HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2015

The following half-year condensed financial statements have been examined by the Board of Directors on September 22, 2015.

This is a free translation into English of the Electro Power Systems S.A. half-year condensed consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy, the French version prevails.

Contents

Half-Year Activity Report

Electro Power Systems (hereinafter also "EPS" or the "Group") is a technology pioneer of clean energy storage systems for grid support, off-grid power generation, and mission-critical applications.

The Group, by storing and producing energy from pure oxygen and hydrogen, aims to be the game-changer which will unlock the energy transition, enabling a concrete decarbonisation and sustainable penetration of renewable sources at a lower cost.

Electro Power Systems S.A. (hereinafter also "EPS France" or the "Company") was incorporated into the *Registre du Commerce et des Sociétés de Paris* on December 26, 2014 and it is listed on the regulated market Euronext Paris from April 2015 (ISIN Code: FR 0012650166, mnemonic: EPS, Bloomberg: EPS:FP).

H1 HIGHLIGHTS

Significant events in the first half of 2015

- On 16 February 2015, EPS announced its new corporate governance framework and the appointment of the new board with 3 independent directors: (i) Luca Dal Fabbro, formerly CEO of EON Italy and Enel Energia, and currently board member at Terna (the largest European grid operator), as Chairman; (ii) Massimo Prelz Oltramonti, a veteran of the venture capital and private equity sector, formerly with Advent International, board member of several listed companies and now with GMT Communication Partners, as Lead Independent Director; and (iii) Sonia Levy-Odier, specialized in private equity and media, formerly with Cimarosa Communications, Aster and Archimedia.
- On 8 April 2015 EPS France launched the Initial Public Offering process in the regulated market of Euronext (Compartment C), with Société Générale as Global Coordinator and Banca Intermobiliare as Co-Lead Manager.
- On 15 April 2015, the Group announced its partnership with Bryanston Resources, a leading firm in the mining and natural resources sector, to jointly develop off-grid power solutions focused on emerging countries.
- On 21 April 2015, EPS France successfully completed its Initial Public Offering (the "**IPO**") on the Euronext regulated market in Paris, raising 14.4 million euros (over-allotment option included). The IPO resulted in the issuance of 1,974,032 additional shares (37.9% of the existing corporate capital) at 7.3€ per share, corresponding to a market cap of 52.4 million euros.
- From May through June 2015:

- the Group's intellectual property portfolio has grown due to 42 outstanding patents applications that have been officially granted (of which No 2. on 8 and 21 July 2015 respectively). Relevant innovations relate to smart management methods for the Direct Oxygen (DOx) technology, enhancements to the Gas-to-Power module, and the start-up logic for the integrated storage platform. Such patents have been granted in the USA, China, Russia and 38 EU countries, respectively. This represents an important milestone for the protection of the intellectual property of EPS, particularly in light of the future commercial penetration of the HyESS (*Hybrid Energy Storage System*) in USA, Asia and the Far East; and
- EPS has taken an active stance in the international energy policy debate, in order to affirm hydrogen as an energy vector. It met the Energy Commission at the Brazilian Parliament and the Brazilian Government (29 May); it took part in the World Economic Forum's Future of Electricity Workshop (10 June), and again convened with the World Economic Forum in California (26 June); it attended the 8th Energy Storage World Forum Europe in Rome (19 June) and the 2015 EU Sustainable Energy Week Policy Conference in Brussels (18 June).

Significant events which occurred after June 30, 2015

- On 16 July 2015 the Group and Nanyang Technological University of Singapore, launched a partnership in light of the Asian development of EPS and a new demo site in Singapore.
- On 29 July 2015 EPS started works on the new manufacturing plant in Torino, in order to secure manufacturing capacity dedicated to the HyESS of 2MW per month. Further details are given in the section "*Business Outlook*".

FINANCIAL RESULTS

EPS 1H15 revenues and other income for the first half of the year grew by 31.5% compared to the first half of 2014, to Euro 464,450. The growth, in any event lower than expected, came from the Group's legacy activities related to backup systems, since the HyESS, the system purely dedicated to energy storage that will constitute the backbone of the Group's product offer and the medium and long term focus of the entire business strategy, will be commercially launched in 2016.

Personnel costs increased from Euro 528,108 in the first half of 2014 to Euro 702,474 in the first half of 2015, due to the headcount increase to support the technical and commercial efforts. Compared to the beginning of 2014, EPS expanded its team by 70%. 7 new personnel have been hired post IPO, and EPS intends to further expand the team by an additional 13 employees over the next few months. The EPS organization, including management, VPs and partners today numbers 52 people based in Europe, South Africa, the USA and Singapore.

