, the Company's share capital amounted to €2,214,812.25, consisting of 8,859,249 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

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 date of 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 were admitted for trading on Euronext's regulated market in Paris, the Company has been bound by the following disclosure requirements in relation to share buybacks:

The board of directors has used this faculty through a liquidity agreement, in accordance with the code of ethics recognised by the AMF, with brokerage firm Gilbert Dupont, and the liquidity account has been credited with the sum of €300,000.

At 31 December 2019, the Company held 2,765 of its own shares, representing 0.03% of the Company's capital, all under the liquidity agreement, the remaining cash balance of which was €258,684.80.

In the second half of 2019, transactions in the Company's shares were as follows:

BUY	9,216 shares	€135,393.91	143 transactions
SELL	6,451 shares	€94,078.71	133 transactions

At its meeting of 3 April 2020, the board of directors made a proposal to the general shareholders' meeting of 2 June 2020 to renew the authorisation for the Company to buy back its own shares under the same conditions as stated above, apart from:

- The maximum amount of funds that can be dedicated to buying back shares proposed at €500,000; and
- The maximum unit purchase price per share (excluding fees and commissions) proposed at 125% of the volume-weighted average of the last ten (10) trading days preceding the purchase date.

At 31 December 2019, BOOSTHEAT held 2,765 treasury shares with a carrying value of €41.315.20.

19.1.4 Securities giving access to the capital

At the Universal Registration Document's filing date, securities in issue giving access to the capital consisted of founder share warrants and the 2019 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 Universal 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) <i>of which the number that may be subscribed by corporate officers</i>	39,040 0	10,991 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 February 2015	26 April 2018
Founder share warrant expiry date	26 February 2020	26 April 2023
Founder share warrant exercise price (1)	€5.35	€5.35
Exercise conditions	(2)	None
Number of founder share warrants exercised at the date of the Universal Registration Document	3,020	9,900
Cumulative number of founder share warrants lapsed or cancelled at the date of the Universal Registration Document	6,740	0
Number of founder share warrants still in issue at the date of the Universal Registration Document	0	1,091
Total number of shares that may be subscribed at the date of the Universal Registration Document	0	1,091

(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 date of this Universal Registration Document, if all founder share warrants granted and still in circulation were exercised, this could lead to the creation of 1,091 new ordinary shares.

19.1.4.2 Warrants

In a meeting on 21 June 2019, the board of directors noted the subscription of 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 receivables by certain holders of bonds issued on 25 February 2019.

The 6,860,000 2019 warrants were detached on 7 June 2019.

The bonds were redeemed early when the IPO took place on 9 October 2019. The bondholders used the amounts receivable as a result of that early redemption to subscribe the capital increase that took place as part of the Company's IPO.

➤ Terms of the 2019 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: each 2019 warrant will entitle its holder to subscribe N new shares in the Company, with N calculated as follows: $N = \text{number of 2019 warrants held by the holder concerned} / \text{€14 (IPO Price)}$ at a unit price of €23.80 per 2019 warrant (i.e. 1.7 times the IPO Price);

The 2019 warrants are non-assignable and no request will be made to list them.

The holders of the warrants are presented below:

	Number of warrants	Number of shares that may result from the exercise of warrants
Holdigaz	5,000,000	357,142
Officium Projects	1,000,000	71,428
Kozinet	300,000	21,428
Gilles Samyn	150,000	10,714
François Samyn	100,000	7,142
Isabelle Samyn	50,000	3,571
Serge Lamisse	60,000	4,285
SA IPA	100,000	7,142
Stéphanie de Muru	50,000	3,571
Naxos Holding	50,000	3,571
TOTAL	6,860,000	489,994

At the date of this Universal Registration Document, if all 6,860,000 2019 warrants were exercised, this could lead to the creation of 489,994 new ordinary shares.

The 2019 warrants are non-assignable and no request has been made to list them. No warrants have been exercised as of the date of this Document.

19.1.4.3 Summary of dilutive instruments

At the date of this Universal Registration Document, 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 is 491,085, breaking down as follows:

- 1,091 ordinary shares potentially created through the exercise of the founder share warrants;
- 489,994 ordinary shares potentially created through the exercise of the 2019 warrants.

