# LION E-MOBILITY AG, ZURICH

Consolidated Financial Statements for the year ended 31 December 2023 and Report of the Statutory Auditor

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**Report of the Statutory Auditor**

To the General Meeting of
**LION E-MOBILITY AG, ZURICH**

**Report on the Audit of the Consolidated Financial Statements**

*Opinion*
We have audited the consolidated financial statements of LION E-Mobility (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

*Basis for Opinion*
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, and the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Board of Directors' Responsibilities for the Consolidated Financial Statements*
The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

As part of an audit in accordance with Swiss law, ISA and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements**

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

**Deloitte AG**

| | |
|---|---|
| Chris Krämer<br>Licensed Audit Expert<br>Auditor in Charge | Fabian Hell<br>Licensed Audit Expert |

Zurich, 21 June 2024
CKR/FHE/jba

Enclosures
- Consolidated financial statements (statement of consolidated balance sheet, statement of consolidated profit or loss and other comprehensive income, statement of consolidated cash flows, statement of consolidated changes in equity and notes)

**LION E-Mobility Group**
**Consolidated balance sheet as at 31 December 2023**

| | Notes | in kEUR 2023 | in kEUR 2022 |
|---|---|---|---|
| Revenue | 6/7 | 56,053 | 53,760 |
| Increase/(decrease) in portfolio of contract assets other than revenue | 6/7 | 877 | (317) |
| Other own work capitalised | 15 | 447 | 758 |
| Other operating income | 8 | 1,538 | 318 |
| **Total revenue and other income** | | **58,915** | **54,519** |
| Cost of sales | | (48,330) | (46,667) |
| Staff costs | 10 | (5,679) | (3,914) |
| Depreciation | 15/16/19 | (931) | (380) |
| Other operating expenses | 8 | (4,901) | (4,176) |
| **Earnings before interest and taxes (EBIT)** | | **(926)** | **(617)** |
| Financial income | | 139 | 58 |
| Financial expenses | | (1,503) | (142) |
| Share of results of associates | 17 | 660 | 43 |
| **Loss before tax** | | **(1,630)** | **(658)** |
| Income taxes | 11 | 679 | (162) |
| **Loss of the year** | | **(952)** | **(820)** |
| Attributable to equity holders of the parent | | (952) | (820) |
| **Earnings per share** | | | |
| Basic/diluted earnings per share (EUR) | 9 | (0.08) | (0.07) |

| | Notes | in kEUR 2023 | in kEUR 2022 |
|---|---|---|---|
| **Loss for the year** | | **(952)** | **(820)** |
| **Other comprehensive (loss) / income** | | | |
| Exchange differences on translating foreign operations | | 12 | (1) |
| **Other comprehensive (loss) / income after tax** | | **12** | **(1)** |
| **Total comprehensive (loss) / income for the year** | | **(940)** | **(821)** |

**LION E-Mobility Group**
**Consolidated balance sheet as at 31 December 2023**

| | Notes | in kEUR 2023 | in kEUR 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| Property, plant and equipment | 15 | 5,217 | 2,221 |
| Intangible assets | 16 | 11,283 | 3,275 |
| Right-of-use assets | 15/19 | 1,127 | 1,416 |
| Investments in associates | 17 | 5,087 | 4,427 |
| Loans and other financial assets | 18 | 660 | 1,200 |
| Deferred tax assets | 11 | 2,117 | 2,290 |
| **Non-current assets** | | **25,492** | **14,830** |
| Inventories | 13 | 13,780 | 6,514 |
| Contract assets | 8 | 74 | 35 |
| Trade and other receivables | 7/12 | 24,908 | 4,400 |
| Loans and other financial assets | 18 | 547 | 840 |
| Prepayments | | 125 | 133 |
| Cash and cash equivalents | 14 | 4,411 | 3,034 |
| **Current assets** | | **43,845** | **14,957** |
| **TOTAL ASSETS** | | **69,336** | **29,786** |

**LION E-Mobility Group**
**Consolidated balance sheet as at 31 December 2023**

| | Notes | in kEUR 2023 | in kEUR 2022 |
|---|---|---|---|
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| Share capital | 20 | 1,451 | 1,451 |
| Capital reserve | 20 | 20,670 | 20,670 |
| Translation reserves | | (47) | (59) |
| Share-based payments reserve | 10 | 551 | 534 |
| Treasury shares | | (8) | (59) |
| Loss carried forward | | (9,070) | (8,122) |
| **Total equity** | | **13,547** | **14,416** |
| Deferred tax liabilities | 11 | 34 | 955 |
| Financial liabilities | 22 | 7,467 | 0 |
| Lease liabilities | 19 | 770 | 1,156 |
| **Non-current liabilities** | | **8,272** | **2,111** |
| Lease liabilities | 19 | 387 | 297 |
| Trade payables | 23 | 35,817 | 4,584 |
| Financial liabilities | 22 | 9,063 | 6,035 |
| Other liabilities | 23 | 1,361 | 1,395 |
| Contract liabilities | 8 | 163 | 30 |
| Provisions | 10/24 | 727 | 918 |
| **Current liabilities** | | **47,517** | **13,260** |
| **Total liabilities** | | **55,789** | **15,370** |
| **TOTAL EQUITY AND LIABILITIES** | | **69,336** | **29,786** |

**LION E-Mobility Group**
**Consolidated statement of changes in equity for the year ended 31 December 2023**

| in kEUR | Notes | Share capital | Capital reserve | Treasury shares | Translation reserves | Share-based payments reserve | Loss carried forward | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2023** | | **1,451** | **20,670** | **(59)** | **(59)** | **534** | **(8,122)** | **14,416** |
| Loss for the year | | 0 | 0 | 0 | 0 | 0 | (952) | (952) |
| Other comprehensive loss | | 0 | 0 | 0 | 12 | 0 | (0) | 12 |
| Share-based payments | 10 | 0 | 0 | 0 | 0 | 18 | 0 | 18 |
| Issue of shares | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | | 0 | 0 | 50 | 0 | 0 | 3 | 54 |
| **Balance as at 31 December 2023** | | **1,451** | **20,670** | **(8)** | **(47)** | **551** | **(9,070)** | **13,547** |

| in kEUR | Notes | Share capital | Capital reserves | Treasury shares | Translation reserves | Share-based payments reserve | Loss carried forward | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2022** | | **1,162** | **14,901** | **(59)** | **(58)** | **534** | **(7,302)** | **9,179** |
| Loss for the year | | 0 | 0 | 0 | 0 | 0 | (820) | (820) |
| Other comprehensive income | | 0 | 0 | 0 | (1) | 0 | 0 | (1) |
| Share-based payments | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Issue of shares | 20 | 289 | 5,769 | 0 | 0 | 0 | 0 | 6,058 |
| **Balance as at 31 December 2022** | | **1,451** | **20,670** | **(59)** | **(59)** | **534** | **(8,122)** | **14,416** |