HALF-YEAR ACTIVITY REPORT

As of 30 June 2015, the Group's operating loss amounted to Euro 4,953,614 mainly an effect of IPO-related expenses and the implementation of the stock option plan. More specifically, the result was affected for Euro 1,7 million by the accounting of the stock options and warrants plan, and for Euro 1,5 million by non recurring expenses mainly related to the IPO process.

On 30 June 2015, EPS had Euro 10.6 million in equity and total assets of Euro 13.5 million. At the end of the first half of the year, the group had a net financial position of Euro 10.4 million.

OUTLOOK

Energy Strategy is phasing-in quicker than expected

Despite a growth lower than expected in the telecom business, the new HyESS (Hybrid Energy Storage System) that will be commercially launched in 2016 has marked strong interest in major industrial energy players. EPS is building up a pipeline of industrial-scale, unsubsidized projects, in which the HyESS technology is positioned not only as a clean solution, but also as the power generation and storage technology with the lowest generation cost per MWh in the relevant markets. Although the HyESS technology will only be available for delivery from Q2 2016, market interest has increased impressively, with prospects and potential customers in India, Asia Pacific, North America, Africa and Europe.

New Manufacturing Plant for HyESS

In order to prepare the production scale-up driven by the HyESS solution, EPS is moving its manufacturing to a new facility in Turin. This new premise, with an initial 2,500sqm and 2MW capacity per month, will be completely scalable and its opening is expected in November 2015. The first product deliveries, in line with expectations, can be scheduled from Q2 2016.

HyESS development

Testing of the single components of the new technology, is in line with the objectives and expectations. The testing phase at the component level is expected to be finalized in Q4 2015 while Q1 2016 will be dedicated to the stress tests of the assembled solution and certification phase.

New Products for Data Centers

EPS is developing HyESS Data, a product dedicated to Data Centers and system integrators, which will leverage the integrated electronics and software intelligence embedded in any HyESS solution. Thanks to HyESS Data, EPS will be able not only to integrate any storage technology, including UPS and diesel generators, but also any "Smart Energy Integrated Technology", i.e. technology infrastructure devoted to mission critical applications, building energy and/or safety management system. Any Smart Energy Integrated Technology will therefore be integrated into one single technological platform named HyESS Data, the first "hybrid energy storage" and "smart energy" integrated platform for Tier IV data centers. With HyESS Data, any data center provider and system integrator will be also able to provide grid services to

Transmission System Operators and, as a result, will be able to transform its backup and critical mission infrastructure, from a cost center to a profit center.

PRE-IPO GROUP REORGANIZATION THROUGH ACQUISITION OF EPS ITALY SHARES

In the framework of the IPO, EPS acquired 100% of the Electro Power Systems S.p.A. (**"EPS Italy**") shares from its former shareholders through a capital contribution made on the basis of the value of the Company's shares emerging from the "book-building" process, as part of the admission of the Company's shares to trading on Euronext Paris (the "**Group Reorganization**"). Pursuant to the contribution agreement, finalized amongst the shareholders of EPS Italy, each share of EPS Italy – with a nominal value of Euro 1.00 each – contributed to the Company, was remunerated by the issue of five Company shares with a nominal value of Euro 0.20 each. The No. 1,004,255 shares of EPS Italy contributed to the Company entailed the issuance of 5,021,275 EPS shares with a nominal value of Euro 0.20 each, with the difference between this amount and the contribution value (i.e. Euro 7.30 per share) being fully recorder in the issue premium.

STOCK OPTION AND WARRANT PLANS

On February 16, 2015, the Extraordinary General Meeting of the Company resolved upon two plans of stock options and - for beneficiaries not technically eligible to stock options – warrants with the same terms and conditions. Such plans are dedicated to executives, directors, employees, founders, and strategic advisors of the Group.

The first allocation plan was approved by the Board of Directors held on March 6, 2015 at the following terms and conditions:

- Beneficiaries: directors, employees and founders of the Group;
- Stock option issued: No. 349,058;
- Warrants issued: No. 360,890;
- Conditions: exercise of stock options and warrants is subject to condition of presence during the 1-year vesting period;
- Conversion ratio and exercise price:
  - each stock option and warrant confer the right to subscribe No. 1 share of the Company;
  - warrants subscription price: Euro 0.01 each; and
  - exercise price of the options and warrants: Euro 0.20 each;
- Exercise timetable: options and warrants become exercisable one year after their allocation, namely starting from March 6, 2016, and can be exercised in the following 5-year period, i.e. no later than March 5, 2021.

