

## ANNEX II

### ELECTRO POWER SYSTEMS

French *société anonyme* organized with a Board of Directors  
Share capital of 1,576,361.40 euros  
Headquarters: 13, avenue de l'Opéra - 75001 Paris  
RCS Paris 808 631 691  
(the "Company")

### REPORT OF THE BOARD OF DIRECTORS AT SHAREHOLDERS' MEETING OF 23 MAY 2017

Ladies and Gentlemen,

Dear Shareholders,

We have convened this Shareholders' Meeting, pursuant to the provisions of the French Commercial Code and the Company's articles of association, to deliberate on the following matter:

#### **RESOLUTION TO BE SUBMITTED AT THE EXTRAORDINARY SHAREHOLDERS' MEETING**

*Delegation of power to the Board of Directors for the purpose of issuing autonomous share subscription warrants reserved to the European Investment Banks*

On 11 April 2017, the Company announced that it had signed with the European Investment Bank a €30 million financing intended to finance the growth, continuous research, development and innovation activities of the Group and the commercialisation of its products.

As remuneration for the first, €10 million, tranche of the financing, which bears no interest, the Company undertook to issue to the EIB 660,513 share warrants (*bons de souscription d'actions - BSA*) representing 6,321% of the fully diluted share capital of the Company as of the date of issuance.

On 11 April 2017 the Board of Directors convened a special shareholders' meeting to give the necessary powers to the Board of Directors of the Company to issue the BSA.

Each BSA would be subscribed for a price of €0.01 and, upon payment of an exercise price of €0.20, would give the right to receive one ordinary share of the Company, subject to any adjustments that may potentially be carried out in accordance with applicable legal and regulatory provisions and, as the case may be, with any additional contractual stipulations providing for other cases of adjustment as the Board of Directors may decide, in order to preserve the rights of holders of securities or other rights giving access to the share capital.

The BSA would be exercisable from 1<sup>st</sup> July 2017 and until and included on the 20<sup>th</sup> anniversary of their date of issuance.

The subscription price and the exercise price of the BSA would be payable by set-off against amounts due and payable by the Company to the EIB.

The nominal amount of the share capital increase that could be carried out pursuant to this resolution could not exceed a maximum nominal amount of EUR 132,102.60 (or, on the basis of the current nominal value of the Company's shares, equal to EUR 0.20, a maximum amount of 660,513 shares),

it being specified that this amount would not take into account any adjustments that may potentially be carried out in accordance with applicable legal and regulatory provisions and, as the case may be, with any additional contractual stipulations providing for other cases of adjustment as the Board of Directors may decide, in order to preserve the rights of holders of securities or other rights giving access to the share capital.

The preferential subscription right of the shareholders to the BSA would be suppressed in favor of the European Investment Bank, having its seat at 100 boulevard Konrad Adenauer, L-2950 Luxembourg and the shareholders would automatically renounce to their preferential subscription rights to shares that these BSA grant rights over for the benefit of the BSA holders.

Except to the extent, and within the limits set forth by the shareholders, the Board of Directors would determine the characteristics, amounts and terms and conditions of the BSA.

In the event of the use by the Board of Directors of the delegation of power that would be granted by this resolution, the Board of Directors would report to the following shareholders' meeting, in accordance with the law and regulations, regarding the use made of the delegation of authority so granted.

This delegation of power would be granted to the Board of Directors for a term of 18 months as from the date of the Shareholders' Meeting.

\* \* \*

Should you approve this proposal, please confirm with your vote by adopting these resolutions which will be read to you and have been kept available at the registered office during the fifteen days preceding the Shareholders' Meeting of 23 May 2017, in accordance with law.

The Board of Directors