The exercise of all securities giving access to the capital at the date of the Universal Registration Document may lead to the following maximum dilution:

Total potential dilution	
Number of shares making up the current share capital	8,859,249
Maximum number of shares resulting from the exercise of founder share warrants	1,091
Maximum number of shares resulting from the exercise of 2019 warrants	489,994
Total number of shares that may be created	491,085
Number of shares making up the diluted share capital	9,350,334
% potential dilution (based on the current capital)	5.54%
% potential dilution (based on the diluted capital)	5.25%

19.1.5 Authorised capital

At the date of the Universal Registration Document, 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	Use
8 th	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 th	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 th	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)	Board of directors meeting of 8 October 2019 Issue of 2,500,000 shares / Capital increase of €625,000
18 th	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 th	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 th	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)	Board of directors meeting of 8 November 2019 Issue of 135,191 shares / Capital increase of €33,797
21 st	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 nd	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)		

		Validity period	Upper limit (nominal value)	Method of determining the issue price	Use
23 rd	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		
27 th	Grant of authority the board of directors to issue and allot founder share warrants free of charge	18 months	300,000 founder share warrants (6)	(7)	
28 th	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 th	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 th	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 are 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 are 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 are 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%.

The board of directors, in its 3 April 2020 meeting, proposed renewing the following issuance resolutions to be put to the shareholders' general meeting scheduled for 2 June 2020.

		Validity period	Upper limit (nominal value)	Method of determining the issue price
19 th	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 and through a public offering, with the exception of the offers mentioned in article L. 411-2(I) of the French Monetary and Financial Code. <i>Resolution that would supersede the previous grant of authority with the same purpose (17th resolution of the meeting of 7 June 2019)</i>	26 months	€2,000,000 (1)	(2)
20 th	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 as mentioned in article L. 411-2(II) of the French Monetary and Financial Code. <i>Resolution that would supersede the previous grant of authority with the same purpose (18th resolution of the meeting of 7 June 2019)</i>	26 months	€2,000,000 subject to a limit of 20% of the share capital per 12-month period (1)	(2)
21 st	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. (3) <i>Resolution that would supersede the previous grant of authority with the same purpose (19th resolution of the meeting of 7 June 2019)</i>	18 months	€2,000,000 (1)	(2)
22 nd	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. <i>Resolution that would supersede the previous grant of authority with the same purpose (20th resolution of the meeting of 7 June 2019)</i>	26 months	€2,000,000 subject to a limit of 15% of the maximum initial issue (1)	(4)
23 rd	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 <i>Resolution that would supersede the previous grant of authority with the same purpose (21st resolution of the meeting of 7 June 2019)</i>	26 months	Up to 10% of the share capital on the transaction date per 12-month period	(5)

		Validity period	Upper limit (nominal value)	Method of determining the issue price
25 th	Grant of authority the board of directors to issue and allot founder share warrants free of charge <i>Resolution that would supersede the previous grant of authority with the same purpose (27th resolution of the meeting of 7 June 2019)</i>	18 months	300,000 founder share warrants (6)	(7)
26 th	Grant of authority to the board of directors to issue and allot warrants with preferential subscription rights withheld in favour of (i) persons related to the Company or any of its subsidiaries through a service or consultancy contract or (ii) 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 <i>Resolution that would supersede the previous grant of authority with the same purpose (30th resolution of the meeting of 7 June 2019)</i>	18 months	100,000 warrants (6)	(8)

- (1) Joint upper limit.
- (2) The issue price of the shares will be set by the board of directors in accordance with the provisions of article L. 225-136-1 of the French Commercial Code; by way of indication, the issue price of shares must be at least equal to the volume-weighted average share price in the last three (3) stockmarket trading sessions before the setting of the issue price, if applicable minus the discount authorised by legislation (currently 5%).
- (3) (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.
- (4) The issue price shall be equal to that of the initial issue.
- (5) The issue price will be at least equal to the volume-weighted average share price in the last three (3) stockmarket trading sessions before it is set, possibly with a discount of up to 15%.
- (6) Founder share warrants/warrants/options/bonus shares joint upper limit equal to 5% of the capital.
- (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,
 - 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) 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 (20) stockmarket trading sessions preceding the day of the board of directors' decision to allot the warrant.

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				
3 May 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 June 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 June 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
2 July 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	N/A	N/A
16 May 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 December 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 March 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 March 2015	4-for-1 stock split	3,201,045	4,268,060	€ -	€ -	€0.00	€0.25	€1,067,015.00	N/A	N/A
9 April 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 January 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 May 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 May 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 May 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
3 June 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 June 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 July 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 December 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 April 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 June 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 August 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 September 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 June 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 September 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
6 December 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 June 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
10 October 2019	Issue of ordinary shares for cash	2,500,000	8,702,078	€625,000.00	€34,375,000.00	€35,000,000.00	€0.25	€2,175,519.50	€14.00	€14.00
13 November 2019	Issue of ordinary shares for cash (over-allotment)	135,191	8,837,269	€33,797.75	€1,858,876.25	€1,892,674.00	€0.25	€2,209,317.25	€14.00	€14.00
Share capital at 31 December 2019			8,837,269				€0.25	€2,209,317.25		
4 March 2020	Exercise of founder share warrants	21,980	8,859,249	€5,495.00	€112,098.00	€117,593.00	€0.25	€2,214,812.25	€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 31 December 2017

Shareholders have been combined into various sub-groups for presentation purposes only and are not connected by any action in concert.