The second profit sharing plan was attributed by decision of the board of directors on April 21, 2015 and had the following characteristics:

- Beneficiaries: executives, representatives, directors and employees;
- Stock option issued: 331,965;
- Warrants issued: 78,883;
- Stock options and warrants not yet allocated: No. 246,509;
- Conditions: exercise of stock options and warrants is subject to condition of presence during the 4-year vesting period;
- Conversion ratio and exercise price:
    - each stock option and warrant confer the right to subscribe No. 1 share of the Company;
    - warrants subscription price: Euro 0.01 each; and
    - exercise price of the options and warrants: Euro 5.11 each;
- Vesting timetable:
    - Cliff Vesting: 37.5% of the options and warrants can be exercised after a 18-month period starting from allocation date. As a result, for all the options and warrants allocated on April 21, 2015, the cliff vesting will end on October 20, 2016;
    - Quarterly Vesting: the remaining options and warrants can be exercised, by tranches of 6.25% per quarter during the following 30 months;
- Exercise Timetable: the vested options and warrants shall be exercised no later than April 20, 2024 inclusive.

MAIN RISKS AND UNCERTAINTIES

There was no change in risk factors during first half 2015 compared with those described in the section 4 of the *Document de Base* compiled for the IPO completed on April 21, 2015 (hereinafter "*Document de Base*").

Condensed consolidated financial statements

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (amounts in Euro)	NOTES	1st Half 2015	1st Half 2014 (*)
Revenues	(1)	198,429	347,370
Other Income	(1)	266,021	5,965
Raw material, consumable and finished goods		(389,405)	(76,988)
Personnel costs	(2)	(702,474)	(528,108)
Stock Option and Warrant Plans	(3)	(1,729,764)	0
Other operating expenses	(4)	(1,133,063)	(415,897)
Amortization and depreciation		(26,095)	(27,500)
Impairment and write down		52,129	(285,437)
Non recurring income and expenses	(5)	(1,548,885)	1,685,985
OPERATING PROFIT (LOSS)		**(5,013,107)**	**705,390**
Net financial income and expenses		(5,313)	(4,196)
INCOME (LOSS) BEFORE TAXES		**(5,018,420)**	**701,194**
Income Taxes		64,806	0
NET INCOME (LOSS)		**(4,953,614)**	**701,194**
Attributable to:			
Equity holders of the parent		(4,953,614)	701,194
Non-controlling interests		0	0
Basic earnings per share	**(12)**	**(1.35)**	**0.40**
Diluted earnings per share	**(12)**	**(1.13)**	**0.40**

(*) Refer to paragraph "Comparative Information"

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OTHER COMPREHENSIVE INCOME (amounts in Euro)	1st Half 2015	1st Half 2014(*)
NET INCOME (LOSS)	**(4,953,614)**	**701,194**
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)		
Exchange differences on translation of foreign operations	45	0
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)		
Actuarial gain and (losses) on employee benefits	0	0
Other comprehensive income (loss) for the year, net of tax	**45**	**0**
Total comprehensive income for the year, net of tax	**(4,953,569)**	**701,194**
Attributable to Equity holders of the parent	**(4,953,569)**	**701,194**

(*) Refer to paragraph "Comparative Information"

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

ASSETS (amounts in Euro)	NOTES	30/06/2015	31/12/2014 (*)
Property, plant and equipment		68,133	76,241
Intangible assets		135,251	145,269
Other non current financial assets		788	0
TOTAL NON CURRENT ASSETS		**204,172**	**221,510**
Trade receivables		646,528	535,967
Inventories		786,183	699,661
Other current assets	(6)	1,056,456	1,274,926
Cash and cash equivalent	(7)	10,813,712	667,913
TOTAL CURRENT ASSETS		**13,302,879**	**3,178,467**
TOTAL ASSETS		**13,507,051**	**3,399,977**