**LION E-Mobility Group**

**Consolidated statement of cash flows for the year ended 31 December 2023**

| | Notes | in kEUR 2023 | in kEUR 2022 |
|---|---|---|---|
| **Loss for the year** | | (952) | (820) |
| Adjustments for: | | | |
| - Non-cash adjustments | | 57 | (12) |
| - Depreciation and impairment | 15/16/19 | 931 | 380 |
| - Share of profit of companies accounted for using the equity method, net of tax | 17 | (660) | (43) |
| - Net finance costs | | 1,364 | 84 |
| - Loss on sale of property, plant and equipment | 8 | 167 | 0 |
| - Tax expense/(income) | 11 | (679) | 162 |
| - Share based payments | | 18 | 0 |
| **Operating cash flows before movements in working capital** | | **246** | **(249)** |
| Changes in: | | | |
| - Decrease/(increase) in contract assets | | (39) | 316 |
| - Decrease/(increase) in inventories | | (7,266) | (6,357) |
| - Decrease/(increase) in trade and other receivables | | (14,729) | 499 |
| - Decrease/(increase) in receivables from affiliated companies | | (57) | 0 |
| - Decrease/(increase) in other assets | | (5,729) | (661) |
| - Decrease/(increase) in prepayments | | (6) | (54) |
| - Increase/(decrease) in provisions | | (129) | 225 |
| - Increase/(decrease) in other liabilities | | 649 | 1,049 |
| - Increase/(decrease) in trade payables | | 31,233 | (1,284) |
| - Increase/(decrease) in contractual liabilities | | 0 | (223) |
| - Increase/(decrease) in prepayments received | | 132 | 0 |
| Interest paid | | (1,487) | (72) |
| Income taxes paid | | (65) | (2) |
| **Net operating cash flows** | | **2,752** | **(6,810)** |

**LION E-Mobility Group**

**Consolidated statement of cash flows for the year ended 31 December 2023**

| | Notes | EUR 2023 | EUR 2022 |
|---|---|---|---|
| Purchase of property, plant and equipment | 15 | (3,466) | (1,974) |
| Proceeds from sale of intangible assets | | 121 | 0 |
| Purchase of intangible assets | 16 | (8,467) | (828) |
| Proceeds from repayments of loans and other financial assets | 18 | 840 | 0 |
| Purchase of loans and other financial assets | | (660) | 0 |
| Interest received | | 784 | 58 |
| **Cash flow from investing activities** | | **(10,849)** | **(2,744)** |
| Proceeds from issue of shares | 20 | 0 | 289 |
| Contributions to the capital reserve | | 164 | 5,769 |
| Proceeds from shareholder borrowings | 25 | 0 | 6,000 |
| Repayments of liabilities from shareholder borrowings | | 0 | (433) |
| Proceeds from liabilities to banks | | 10,000 | 0 |
| Transaction costs related to loans and borrowings | | (243) | 0 |
| Lease payments | 19 | (459) | (272) |
| **Cash flow from financing activities** | | **9,462** | **11,353** |
| **Net change in cash and cash equivalents** | | 1,365 | 1,799 |
| Cash and cash equivalents as at 1 January | | 3,034 | 1,237 |
| Effect of exchange rate changes on cash and cash equivalents | | 12 | (1) |
| **Cash and cash equivalents as at 31 December** | | **4,411** | **3,034** |

# Note

## Section 1: Basis of preparation

### 1. Reporting Company

LION E-Mobility AG (hereinafter also referred to as the “Company”) was founded on 31 May 2011. It is registered in the Commercial Register of the Canton of Zug, Switzerland, under company number CH-170.3.035.791.2 and has its registered office at Lindenstrasse 16, 6340 Baar until 30 June 2023. Since 1 July 2023, the registered office is located at Chamerstrasse 172, 6300 Zug. The Company’s activities are subject to Swiss corporate law.

LION E-Mobility AG acts as the ultimate parent company of the LION E-Mobility Group (hereinafter also referred to as “LION”) and holds 100 per cent of the share capital of the German companies LION Smart GmbH, a developer, producer and distributor of battery packs and related services and LION Smart Production GmbH, a developer, producer and distributor of battery packs and related services. In addition, LION holds 100 per cent of the share capital of LION E-Mobility North America Inc. headquartered in New York and LION Smart North America Inc. headquartered in Michigan.

The Group specialises in development services for original equipment manufacturers (OEMs) in the automotive industry, their suppliers and other industries, as well as consulting in the field of lithium-ion storage technology and the operation of test rigs and test laboratories for electrical storage systems.

The main business activities in 2023 are carried out within the subsidiary LION Smart GmbH, which develops and sells battery packs and battery management systems, and its associate TÜV SÜD Battery Testing GmbH, which tests and certifies storage systems for electrical energy.

In addition, the company develops individual electrification solutions for commercial vehicles (buses and trucks) in which ready-made battery storage systems are used. The business activity of LION Smart Production GmbH, which was founded in 2022, commenced in 2023.

LION E-Mobility North America Inc. was established in June 2017 and operated primarily as a sales support company. In 2023 the company had no material activities.

LION Smart North America Inc. was established in June 2022 and operates primarily as a sales support company.

For more information, see Note 26 (Subsidiaries structure).

The Company’s reporting period begins on 1 January and ends on 31 December each year.

## 2. Basis of accounting

The consolidated financial statements were authorised for issue by the Board of Directors on 27 June 2024. The consolidated financial statements of LION E-Mobility AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

According to the Swiss Code of Obligations, the company is not required to prepare consolidated financial statements. It has prepared them voluntarily.

The consolidated financial statements have been prepared on the basis of historical acquisition and manufacturing costs, except in cases where a standard or an interpretation requires a different measurement basis for a financial statement item.

## 3. Functional and presentation currency

These consolidated financial statements are presented in euros, the company's functional currency. All financial information presented in euros has been rounded to the nearest thousands, except where otherwise indicated.

The Company has used the following foreign currency exchange rates for translation purposes in the consolidated financial statements:

| Local currency | Exchange rate | 2023 | 2022 |
|---|---|---|---|
| USD | Closing date | 0.9050 | 0.9376 |
| | Average | 0.9172 | 0.9467 |

## 4. Consolidation principles

### (a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### (b) Loss of control

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any retained interest in the former subsidiary is measured at fair value at the date on which control is lost.

### (c) Investments accounted for using the equity method

The Group’s investments in financial assets accounted for using the equity method include investments in an associate.

Associates are entities in which the Group has significant influence, but neither control nor joint control over the financial and operating policies.

Investments in associates are accounted for using the equity method. They are initially recognised at acquisition cost, including transaction costs. After initial recognition, the consolidated financial statements include the Group’s share of the comprehensive income of the investments accounted for using the equity method until the date on which significant influence or joint control ceases.

### (d) Transactions eliminated on consolidation

Intragroup balances and transactions and all unrealised income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised gains on transactions with companies accounted for using the equity method are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same manner as unrealised gains, but only if there is no indication of impairment.

## 5. Material accounting policies, key judgements and estimates applied

### (a) Material accounting policies

This section describes the material accounting policies applied to the consolidated financial statements in full. Historical acquisition and production costs are used as the measurement basis, except in cases where a standard or interpretation requires a different measurement basis for a financial statement item. In such cases, this is explicitly stated in the accounting policies. In cases where an accounting policy can be specifically assigned to a note, this is explained in the corresponding note.

These financial statements are the IFRS consolidated financial statements of the LION E-Mobility Group.

This section also explains the impact of new IFRS standards and interpretations and whether they are already in effect for these financial statements or will come into effect at a later date. It also explains how future changes are expected to affect the consolidated financial statements and the Group's performance.