	31 December 2017		31 December 2018		31 December 2019		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
Founders	2,752,672	48.80%	2,728,672	45.14%	2,702,006	30.51%	2,702,006	30.50%
Luc Jacquet (founder)	1,345,428	23.85%	1,345,428	22.26%	1,313,405	14.83%	1,313,405	14.83%
Jean-Marc Joffroy (founder)	1,407,244	24.95%	1,383,244	22.88%	1,388,601	15.68%	1,388,601	15.67%
Industry shareholders	521,903	9.25%	1,231,529	20.37%	2,924,785	33.02%	2,924,785	33.01%
Holdigaz (1)			709,626	11.74%	2,221,840	25.08%	2,221,840	25.08%
Officium Projects Ltd (2)	148,072	2.63%	148,072	2.45%	329,114	3.72%	329,114	3.71%
Fluxys (3)	373,831	6.63%	373,831	6.18%	373,831	4.22%	373,831	4.22%
Employees (4)	63,264	1.12%	49,274	0.82%	58,200	0.66%	60,120	0.68%
Other shareholders (5)	2,302,764	40.82%	2,035,760	33.68%	3,172,338	35.82%	3,172,338	35.81%
TOTAL	5,640,603	100%	6,045,235	100%	8,857,329	100%	8,859,249	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.

Changes in the ownership structure are summarised in the table in section 19.1.7.1 above.

19.1.7.3 Ownership of shares and voting rights at the date of the Universal Registration Document

Please refer to the table in section 16.1 of the Universal Registration Document.

19.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

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://www.boostheat-group.com/>).

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 Universal 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. In return, BOOSTHEAT would undertake to make its best efforts to assign operational capacity at its facility to Dalkia.

20.2 UNERGIES-BOOSTHEAT FRANCE PARTNERSHIP AGREEMENT

On 17 December 2019, BOOSTHEAT France and Unergies, a consortium of 10 partners operating in France and specialising in installation, maintenance and HVAC works and related trades, announced a national partnership to roll out a heating system package for local authorities and professionals across France⁵⁶.

Having worked together on projects for local authorities in 2019, BOOSTHEAT France and Unergies intend to step up their collaboration in 2020 through a partnership that has three main aims:

- providing training courses covering the specific features of the BOOSTHEAT.20 boiler to the sales and technical staff of Unergies member companies. The training will be provided by the BOOSTHEAT Academy (see section 5.1.4.4) at BOOSTHEAT's production site and technical centre;
- marketing a special, jointly designed package aimed in particular at local authorities that own small public buildings (equivalent to an individual house) such as schools, town halls, nurseries and community halls. The partners will pool their sales resources to market the package, which combines an energy-efficient boiler and renewable energy production, for the benefit of local authorities. Unergies and BOOSTHEAT France are aiming to complete 50 projects in 2020 through their partnership.
- operating heating systems, including maintenance and after-sales service: Unergies and BOOSTHEAT France will offer an optimal service for customers by combining Unergies' operational expertise with the BOOSTHEAT.20's monitoring technology, allowing predictive maintenance of systems installed and operated by Unergies.

⁵⁶[See press release of 17 December 2019.](#)

21 DOCUMENTS AVAILABLE TO THE PUBLIC

The agenda and draft resolutions to be submitted to shareholders at the general meeting of 2 June 2020 are included in the preliminary meeting notice published on 27 April 2020 in the Bulletin des Annonces Légales Obligatoires (BALO). This meeting notice can also be consulted on the Company's website (<https://boostheat-group.com>).

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 Universal Registration Document may also be consulted on the Company's website (<https://www.boostheat-group.com/>) 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 Universal Registration Document;
- (c) the Company's historical financial information for each of the two financial years preceding the publication of the Universal Registration Document.

The Company intends to report its financial results in accordance with the requirements of laws and regulations in force. Since the Company's shares were admitted for trading on Euronext's regulated market in Paris, regulated information within the meaning of the AMF's general regulation has also been available on the Company's website. The Company will not carry out quarterly reporting.