EQUITY AND LIABILITIES (amounts in Euro)	NOTES	30/06/2015	31/12/2014 (*)
Issued capital	(8)	1,436,061	1,004,255
Share premium	(8)	13,581,573	696,054
Other Reserves	(8)	1,550,481	(183,724)
Retained Earnings	(8)	(1,029,060)	(720,571)
Profit (Loss) for the year	(8)	(4,953,614)	(293,989)
TOTAL EQUITY		**10,585,441**	**502,025**
Severance indemnity reserve	(9)	315,585	292,683
TOTAL NON CURRENT LIABILITIES		**315,585**	**292,683**
Trade payables	(10)	1,525,977	1,178,720
Other current liabilities		1,080,048	1,342,600
Income tax payable	(11)	0	19,579
Current deferred tax liabilities		0	64,370
TOTAL CURRENT LIABILITIES		**2,606,025**	**2,605,269**
TOTAL EQUITY AND LIABILITIES		**13,507,051**	**3,399,977**

(*) Refer to paragraph "Comparative Information"

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (amounts in Euro)	NOTES	Share Capital	Premium Reserve	Other Reserves	Retained Earnings (Losses)	Profit (Loss) for the period	TOTAL NET EQUITY
Net Equity as at December 31, 2013 (*)		**2,364,639**	**4,639,873**	**(118,636)**	**(6,892,117)**	**(3,078,578)**	**(3,084,819)**
Shareholder's capital contribution		(1,864,640)	(3,949,688)	(39,008)	6,169,841	3,078,578	**3,395,083**
Loss for the period		*0*	*0*	*(1,705)*	*1,705*	*701,194*	***701,194***
Other Comprehensive Income		*0*	*0*	*0*	*0*	*0*	***0***
Total comprehensive income		0	0	(1,705)	1,705	701,194	**701,194**
Net Equity as at June 30, 2014 (*)		**499,999**	**690,185**	**(159,349)**	**(720,571)**	**701,194**	**1,011,458**
Shareholder's capital contribution		504,256	5,869	0	0	0	**510,125**
Loss for the period		*0*	*0*	*0*	*0*	*(995,183)*	***(995,183)***
Other Comprehensive Income		*0*	*0*	*(24,375)*	*0*	*0*	***(24,375)***
Total comprehensive income		0	0	(24,375)	0	(995,183)	**(1,019,558)**
Net Equity as at December 31, 2014 (*)	**(8)**	**1,004,255**	**696,054**	**(183,724)**	**(720,571)**	**(293,989)**	**502,025**
EPS Group Reorganization	(8)	37,000	0	0	(308,489)	293,989	**22,500**
Stock option and warrants	(8)	0	0	1,734,160	0	0	**1,734,160**
Shareholder's capital contribution (IPO)	(8)	394,806	12,885,519	0	0	0	**13,280,325**
Loss for the period	*(8)*	*0*	*0*	*0*	*0*	*(4,953,614)*	***(4,953,614)***
Other Comprehensive Income	*(8)*	*0*	*0*	*45*	*0*	*0*	***45***
Total comprehensive income	(8)	0	0	45	0	(4,953,614)	**(4,953,569)**
Net Equity as at June 30, 2015	**(8)**	**1,436,061**	**13,581,573**	**1,550,481**	**(1,029,060)**	**(4,953,614)**	**10,585,441**

(*) Refer to paragraph "Comparative Information"

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

CASH FLOW STATEMENT (amounts in Euro)	NOTES	1st Half 2015	1st Half 2014 (*)
Operating activities			
Net Profit (Loss)	(7)	(4,953,614)	701,194
Non-cash adjustment to reconcile profit before tax to net cash flows			
Amortisation and depreciation		26,095	27,500
Impairment and write down		(52,129)	285,437
Stock option and warrant plan accrual		1,729,764	0
Defined Benefit Plan		31,956	33,519
Income related to composition with creditors		(235,933)	(1,693,105)
Working capital adjustments			
Decrease (increase) in trade and other receivables and prepayments		(350,240)	(120,756)
Decrease (increase) in inventories		(34,393)	(28,450)
Increase (decrease) in trade and other payables		222,233	(387,334)
Increase (decrease) in non current liabilities		(9,054)	(14,842)
Net cash flows from operating activities	**(7)**	**(3,625,315)**	**(1,196,837)**
Investments			
Net Decrease (Increase) in intangible assets		0	(8,768)
Net Decrease (Increase) in tangible assets		(7,970)	0
Net cash flows from investments activities		**(7,970)**	**(8,768)**
Financing			
Reimbursement of Financial Loans		0	(186,124)
Increase (decrease) in bank debts		0	(8,631)
Shareholders cash injection		0	2,453,817
Warrants		4,397	0
IPO Net Proceeds	(7)	13,280,326	0
Receipt of government grants		457,361	0
Net cash flows from financing activities		**13,742,084**	**2,259,062**
EPS S.A. net cash and cash equivalent at January 1	**(7)**	**37,000**	**0**
Net Cash and cash equivalent at January 1		**667,913**	**270,644**
Net Cash and cash equivalent at June 30		**10,813,712**	**1,324,101**