**Distinction between current and non-current items in the balance sheet**

The balance sheet is classified according to the maturity of the assets and liabilities. Assets and liabilities are generally considered to be current if they are due within one year. This applies analogously if they are due or are to be sold within the normal business cycle of the company or group, beginning with the acquisition of the resources necessary for the service production process and ending with the receipt of cash or cash equivalents as consideration for the sale of the products or services produced in this process.

**Foreign currency**

*Transactions in foreign currencies*

Transactions in foreign currencies are translated into the subsidiary's functional currency at the spot rate on the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the reporting date are translated into the functional currency at the closing rate. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate prevailing at the date when the fair value is determined. Non-monetary items that are measured at historical acquisition and production cost in a foreign currency are translated using the exchange rate at the date of the transaction. Currency translation differences are generally recognised in profit or loss for the period and reported within finance costs.

*Foreign operations*

Assets and liabilities arising from foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into euros at the closing rate at the reporting date. Income and expenses from foreign operations are translated using the exchange rate at the date of the transaction.

Currency translation differences are recognised in other comprehensive income and reported in the currency translation reserve in equity.

**(b) Amendments to International Financial Reporting Standards and Interpretations not yet in effect**

International Financial Reporting Standards and Interpretations published in 2022 were applied from the beginning of the 2023 financial year:

| Standard or Interpretation | Effective from |
|---|---|
| **IAS 1 and IFRS practice statement 2 – Disclosure of accounting policies.** | 1 January 2023 |
| **IAS 8 – Definition of accounting estimates.** | 1 January 2023 |
| **IAS 12 – Deferred tax related to assets and liabilities arsing from a single transaction.** | 1 January 2023 |
| **IFRS 17 – Insurance contracts** | 1 January 2023 |

The amendments apply for the first time in 2023, but do not have a material impact on the consolidated financial statements of the Group.

New standards or interpretations and revision and amendment of standards and interpretations that were not yet effective as of 31 December 2023:

| New standards or interpretations | Effective date (IASB) |
|---|---|
| **IFRS 18 – Presentation and disclosure in financial statements.** | 1 January 2027 |

| Revision and amendment of standards and interpretations | Effective date (IASB) |
|---|---|
| **IAS 1 – Non-current liabilities with covenants and classification of liabilities as current or non-current.** | 1 January 2024 |
| **IFRS 16 - Lease liability in a sale and leaseback.** | 1 January 2024 |
| **IAS 7 and IFRS 7 – Supplier finance arrangements** | 1 January 2024 |
| **IAS 21 – lack of exchangeability** | 1 January 2025 |

Certain new accounting standards and interpretations were issued that are not effective for 2023. LION E-Mobility AG will adopt these when they become mandatory. From the current point of view they are not expected to have a material impact in future reporting periods. The application of IFRS 18 for years beginning on or after 1 January, 2027 will significantly impact the presentation of the Group's financial statements. Even though early adoption is permitted, the Group does not plan on applying the requirements of IFRS 18 before the required date.

**(c) Discretionary decisions and estimation margins**

In preparing the consolidated financial statements in accordance with IFRS, the Company's management has made estimates and assumptions that affect the applicable accounting policies and the amounts recognised in assets, liabilities, income and expenses and their presentation. These estimates and assumptions are based on historical experience and other factors that are considered reasonable under the circumstances. Actual values may differ from these estimates. The estimates and assumptions are continually reviewed. Changes may be necessary if the circumstances on which the estimates are based have changed or if new information and additional findings become available. Such changes are recognised in the period in which the estimate is revised.

The key assumptions concerning future developments and the key sources of estimation uncertainty that could require significant adjustments to the book values of assets and liabilities are discussed in further detail in the following notes:

a. Intangible assets See Note 16

**d) Going concern assumption**

The LION E-Mobility Group does not consider its ability to continue as a going concern to be at risk. Those responsible for the management of the Company are of the opinion that the forecast calculations for the years 2024 to 2025 show sufficient coverage of the costs of building up the Group's business. In addition to the existing major clients, new clients were added to the client portfolio. The Group expects a significant increase in revenue in the next financial year as well.

In 2022 LION E-Mobility AG founded the subsidiary LION Smart Production GmbH, the purpose of which is in particular the production of batteries as well as their distribution. In May 2023, the group purchased the product and licence for high-voltage battery systems from BMW. At the same time the production plant in Hildburghausen was put into operation.

At the same time, LION's management believes that the Group has sufficient equity and liquidity. LION Group received a new EUR 10m loan from Raiffeisen Bank International in 2023, to ensure sufficient liquidity.

For this reason, the recognition and measurement of assets and liabilities was based on the assumption that the Group will continue as a going concern, refer to section 2 on accounting policies.

# Section 2: Results for the financial year

## 6. Business segments

### (a) Basis of segmentation

The Group operates in one industry segment, which comprises the development and sale of batteries and related consulting services. Resources are allocated and performance is assessed at Group level. The Group is not organisationally divided into different business units, either in terms of management structure or in terms of internal reporting. The chief operating decision maker (CODM) is the Executive Board of the company.

### (b) Company-wide disclosures and disaggregation of sales revenue

The Group operates in the sales markets of Germany, Europe (excl. Germany), USA, Canada and Rest of world. All sales markets have been aggregated as they have similar economic characteristics and similar framework conditions. Accordingly, they are not further disaggregated below. Revenues with industrial customers were realised in:

| | 1 January to 31 December | |
|---|---|---|
| **in kEUR** | **2023** | **2022** |
| Germany | 16,035 | 2,574 |
| Europe (excl. Germany) | 15,814 | 12,167 |
| Rest of the World | 16,225 | 133 |
| Canada | 5,057 | 37,608 |
| USA | 2,922 | 1,278 |
| **Total** | **56,053** | **53,760** |

The main non-current assets of the Group are located in Germany.

The Group achieved sales success with the following major customer groups:

| | 1 January to 31 December | |
|---|---|---|
| **in kEUR** | **2023** | **2022** |
| **Revenues** | | |
| Mobility | 33,009 | 39,863 |
| Storage | 22,930 | 13,825 |
| Other | 114 | 72 |
| **Total** | **56,053** | **53,760** |

## 7. Revenue recognition

The Group derives its revenue primarily from the sale of battery products, battery development consulting services and the development of battery products.

Revenue is recognised when control is transferred to the customer in accordance with IFRS 15 (control) and it must be probable that the customer will receive consideration. Typically, LION's customer contracts only contain one performance obligation each, which is fulfilled either over a period of time or at a specific point in time. In the case of sales of customer-specific products without an alternative benefit for LION, for which LION has a legal claim to payment for services already rendered prior to delivery, revenue is recognised over time. The stage of completion is determined using the cost-to-cost method. If a period-related revenue recognition is not possible, the revenue is generally recognised upon delivery and transfer of related risks and rewards to the buying party. The Group assesses on a contract-by-contract basis whether it is acting as a principal or agent. For all sales transactions that occurred in financial years 2023 and 2022 the Group was considered to be the party primarily responsible for fulfilling the promise to the customer to provide the products, to have full discretion in establishing the price for the products and to bear inventory risks (including back-end inventory risks), as well as additional risks such as the credit risk.

The following table provides information on receivables, contract assets and contract liabilities.

| | **31 December** | |
|---|---|---|
| **in kEUR** | **2023** | **2022** |
| Receivables included in trade and other receivables | 17,085 | 2,355 |
| Contract assets | 74 | 35 |
| Contract liabilities | 163 | 30 |

Trade receivables relate to claims due from clients.