(*) Refer to paragraph "Comparative Information"

Notes to the condensed consolidated financial statements

BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The half-year condensed consolidated financial statements (*états financiers consolidés résumés*) have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and recognized by the European Union, and in accordance with IAS 34 – Interim financial Reporting. Therefore, they do not include all the information required by IFRS for the preparation of annual financial statements and must be read in conjunction with EPS Italy consolidated financial statements prepared in accordance with IFRS as adopted in the European Union for the year ending at December 31, 2014 included in the *Document de Base*.

The Board of Directors reviewed the half-year condensed consolidated financial statements as at June 30, 2015, on September 22, 2015 and authorized the publication.

The accounting methods applied are identical to those adopted when preparing the consolidated financial statements for the year ended December 31, 2014 included in the *Document de Base*.

The Group has not anticipated the application of any standards, amendments or interpretations published by the IASB whose application is optional or not yet effective in the European Union as of June 30, 2015.

Below, the consolidation perimeter as at June 30, 2014 – December 31, 2014 – June 30, 2015:

Company	June 30, 2014	December 31, 2014	June 30, 2015
EPS S.A.	NA	NA	Parent Company
EPS S.p.A.	Parent Company	Parent Company	Line by Line
EPS Inc.	NA	Line by Line	Line by Line
EPS UK	Excluded	NA	NA
EPS Singapore	Excluded	NA	NA
EPS India	Excluded	Excluded	Excluded

EPS S.A. was incorporated on December 26, 2014 and as a consequence of the acquisition of 100% of the EPS S.p.A. shares on April 21, 2015 has became the parent company of EPS Group.

EPS S.p.A., former parent company of EPS Group, has been included, starting from June 30, 2015 line by line in the condensed consolidated financial statements.

EPS Inc. was incorporated on July 2014 and included in the consolidation perimeter line by line starting from December 31, 2014.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

EPS Singapore and EPS UK have ceased their operational activities respectively in 2H 2013 and 1H 2014. As a consequence, they have been excluded from the consolidated financial statements, also considering they are not material in terms of impact on assets, liabilities, revenues and costs. They have been dissolved on 2H 2014.

EPS India has ceased its operational activities in 2H 2013 and has been excluded from the consolidated financial statements.

NEW IFRS AND INTERPRETATIONS

1. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS WHOSE APPLICATION IS MANDATORY AS OF JANUARY 1, 2015

   The following standards, interpretations and amendments endorsed by the European Union as of June 30, 2015 have been applied with no significant impact on the half year condensed consolidated financial statements:
   - IFRIC 21 "Levies", published on May 20, 2013;
   - Annual improvements to IFRSs 2011-2013 Cycle, issued on December 12,2013.
2. STANDARDS, INTERPRETATIONS AND AMENDMENTS ENDORSED BY THE EUROPEAN UNION WHOSE APPLICATION IS OPTIONAL IN 2015

   The following standards, interpretations, and amendments endorsed by the European Union as of June 30, 2015 whose adoption is not mandatory have not been applied:
   - Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions, issued on November 21, 2013;
   - Annual improvements to IFRSs 2010-2012 Cycle, issued on December 12, 2013.
3. STANDARD, INTERPRETATIONS AND AMENDMENTS NOT YET ENDORSED BY THE EUROPEAN UNION

   The impact on the financial statements of standards, interpretations and amendments published by the IASB as of June 30, 2015 and not yet endorsed by the European Union are currently being analyzed.

   Additionally, the following texts are not applicable to the Group:

   - IFRS14 "Regulatory Deferral Accounts", issued on January 30, 2014;
   - Amendments to IAS16 and IAS41 "Bearer Plants", issued on June 30, 2014;
   - Amendments to IAS27 "Equity Method in Separate Financial Statements", issued on August 12, 2014;
   - Amendments to IFRS10, IFRS12 and IAS28 "Investment Entities: Applying the Consolidation Exception", issued on December 18, 2014

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires Group or subsidiaries' Management to make estimates and use certain assumptions which could have a significant impact on the consolidated assets and liabilities carrying amounts, on the revenues and expenses, on the relevant notes, and on the period-end commitments. Subsequent results may differ.