Contract assets relate to uncompleted projects with clients. As at the balance sheet date, the projects are valued at direct staff costs, material costs and appropriate overheads.

The contractual obligations as at the balance sheet date mainly relate to advance payments received from customers on the basis of agreed development and service contracts. In the 2023 financial year, the contract liabilities of kEUR 30 reported as of 31 December 2022 have been fully recognised as revenue.

The changes in contract liabilities result from the total of newly agreed development and service contracts with customers less completed projects and thus realised revenue.

## 8. Other operating income and expenses

### (a) Other operating income

| in kEUR | 1 January to 31 December 2023 | 1 January to 31 December 2022 |
|---|---|---|
| Income from the reversal of provisions | 81 | 95 |
| Other operating income | 649 | 67 |
| Non-cash benefit | 61 | 47 |
| Income relating to other periods | 6 | 110 |
| Research grant | 660 | 0 |
| Government grants | 82 | 0 |
| **Total** | **1,538** | **318** |

The government grant amounting to kEUR 82 received during 2023 financial year relates to a reimbursement of the purchase price of electricity. Lion received tax credits for research activities to the amount of kEUR 660, that are expected to be realized over the following years.

### (b) Other operating expenses

| in kEUR | 1 January to 31 December 2023 | 1 January to 31 December 2022 |
|---|---|---|
| Business consulting | 1,101 | 1,581 |
| Insurance | 494 | 710 |
| Occupancy costs | 434 | 313 |
| Auditing, tax advice, accounting services | 480 | 244 |
| Legal advice | 283 | 240 |
| Repairs and maintenance | 427 | 163 |
| Advertising and travel costs | 294 | 127 |
| Vehicle cost | 80 | 67 |
| Stock exchange imposed fees | 0 | 60 |
| Cost of delivery | 88 | 1 |
| Losses from the disposal of fixed assets | 167 | 0 |
| Other | 1,055 | 671 |
| **Total** | **4,901** | **4,176** |

## 9. Earnings per share

### (a) Material accounting policies

The calculation of basic earnings per share is based on the profit attributable to the shareholders of LION E-Mobility AG and a weighted average number of shares outstanding, as shown below.

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjusting for any dilutive effects of potential ordinary shares, as shown below. There is no diluting effect as LION is in a loss situation.

### (b) Attribution of profit (loss) per shareholder (basic and diluted)

| | **1 January to 31 December** | |
|---|---|---|
| | **2023** | **2022** |
| **Denominator** | | |
| *Loss attributable to equity holders in EUR* | (951,792) | (820,296) |
| **Numerator** | | |
| *Ordinary shares issued as of 1 January* | **12,361,133** | **10,032,633** |
| Effects of treasury shares | (1,500) | (10,500) |
| Effects of newly issued shares during capital increases (Note 20) | 0 | 1,165,000 |
| *Weighted average of ordinary shares as of 31 December* | 12,367,883 | 11,187,133 |
| **Earnings per share, in EUR** | | |
| Basic/diluted | **(0.08)** | **(0.07)** |

# Section 3: Employee benefits

## 10. Employee benefits and share-based payments

### (a) Material accounting policies

**Short-term employee benefits**

Obligations for short-term employee benefits are recognised as an expense when the related service is rendered. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay that amount as a result of employee service rendered and the obligation can be estimated reliably.

**Share-based payment arrangements**

The fair value at grant date of share-based payment arrangements to employees is recognised as an expense with a corresponding increase in equity over the period in which the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the relevant service conditions and performance conditions are expected to be satisfied, so that the final amount recognised as an expense is based on the number of awards that satisfy the relevant service conditions and performance conditions at the end of the vesting period.

**Defined contribution plans**

Obligations for contributions to defined contribution plans are recognised as an expense when the related service is rendered. Prepaid contributions are recognised as an asset to the extent that a right to a refund or a reduction in future payments arises.

**Other long-term employee benefits**

The Group's net obligation with respect to long-term employee benefits is the future benefit that employees have earned in exchange for services rendered in the current and prior periods. These benefits are discounted to determine their present value. Re-measurements are recognised in profit or loss in the period in which they occur.

### (b) Share-based payments

Remuneration of the Board of Directors is paid through the issue of shares of the nominal value by the beneficiaries based on a proposal by the Remuneration Committee, and approval by the Annual General Meeting. The valuation of the allocated shares as at the balance sheet date was based on the last available stock market price, taking into account the number of shares allocated to the Board members.

**(c) Staff obligations**

Staff obligations are as follows:

| | 31 December | |
|---|---|---|
| **in kEUR** | **2023** | **2022** |
| Provisions for holiday and overtime pay | 485 | 258 |
| Other | 69 | 60 |
| **Total staff obligations** | **554** | **319** |

The staff obligations as of 31 December 2023 are shown under provisions kEUR 485 (2022: kEUR 267) as well as under other liabilities kEUR 69 (2022: kEUR 60).

**(d) Staff costs**

| | 1 January to 31 December | |
|---|---|---|
| **in kEUR** | **2023** | **2022** |
| Wages and salaries | 4,925 | 3,299 |
| Social security contributions | 754 | 614 |
| **Total** | 5,679 | 3,914 |

# Section 4: Income taxes

## 11. Deferred taxes and Income taxes

### (a) Material accounting policies

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

**Current tax**

Current tax is the expected tax payable or receivable on the taxable income or tax loss for the year, based on tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable with respect to previous years. The amount of the expected tax liability or tax receivable reflects the best estimate, taking into account tax uncertainties, if any. Current tax liabilities also include any tax liabilities that arise as a result of the assessment of dividends.

Current tax assets and liabilities are netted only under certain conditions.

**Deferred taxes**

Deferred taxes are recognised with respect to temporary differences between the book values of assets and liabilities for Group accounting purposes and the amounts used for tax purposes. Deferred tax is not recognised for

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit.
- temporary differences associated with investments in subsidiaries, associates and jointly controlled entities, provided that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- taxable temporary differences on initial recognition of goodwill.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilised. Future taxable profits are determined on the basis of the reversal of taxable temporary differences. If the amount is not sufficient to fully capitalise deferred tax assets, the future taxable profits (taking into account the reversal of temporary differences) are determined on the basis of the subsidiaries' individual business plans. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised; reversals are made when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that future taxable profit will allow them to be recovered.

Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, using tax rates enacted or substantively enacted at the balance sheet date. Deferred taxes reflect any uncertainty in income taxes.

The measurement of deferred tax reflects the tax consequences that would follow from the Group's expectations regarding the manner in which the book values of its assets will be recovered, or its liabilities settled at the reporting date.

Deferred tax assets and deferred tax liabilities are offset when certain conditions are met.

**(b) Taxes recognised in profit or loss**

| | 1 January to 31 December | |
|---|---|---|
| **in kEUR** | **2023** | **2022** |
| ***Actual tax income (expense)*** | | |
| Current year | (58) | (36) |
| Adjustments for previous years | 0 | 0 |
| | (58) | (36) |
| ***Deferred tax income (expense)*** | | |
| Deferred tax liabilities due to temporary differences | (82) | (227) |
| Reduction in tax rate | 0 | 0 |
| Deferred tax assets due to tax losses | 818 | 101 |
| Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences | 0 | 0 |
| | 737 | (126) |
| **Total tax income (expense)** | **679** | **(162)** |

The capitalisation of deferred taxes is based on the positive business expectations for the coming years. In addition, loss carry-forwards at the operating companies in Germany (LION Smart GmbH and LION Smart Production GmbH) can be carried forward indefinitely. This applies to corporation tax as well as trade tax and the solidarity surcharge. The tax rate was set at 30%.

**(c) Reconciliation of the effective tax rate**

The applicable tax rate corresponds to the average tax rate of the Group companies. There are no significant reconciliation items to the effective tax rate in 2023 and 2022. The average tax rate of the operating companies, LION Smart GmbH and LION Smart Production GmbH, is approximately 30% (corporation tax, trade tax, solidarity surcharge).

**(d) Changes in deferred taxes in the balance sheet during the year**

The change in deferred taxes results solely from the capitalisation of development expenses and the changes in tax loss carry-forwards due to the net income (LION Smart Production GmbH) respectively net losses (LION Smart GmbH) generated for the year.

**(e) Unrecognised deferred tax assets**

Deferred tax assets have not been recognised with respect to the following items as it is not probable that future taxable profit will be available against which the Group can utilise the deferred tax assets. The following loss carry-forwards of the LION E-Mobility Group were not recognised as tax assets:

| Company | Total | 2023 | 2017-2022 |
|---|---|---|---|
| **LION E - Mobility AG,**<br>**Baar, Switzerland** | | | |
| Accumulated losses, CHF | (7,379) | (869) | (6,510) |
| Losses usable, CHF | (7,379) | (869) | (6,510) |
| **LION E-Mobility North America INC.** | | | |
| Accumulated losses, USD | (29) | - | (29) |
| Losses usable, USD | (29) | - | (29) |
| **LION Smart North America INC.** | | | |
| Accumulated losses, USD | (184) | (20) | (164) |
| Losses usable, USD | (184) | (20) | (164) |

# Section 5: Assets

## 12. Trade and other receivables

### (a) Material accounting policies

Trade and other receivables are recognised from the date on which they are incurred. Trade and other receivables without a significant financing component are initially recognised at transaction price and subsequently measured at amortised acquisition cost. Impairment losses on trade and other receivables are always measured at the amount of the expected credit loss over the term of the receivable. Further information on impairments and existing credit and market risks can be found in note 25.

### (b) Composition of trade and other receivables

| | 31 December | |
|---|---|---|
| **in kEUR** | **2023** | **2022** |
| Trade receivables (third parties) | 17,085 | 2,355 |
| Other receivables | 7,823 | 2,045 |
| **Total** | **24,908** | **4,400** |

Trade receivables relate to (partially) invoiced projects with customers. Due to an increase in sales in the last quarter of the reporting period, the trade receivables increased significantly in comparison to the previous year.

LION has no history of write-offs on trade receivables as of each reporting date based on which an allowance for expected credit losses (“ECL”) can be calculated. In addition, as of each reporting date, no trade receivables where overdue and no default events occurred. Therefore, LION foregoes the recognition of a loss allowance for ECL on trade receivables, as there is no basis to calculate the allowance on.

Other receivables mainly relate to refund claims from input tax.

## 13. Inventories

### (a) Material accounting policies

Raw materials, work in progress, and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor, an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on a basis of normal operating capacity and bringing each product to its present location and condition. Inventories are measured at their weighted average cost. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is estimated as cross selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### (b) Composition of inventories

| | 31 December | |
|---|---|---|
| **in kEUR** | **2023** | **2022** |
| Raw materials, consumables and supplies | 11,461 | 269 |
| Work-in-progress | 6 | 0 |
| Finished goods | 2,313 | 6,245 |
| **Total** | **13,780** | **6,514** |

The Group did neither recognize any inventory write-offs during the reporting period nor during the previous reporting periods. Due to an increase in the production of the Group, the raw materials increased and the finished goods decreased as most stock got sold during the last quarter of 2023.

## 14. Cash and cash equivalents

Cash and cash equivalents consist exclusively of bank balances.

## 15. Property, plant and equipment and right-of-use assets

### (a) Material accounting policies

**Recognition and measurement**

Property, plant and equipment are measured at acquisition and production cost less accumulated depreciation and accumulated impairment losses. Assets with an acquisition cost of between EUR 250 and EUR 1,000 are combined in a collective item and depreciated over a period of five years. If this is not reached, the expenditure is recognised directly in the income statement. Expenditure is only capitalised if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

If parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on the disposal of an item of property, plant and equipment is recognised in profit or loss.

Government grants related to assets are initially recognized as a reduction in the cost of the asset if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

**Depreciation**

Depreciation is calculated to write off the acquisition and production costs of items of property, plant and equipment, less their estimated residual values, on a straight-line basis over the period of their estimated useful lives. Depreciation is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives for the current year and comparative years of significant items of property, plant and equipment are:

- Machinery 7 years
- Vehicle fleet 3-4 years
- Leasehold improvements 3-8 years
- Computers 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

### (b) Reconciliation of book value of Property, plant and equipment

| | Property, plant and equipment | | | | |
|---|---|---|---|---|---|
| **in kEUR** | **Technical, plants and machinery** | **Fittings, fixtures and equipment** | **Land, land rights and buildings** | **Advanced payments, assets under construction s** | **Total Property, plant and equipment** |
| **Acquisition and production costs** | | | | | |
| Balance as of 1 January 2022 | 136 | 846 | 0 | 0 | 982 |
| Additions | 5 | 151 | 0 | 1,819 | 1,974 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| **Balance as of 31 December 2022** | **141** | **997** | **0** | **1,819** | **2,956** |
| Additions | 802 | 2,225 | 439 | 0 | 3,466 |
| Reclassification | 1,819 | 0 | 0 | (1,819) | 0 |
| Disposals | (104) | (568) | 0 | 0 | (672) |
| **Balance as of 31 December 2023** | **2,658** | **2,653** | **439** | **0** | **5,750** |
| **Accumulated depreciation and impairment losses** | | | | | |
| Balance as of 1 January 2022 | 58 | 568 | 0 | 0 | 626 |
| Depreciation | 14 | 94 | 0 | 0 | 109 |
| Impairment losses | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| **Balance as of 31 December 2022** | **72** | **663** | **0** | **0** | **735** |
| Depreciation | 125 | 173 | 5 | 0 | 304 |
| Impairment losses | 0 | 0 | 0 | 0 | 0 |
| Disposals | (57) | (449) | 0 | 0 | (506) |
| **Balance as of 31 December 2023** | **141** | **387** | **5** | **0** | **532** |
| **Book values** | | | | | |
| As of 1 January 2022 | 79 | 277 | 0 | 0 | 356 |
| As of 31 December 2022 | 69 | 334 | 0 | 1,819 | 2,221 |
| **As of 31 December 2023** | 2,517 | 2,267 | 434 | 0 | 5,217 |

The Group received an investment grant (from the subsidy program “Improvement of regional economic structure”) in the amount of kEUR 780 from a government entity (the “Thüringer Aufbaubank”) for the purchase and investment in technical plants and machinery in 2023. LION has fulfilled the conditions for obtaining the grant and there are no further unfulfilled conditions or contingencies related to the grant. The grant was recognized as a reduction to the cost of its carrying amount.

## 16. Intangible assets

### (a) Material accounting policies

**Recognition, measurement and amortisation of development assets**

Following initial recognition, acquired intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Cost includes any expenditures that are directly attributable to the acquisition of the asset, including costs incurred to prepare the asset for its intended use.