The significant judgments exercised by the Group and subsidiaries' Management in applying the Group accounting policies used in preparing the half-year condensed consolidated financial statements, and the main sources of uncertainty in making the requisite estimates, are identical to those described in the consolidated financial statements for the year ended December 31, 2014 included in the *Document de Base*.

BASIS FOR PREPARATION AND MEASUREMENT OF 1st HALF YEAR INFORMATION

The Group's activities may be affected by significant changes in the economic situation. Therefore, its interim results are not necessarily indicative of those to be expected for the fiscal year as a whole.

COMPARATIVE INFORMATIONS

According to IFRS 3, the above mentioned Group Reorganization constitutes a legal reorganization of EPS Italy, and not a Business Combination, being a combination of entities under common control.

Therefore, the consolidated accounts of EPS Italy, included in the *Document de Base*, have been presented in the 1st half year financial statements as comparative information as at and for December 31, 2014. Comparative information as at and for June 30, 2014 have been prepared in accordance with the assumptions and accounting method reported in the EPS Italy Consolidated financial statements included in the *Document de Base*.

DECREE 231/2001 AND SUBSEQUENT EVENTS

As to the events subsequent to the first half of 2015, in respect of a proceeding pursuant to Decree 231/2001 related to a Euro 186,278.26 public grant received in July 2011, EPS Italy received a notice of completion of investigation. The notice of completion alleges, *inter alia*, that EPS Italy's expense sheet with respect to this grant contained untrue information on its labour and procurement costs related to a portion of the grant amounting to Euro 32,895.86. Following the notice of completion EPS Italy started its internal audit to verify reporting procedures in order to strengthen them where necessary. In addition, the board of directors appointed KPMG to verify the allegations, and after the preliminary due diligence, KPMG did not identify any material inconsistency in any labour and procurement costs expense sheet. For that reason, EPS has not registered any provision in the Half-Year Financial Statements.

SEGMENT INFORMATION

Given the business is still in a development phase, the Group is not yet organized into business units and no segments have been identified and/or measured by management. As a consequence, segment information disclosures required by IFRS 8 are considered not applicable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – REVENUE AND OTHER INCOME

Total revenue and other income amounts to Euro 464,450, up +31.5% compared to the 1st half of 2014 (Euro 353,335). Revenues for the 1st half of 2015 are mainly composed of services rendered to customers (refill and maintenance activities). Other income refers to Government grants received upon specific research and development projects financed by the European Union. The amount is recognized based on the effective costs incurred, in accordance with the undertaking in the grant agreements.

NOTE 2 – PERSONNEL COSTS

Personnel costs amounts to Euro 702,474 with an increase by 33% compared to the 1st half of 2014. The increase is due to an average higher number of employees.

NOTE 3 – STOCK OPTION AND WARRANT PLANS

The line refers to the accrual made against equity, in accordance with IFRS2, for the two stock option and warrant plans described in the previous paragraph “Stock option and warrant plans”.

In order to compare the results, have been selected two valuation models: Black & Scholes and Cos, Ross & Rubinstein.

The following tables provide details of the main assumptions and a summary of the average weighted unitary and total valuation for the two outstanding options / warrants plans

Key Assumptions	**2015-1**	**2015-2**
Evaluation date	March 6, 2015	April 21, 2015
Duration	3.5 years	5.9 years
Risk-free interest rate	-0.14%	0.00%
Underlying assets unitary value	Euro 7.30	Euro 7.30
Expected dividends	0.00	0.00
Expected volatility	75%	40%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2015-1		NUMBER	WEIGHTED AVERAGE UNIT VALUATION	EXERCISE PRICE
Board Members	Options / Warrants	638,952	7.10	0.20
Executive Committee	Options	29,582	7.10	0.20
Other	Warrants	41,414	7.10	0.20
	TOTAL	**709,948**	**5,040,631**	

2015-2		NUMBER	WEIGHTED AVERAGE UNIT VALUATION	EXERCISE PRICE
Board Members	Options / Warrants	308,959	3.51	5.11
Executive Committee	Options / Warrants	82,170	3.51	5.11
Employee	Options	19,093	3.51	5.11
	TOTAL	**410,222**	**1,441,161**	

NOTE 4 – OTHER OPERATING EXPENSES

OTHER OPERATING EXPENSES (amounts in Euro)	1st Half 2015	1st Half 2014 (*)
Legal and other consultancy costs	(320,252)	(62,290)
Travels and accomodations	(129,436)	(1,087)
Board compensation	(200,402)	(36,649)
Installation costs	(123,972)	(99,324)
Tax and administrative services	(117,005)	(61,596)
Miscellaneous	(67,844)	(35,434)
Rents	(54,767)	(52,790)
Utilities	(21,057)	(15,757)
Audit services	(46,504)	(16,599)
Insurance	(41,014)	(16,390)
Bank commissions	(6,130)	(8,904)
Maintenance	(3,239)	(7,036)
Indirect taxes	(1,441)	(2,040)
TOTAL OTHER OPERATING EXPENSES	**(1,133,063)**	**(415,897)**

(*) Refer to paragraph "Comparative Information"

The increase in “Other operating expenses” is due to a higher level of activity of the Group. During the first half of 2014 EPS Italy was in the midst of the composition with creditors procedure, with a limited level of operational activity. In the second half of 2014 “Other operating expenses” amounted to Euro 1,137,903 substantially comparable with the amount registered in the first half of 2015.

NOTE 5 – NON RECURRING INCOME AND EXPENSES

Total IPO costs amount to Euro 2,914,927 and in accordance with IAS 32 have been split in IPO direct costs (Euro 1,130,109) related to the capital increase and accounted for in deduction of Equity and IPO indirect costs (Euro 1,784,818) related to the listing process of existing shares and included in “Non recurring income and expenses”.

Non recurring income and expenses also include an income mainly related to an agreement with a creditor for Euro 243,437.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – OTHER CURRENT ASSET

OTHER CURRENT ASSETS (amounts in Euro)	30/06/2015	31/12/2014(*)
Grants receivables	250,044	714,122
IPO deferred costs	0	205,000
VAT receivables	607,048	195,189
Advances to suppliers	116,001	72,353
Prepaid expenses	62,916	72,056
Social contributions receivables	9,483	12,884
Other receivables	10,964	3,322
TOTAL OTHER CURRENT ASSETS	**1,056,456**	**1,274,926**

(*) Refer to paragraph "Comparative Information"

The line “Other current assets” is mainly composed by VAT receivables for Euro 607,048, grants receivables for Euro 250,044 and Advances to suppliers for Euro 116,001.

VAT receivables has been already collected for Euro 141,077 on September 1, 2015 but for the amount that refers to EPS Italy (Euro 362,595) it will be collected in the first half of 2016 after the presentation of the annual tax return form.

NOTE 7 – CASH AND CASH EQUIVALENT AND CASH FLOW STATEMENT

Cash at banks and petty cash represents the amount held on bank balances both in Euro and other currencies and cash deposits at leading credit institutions. The cash liquidity is mainly held in Euro currency.

The amount includes the liquidity received by the Group as the coordinator of specific R&D projects, which has to be rebated to other partners. The correspondent amount is recorded within other liabilities. (Note 14 lines “Cash related to advances on grants” and “Cash on grants”).

Cash and cash equivalent increased for Euro 10,145,799 mainly as a consequence of the IPO net proceeds that amounts to Euro 13,280,326 (net of direct IPO costs).

As reported in the Cash flow statement the negative cash flow from operating activities amounts to Euro 3,625,315 and includes non recurring expenses for Euro 1,784,818 (IPO indirect expenses). Net of the non recurring expenses cash flow from operating activities would be negative for Euro 1,840,497 (-53.8% compared to 1st half 2014) mainly due to a higher level of activity of Group operations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Line "IPO Net Proceeds" amounts to Euro 13,280,326 and includes IPO gross proceeds for Euro 14,410,435 net of IPO direct expenses for Euro 1,130,109.

In the cash flow statements has been added a net cash and cash equivalent at January 1 for Euro 37,000 representing the cash available in EPS S.A. as at December 31, 2014 and included in the consolidated net cash and cash equivalent as a consequence of the Group Reorganization.

NOTE 8 – EQUITY

As already mentioned EPS Italy Consolidated Equity has been presented as comparative data both as at June 2014 and as at December 2014. Line "EPS Group Reorganization" represents the Equity impact of the Group organization resulting in an increase in the Net Equity (as reported in the EPS S.p.A. consolidated financial statements included in the *Document the Base*) of Euro 22,500. "Shareholder's capital contribution (IPO)" is presented net of IPO direct costs (Euro 1,130,109).