Intangible assets with limited useful lives are generally amortized on a straight-line basis over their respective expected useful lives to their estimated residual values and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The expected useful life for externally-purchased licenses and similar rights corresponds to 12 years. Amortization methods and useful lives are reviewed at least annually and adjusted prospectively, if appropriate.

Government grants related to assets are initially recognized as a reduction in the cost of the asset if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only when the development costs can be measured reliably, the product or process is technically and commercially suitable, future economic benefits are likely and the Group both intends and has sufficient resources to complete development and to use or sell the asset. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at acquisition and production cost less accumulated amortisation and accumulated impairment losses.

The development expenditure capitalised as of 31 December 2023 is not yet ready for use and is therefore not yet subject to amortisation. The useful life is estimated at the time of readiness for use and reviewed on each balance sheet date.

Intangible assets not yet ready for use are reviewed annually for impairment.

Management believes that no possible reasonable change in any of the key assumptions would lead to a situation where the recoverable amounts fall below the respective carrying amount.

### (b) Key assumptions for value in use calculation

In the annual review process to determine whether the intangible asset not yet ready for use require and impairment, the value in use of these intangible assets is calculated. For this calculation LION applies the following key assumptions.

**Sales growth**

Management based its assumptions on information available at the time of the preparation of the financial statements and assumes that sales will continue to grow in 2024 in line the Management’s expectations. For the forecast period, LION assumes a growth rate of around 11 %. Due to the underlying nature of the Groups product, LION expects climate change and environmental policies to positively influence the sales of the Group as demand for e-mobility and batteries will increase over the following years.

**Discount rates**

The cash flows are discounted using a weighted average cost of capital ("WACC") rate composed of: a risk free rate, credit spread, re-levered beta, and an equity risk premium.

## (c) Reconciliation of book value

| in kEUR | Concessions, intellectual property rights, other rights and licences | Development costs | Total |
|---|---|---|---|
| **Acquisition and production costs** | | | |
| Balance as of 1 January 2022 | 226 | 2,417 | 2,643 |
| Additions from acquisition | 70 | 0 | 70 |
| Additions from internal development | 0 | 758 | 758 |
| Disposals | 0 | 0 | 0 |
| **Balance as of 31 December 2022** | **296** | **3,175** | **3,471** |
| Additions from acquisition | 5,346 | 0 | 5,346 |
| Additions from internal development | 0 | 2,943 | 2,943 |
| Disposals | (1) | 0 | (1) |
| **Balance as of 31 December 2023** | **5,641** | **6,118** | **11,759** |
| **Accumulated depreciation and impairment losses** | | | |
| Balance as of 1 January 2022 | 163 | 0 | 163 |
| Amortisations | 33 | 0 | 33 |
| Impairment losses | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 |
| **Balance as of 31 December 2022** | **196** | **0** | **196** |
| Amortisations | 281 | 0 | 281 |
| Impairment losses | 0 | 0 | 0 |
| Disposals | (1) | 0 | (1) |
| **Balance as of 31 December 2023** | **476** | **0** | **476** |
| **Book values** | | | |
| As of 1 January 2022 | 63 | 2,417 | 2,480 |
| As of 31 December 2022 | 100 | 3,175 | 3,275 |
| **As of 31 December 2023** | 5,164 | 6,118 | 11,283 |

The Group received an investment grant (from the subsidy programm “Improvement of regional economic structure”) to the amount of kEUR 1.078 from a government entity (the “Thüringer Aufbaubank”) for the purchase and investment in the license that it acquired during 2023. LION has fulfilled the conditions for obtaining the grant and there are no further unfulfilled conditions or contingencies related to the grant. The grant was recognized as a reduction to the cost of the carrying amount of the licence.

## 17. Investments in associates

### (a) Material accounting policies

The significant accounting and consolidation policies for investments accounted for using the equity method are disclosed in Note 4.

### (b) Reconciliation of book value

| in kEUR | 2023 | 2022 |
|---|---|---|
| Financial assets accounted for using the equity method | | |
| **Book value as of 1 January** | **4,427** | **4,384** |
| - Proportionate result | 660 | 43 |
| **Book value as of 31. December** | **5,087** | **4,427** |

The shares in TÜV SÜD Battery Testing GmbH (TSBT) of thirty percent, held directly by LION Smart GmbH, Garching, have been accounted for using the equity method in accordance with IFRS.

The table below summarises the financial information of TSBT.

| in kEUR | 2023 | 2022 |
|---|---|---|
| **Ownership interest** | **30%** | **30%** |
| Non-current assets | 14,864 | 16,297 |
| Current assets | 7,513 | 6,103 |
| Non-current liabilities | (2,200) | (4,000) |
| Current liabilities | (2,579) | (3,713) |
| Current provisions | (1,919) | (1,207) |
| Net assets (at 100%) | 15,679 | 13,480 |
| Turnover | 16,100 | 11,429 |
| Profit before taxes | 3,048 | 224 |
| Taxes on income and earnings | 849 | (81) |
| Net profit for the year | 2,199 | 143 |
| **Group share of total comprehensive income (30%)** | 660 | 43 |

## 18. Loans and other financial assets

| in kEUR | 2023 | 2022 |
|---|---|---|
| Loans to associates (in balance sheet item, loans and other financial assets) | | |
| **Book value as of 1 January** | **2,040** | **2,040** |
| Repayment | 840 | - |
| **Book value amount as of 31 December** | **1,200** | **2,040** |

The loans amounting to kEUR 2,040 relate to TÜV SÜD Battery Testing GmbH, in which LION Smart GmbH holds 30% of the shares. Loan 1, with a nominal value of kEUR 1,140, matures on 30 November 2026 and bears interest at 1.75% above the 3-month EURIBOR. Loan 2, with a nominal value of kEUR 1,260, was disbursed in two tranches in December 2019 and January 2020. It matures on 30 November 2025 and bears interest at 3.00% above the 3-month EURIBOR. During 2023 TÜV SÜD Battery Testing repaid kEUR 840 in accordance with the repayment schedule which decreased the carrying amount of the loan.

As in the previous year, the loans as of 31 December 2023 were to companies in which a participating interest was held.

The non-current loans of kEUR 660 are reported under non-current assets, the remainder of kEUR 540 is current and accordingly reported under current assets. The total book value amount of kEUR 1,200 corresponds to the estimated fair value at the balance sheet date.

## 19. Leases

### (a) Material accounting policies

***As lessee***

**Initial measurement**

Leases are recognised as right-of-use assets and corresponding lease liabilities from the date on which the leased asset is available for use by the Group.

**Initial measurement of lease liabilities**

Lease liabilities are recognised at the present value of the outstanding lease payments at the inception of the lease, discounted at the Group's incremental borrowing rate because the interest rates implicit in the leases are not readily determinable.

To determine its incremental borrowing rate, the Group obtains interest rates from various external financial sources and makes certain adjustments to reflect the lease terms and the nature of the asset.

**Initial measurement of the right-of-use asset**

At the date of provision, the Group measures the right-of-use asset at acquisition costs. These include:

- the amount of the initial measurement of the lease liability;
- any lease payments made on or before the commencement date, net of any lease incentives received;
- any initial direct costs incurred; and
- an estimate of the costs incurred to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to the condition required by the lease terms, if such costs are not incurred to produce inventory.

**Subsequent measurement**

I. **Right-of-use asset:** A right-of-use asset is measured at acquisition cost less any depreciation and any accumulated impairment losses and adjusted for any revaluation of the lease liability.

II. **Lease liability:** Lease liability is measured at amortised book value using the effective interest method. The book value of the lease liability is subsequently increased to reflect interest on the lease liability and decreased to reflect lease payments made (and possibly remeasured to reflect reassessments or lease modifications or to reflect revised substantive fixed lease payments).

Each lease payment is apportioned between the liability and finance costs. Finance costs are recognised in profit or loss over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Related payments are presented in the operating cash flow.

**Amortisation of right of use assets**

The Group amortises right-of-use assets on a straight-line basis. The amortisation period is the period from the date of origination to the earlier of the end of the asset's useful life and the end of the lease term.

**Short-term leases and leases of low-value assets**

Payments related to short-term leases and leases of low-value assets are recognised as an expense in the income statement on a straight-line basis. Short-term leases are leases with a lease term of 12 months or less. Low-value assets include equipment and small office equipment items with an individual asset value of less than EUR 5,000.

**(b) Information on the Group's leasing activities**

***As lessee***

**Amounts recognised in the balance sheet**

The balance sheet shows the following amounts with respect to leases:

| | **As of 31 December** | |
|---|---|---|
| **in kEUR** | **2023** | **2022** |
| **Rights-of-use assets** | **1,127** | **1,416** |
| Buildings | 932 | 1,344 |
| Company vehicles | 196 | 72 |

During the 2023 financial year additional right-of-use assets to the amount of kEUR 178 were recognized for new lease contracts.

**Maturities of lease liabilities**

| in kEUR | As of 31 December 2023 | 2022 |
|---|---|---|
| **Maturities** | | |
| Up to one year | 355 | 297 |
| One to five years | 968 | 1,040 |
| More than five years | 0 | 115 |

**Amounts recognised in the income statement**

The following amounts from leases are recognised in the income statement:

| in kEUR | For the financial year 2023 | 2022 |
|---|---|---|
| **Amortisation of right-of-use assets** | 346 | 238 |
| Buildings | 291 | 215 |
| Company vehicles | 55 | 23 |

| in kEUR | 31 December 2023 | 2022 |
|---|---|---|
| Interest expenses for lease liabilities | 89 | 52 |

**Amounts recognised in the cash flow statement**

The following amounts from leases are reported in the cash flow statement:

| in kEUR | For the financial year 2023 | 2022 |
|---|---|---|
| Total cash outflows for leases | 459 | 272 |

# Section 6: Equity and liabilities

## 20. Share capital and reserves

### (a) Subscribed capital and capital reserves

The shareholders of LION E-Mobility AG are entitled to the dividend declared in each case and to one vote per share at the Company's general meetings. With regard to the shares in the Company held by Group companies, all rights are suspended until such shares are reissued.

The share capital of LION E-Mobility AG at the balance sheet date is EUR 1,451,492 (CHF: 1,348,001) (previous year: EUR 1,451,492; CHF 1,430,988) and is divided into 12,362,633 bearer shares (previous year: 12,362,633) with a par value of EUR 0.12 (CHF 0.13).

| | Number of shares | Share capital (EUR) | Share capital (CHF) |
|---|---|---|---|
| Balance as of 1 January 2023 | 12,362,633 | 1,451,492 | 1,607,142 |
| Balance as of 31 December 2023 | 12,362,633 | 1,451,492 | 1,607,142 |

### (b) Conditional capital

As of 31 December 2023, LION E-Mobility AG has conditional capital of a maximum of CHF 780,584 registered shares with a par value of CHF 0.13 each to be fully paid up. Only employees of the Company and of subsidiaries are entitled to subscribe.

### (c) Capital band

At the Annual General Meeting held on 28 June 2023, the Articles of Association were revised and the authorized capital was cancelled. Instead a capital band was introduced, authorizing the issue of 3,000,000 shares at a nominal value of CHF 0.13 per share and increasing the share capital by CHF 390,000.

On 8 June 2022, the Board of Directors exercised its right under the previously authorized capital and issued 2,330,000 new registested shares at CHF 0.13 each at an issue price of CHF 2.60.

### (d) Nature and purpose of the reserves

The capital reserve of EUR 20,670,214 (2022: EUR 20,670,214) includes contributions made by shareholders during capital increases.

The exchange rates reserve includes all foreign currency differences due to the translation of financial statements of foreign companies into EUR.

The treasury shares reserve includes the acquisition costs of the Company's shares held by the Group. As of 31 December 2023, the Group held 1,500 shares in the Company (2023: 10,500 shares).

The reserves for the SOP programme reported under capital reserves relate to the shares issued for employees of LION Smart GmbH and the Board of Directors of LION E-Mobility AG.

## 21. Capital management

The Group considers capital to be a strategic and scarce resource that plays a critical role in achieving its strategic objectives. Capital is the basis for building trust with shareholders and other stakeholders. To meet its legal obligations, the Company’s management periodically monitors capital adequacy and increases the amount of share capital through contributions from strategic investors in the interest of sustainable development.

## 22. Financial liabilities

| | 31 December | |
|---|---|---|
| **in kEUR** | **2023** | **2022** |
| Financial liabilities to banks | 9,793 | - |
| Financial liabilities to shareholders | 6,738 | 6,018 |
| **Total** | **16,531** | **6,018** |

As of each of the reporting dates, the Group held a loan with a total nominal amount of kEUR 6,000 from a shareholder with a fixed interest rate of 12% p.a., the loan is repayable as of December 31, 2024.

In July 2023, LION acquired a loan from a bank to the amount of kEUR 10,000 with an interest rate consisting both of a variable and fixed component. The variable component is based on the 3-Month EURIBOR rate and is revised every three months, which corresponds to the interest period of the loan. The difference between the carrying amount and the principal amount is due to the measurement of the liability by applying the effective interest rate method.

The liabilities to banks underly a covenant that is related to the Group meeting certain goals on revenue. No breaches of the covenant occurred during the reporting period. Additionally, LION expects that the covenant will be met until final maturity of the loan.

Both loans are subsequently measured at amortized cost by applying the effective interest rate method. During the financial years 2023 and 2022, LION recognized kEUR 1,362 and kEUR 18 respectively for interest expense resulting from applying the effective interest rate method to the loans.

## 23. Trade payables and other liabilities

### (a) Material accounting policies

Trade and other payables are recognised and measured at nominal value.

| | 31 December | |
|---|---|---|
| in kEUR | 2023 | 2022 |
| Trade payables | 35,817 | 4,584 |
| Other liabilities | 1,361 | 1,395 |

Trade payables relate to service relationships with suppliers and service providers, whereby the invoices are not due until the new year.

Other liabilities mainly include VAT-liabilities.

## 24. Provisions

### (a) Material accounting policies

The amount of provisions is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the interest effect and the risks specific to the liability. The compounding of interest is presented as a finance cost.

Staff costs provisions mainly relate to holiday not yet taken, overtime and variable income components. In addition, provisions are recognised for outstanding purchase invoices, internal and external audit costs and follow-up costs.