NOTE 9 – SEVERANCE INDEMNITY RESERVE

The severance indemnity reserve includes the provision for TFR provided by Italian law.

TFR has to be considered as a defined benefit plan and it has been consequently accounted for. For further details, refer to EPS Italy consolidated financial statements as at December 31, 2014 included in the *Document de Base*.

NOTE 10 – TRADE PAYABLES

The increase in trade payables is mainly due to some IPO costs not yet paid.

Net of these amounts trade payables would amount to Euro 942,439 (-20.0% compared to December 31, 2014).

NOTE 11 – INCOME TAX PAYABLES

The amount accrued as at December 2014 has been paid in June 2015.

Considering the fiscal net loss of the period no accrual has been made as at June 2015.

Deferred tax assets have not been recorded on cumulated tax losses and on the temporary differences considering the uncertainties on the timing of the expected recoverability.

NOTE 12 – EARNING PER SHARE

EARNINGS PER SHARE (amounts in Euro)	**1st Half 2015**	**1st Half 2014(*)**
Net loss (Group share) attributable to ordniary shareholders of the parent	(4,953,614)	701,194
Weighted average number of ordinary shares oustanding	3,677,178	1,745,866
BASIC ERANINGS PER SHARE	**(1.35)**	**0.40**
Net loss (Group share) attributable to ordniary shareholders of the parent	(4,953,614)	701,194
Weighted average number of ordinary shares oustanding	*3,677,178*	*1,745,866*
Adjustment for dilutive impact of share subscription options/warrants	*722,797*	0
Adjusted weighted average number of shares oustanding used to calculate diluted earnings per share	4,399,974	*1,745,866*
DILUTED ERANINGS PER SHARE	**(1.13)**	**0.40**

(*) Refer to paragraph "Comparative Information"

All instruments that could dilute net profit attributable to ordinary shareholders of the parent company are included in the calculation of diluted earnings per share.

The Group has not issued any other financial instruments that may result in further dilution of net earnings per share.

NOTE 13 – RELATED PARTIES

Pursuant to IAS 24, Group related parties are entities and individuals capable of exercising control, joint control or significant influence over the Group and its subsidiaries.

The Group carries out transactions with related parties at arms' length.

The following table provides the total amount of transactions that have been entered into with related parties for the period.

RELATED PARTIES (amounts in Euro)	**1st Half 2015**
Board compensations	(200,402)
Board stock options and warrants	(1,537,373)
Prima Electro	(129,066)
RELTAED PARTIES	**(1,866,840)**

NOTE 14 – NET FINANCIAL POSITION

The significant increase in the net financial position is mainly due to the IPO proceeds as already commented in note 7.

NET FINANCIAL POSITION (amounts in Euro)	**30/06/2015**	**31/12/2014 (*)**
Cash and cash equivalent	10,813,712	667,913
Cash at banks and petty cash	*10,438,292*	*290,680*
Cash related to advances on grants	*375,420*	*377,233*
Current financial payables	(375,420)	(377,233)
Cash on grants	*(375,420)*	*(377,233)*
NET FINANCIAL POSITION	**10,438,292**	**290,680**

(*) Refer to paragraph "Comparative Information"

STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEAR FINANCIAL INFORMATION

Statutory Auditors' review report on the half-year financial information

To the Shareholders,

in compliance with the assignment entrusted to us by your articles of association and your annual shareholders' meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Electro Power Systems S.A., for the period from January 1 to June 30, 2015;
- the verification of the information presented in the half-yearly management report.

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

1. **Conclusion on the financial statements**

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

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

2. **Specific verification**

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

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

Paris and Paris-La Défense, September 22, 2015

French original signed by

ERNST & YOUNG et Autres	RBB Business Advisors
Laure-Hélène de la Motte	Jean-Baptiste Bonnefoux

CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE FIRST HALF FINANCIAL REPORT

Certification by the person responsible for the first half financial report

I hereby declare that, to the best of my knowledge, the condensed financial statements for the half-year ended June 30, 2015 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and the profit of the Company and the entities included in the scope of consolidation of the Group and that the first half management report includes a faithful representation of the major events which occurred during the first six months of the fiscal year, their impact on the financial statements, and the main related-party transactions, as well as a description of the major risks and uncertainties for the remaining six months of the fiscal year.

Paris, September 22, 2015

Carlalberto Guglielminotti
Chief Executive Officer