### (b) Details on the provisions

| in kEUR | Staff costs Provisions | Other Provisions | Total |
|---|---|---|---|
| **Balance as of 1 January 2023** | 281 | 577 | 857 |
| Provisions formed | 945 | 402 | 1,347 |
| Provisions used | 681 | 633 | 1,314 |
| Reversals | 53 | 180 | 233 |
| **Balance as of 31 December 2023** | **492** | **166** | **657** |
| | | | |
| Non-current | 0 | 0 | 0 |
| Current | 492 | 166 | 657 |
| | **492** | **166** | **657** |

# Section 7: Financial instruments

## 25. Financial instruments - fair values and risk management

### (a) Material accounting policies

**Recognition and initial measurement**

Trade receivables and debt instruments issued are recognised from the date on which they are incurred. All other financial assets and liabilities are recognised for the first time on the trade date when the entity becomes a party to the contract under the contractual terms of the instrument.

A financial asset (other than a trade receivable without a significant financing component) or financial liability is initially recognised at fair value. For an item that is not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue are added to this. Trade receivables without a significant financing component are initially measured at transaction price.

**Classification and subsequent measurement**

*Financial assets - initial recognition*

On initial recognition, a financial asset is classified and measured as follows:

- At amortised acquisition cost
- FVOCI debt instruments (investments in debt instruments measured at fair value with changes in other comprehensive income)
- FVOCI equity investments (equity investments measured at fair value with changes in other comprehensive income)
- FVTPL (at fair value with changes in value recognised in profit or loss)

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing financial assets. In this case, all affected financial assets are reclassified on the first day of the reporting period following the change in business model.

A financial asset is measured at amortised acquisition cost if both of the following conditions are met, and it is not designated as FVTPL:

- It is held within a business model whose objective is to hold financial assets to collect the contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows at specified times that are solely payments of principal and interest on the principal amount outstanding.

All financial assets that are not measured at amortised acquisition cost or FVOCI are measured at FVTPL. At initial recognition, the Group may irrevocably elect to designate financial assets that otherwise qualify for measurement at amortised acquisition cost or FVOCI as FVTPL if doing so would eliminate or significantly reduce accounting mismatches that would otherwise arise.

*Financial assets at amortized cost - subsequent measurement and gains and losses*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised acquisition cost is reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. A gain or loss on derecognition is recognised in profit or loss.

*Financial liabilities - classification, subsequent measurement and gains and losses*

Financial liabilities are classified and measured at amortised cost or fair value through profit or loss (FVTPL). A financial liability is classified at FVTPL if it is a derivative or is designated as such upon initial recognition.

Other financial liabilities are subsequently measured at amortised acquisition cost using the effective interest method. Interest expenses and foreign currency translation differences are recognised in profit or loss. Gains or losses from derecognition are also recognised in profit or loss.

**Derecognition**

*Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the cash flows in a transaction that also transfers substantially all the risks and rewards of ownership of the financial asset.

Derecognition also occurs when the Group neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the transferred asset. The Group conducts transactions in which it transfers recognised assets but retains either all or substantially all of the risks and rewards of the transferred asset. In these cases, the transferred assets are not derecognised.

*Financial liabilities*

The Group derecognises a financial liability when the contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its contractual terms are modified, and the cash flows of the modified liability are significantly different. In this case, a new financial liability is recognised at fair value based on the adjusted terms. When a financial liability is derecognised, the difference between the book value of the liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

*Offsetting*

Financial assets and liabilities are offset and presented in the balance sheet as a net amount when the Group has a present enforceable legal right to offset the recognised amounts and it is intended either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Impairment**

*Financial instruments and contract assets*

The Group recognises allowances for expected credit losses (ECL) for financial assets measured at amortised cost, as well as contract assets.

The Group measures the allowance at the amount of expected credit losses over the life of the asset, except for the following allowances, which are measured at the amount of the 12-month expected credit loss:

- debt instruments that have a low risk of default at the balance sheet date, and
- other debt instruments and bank balances for which the risk of default (for example, the credit loss risk over the expected life of the financial instrument) has not increased significantly since initial recognition.

Allowances for trade receivables and contract assets are always measured at the lifetime expected credit loss.

The Group considers a financial asset to be in default when:

- it is unlikely that the debtor will be able to pay its credit obligation in full to the Group without the Group having to resort to measures such as realisation of collateral (if any); or
- the financial asset is more than 90 days past due.

*Financial assets with impaired credit ratings*

The Group assesses at each reporting date whether financial assets at amortised acquisition cost or debt instruments at FVOCI are credit-impaired. A financial asset is credit-impaired if one or more events occur that have an adverse effect on the expected future cash flows of the financial asset:

Indicators that a financial asset is credit-impaired include the following observable data:

- significant financial difficulty of the debtor
- a breach of contract, such as default or overdue by more than 90 days
- restructuring of a loan or credit by the Group that it would not otherwise consider
- likelihood that the debtor will enter bankruptcy or other reorganisation proceedings; or
- disappearance of an active market for a security due to financial difficulties.

**(b) Financial risk management**

The Group is exposed to default and liquidity risks. Market risks (currency risks, interest rate risks and other market price risks) have only an insignificant impact and are therefore not discussed below.

## II. Principles of risk management

The Board of Directors of the company is responsible for the development and control of the Group's risk management. It performs this task at least once a year and assesses the significant risks for the Group in terms of their probability of occurrence and financial impact.

## III. Default risks

Default risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Default risk arises principally from the Group's trade receivables and debt securities held as financial investments.

The book values of the financial assets and contract assets correspond to the maximum default risk.

In the 2023 financial year, as in the previous year, the Group did not recognise any material impairments due to effective defaults on trade receivables and contract assets.

*Cash and cash equivalents*

Cash and cash equivalents consist of bank balances with financial institutions that have a first-class rating. There were no significant changes in the financial year 2023 and 2022.

*Trade receivables*

The Group's exposure to credit risk is mainly influenced by the individual characteristics of the customer. The Board also considers the characteristics of the overall customer base, including the default risk of the industry in which the customers operate. For trade receivables without a significant financing component, the Group uses the simplified approach permitted under IFRS 9. It uses an appropriate allowance matrix to measure the expected credit losses of trade receivables from individuals. The Group calculates the historical default rates of the last 3 years, adjusting the default rates based on an assessment of the future outlook and macroeconomic considerations if necessary.

Trade receivables and contract assets are invoiced in euros. The default risk is considered to be low.

In the current year, impairments on trade receivables and contract receivables amounting to kEUR 0 were calculated and recognised (previous year: kEUR 0).

## IV. Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its financial obligations as contractually agreed by delivering cash or other financial assets. The Group's liquidity management is designed to ensure that, as far as possible, sufficient cash is always available to meet payment obligations as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or damaging the Group's reputation.

The Group regularly makes forecasting calculations to manage the change in cash balances and liquidity risks. Sufficient liquidity was safeguarded by a capital increase in 2022 and the obtainal of a kEUR 10,000 loan in 2023.

Maturities financial liabilities

| | |
|---|---|
| < 1 year | 10,879 kEUR |
| 1-5 years | 8,959 kEUR |
| > 5 years | - |

**V. Market risk**

As of financial year 2023, the Group is exposed to market risk, in particular interest rate risk. The Group is exposed to interest rate risks due to its borrowings at fixed and floating rates. These interest rate risks are a result of variable portions of interest, which depend on current market interest rates.

A change of +/- 75 basic points in the variable portion of the interest rate would have decreased/increased the Group's result by kEUR 40.

**(c) Carrying amounts and fair value of financial instruments**

As of 31 December 2023

| in kEUR | Category IFRS 9 | Carrying amount | Fair value | Fair value level |
|---|---|---|---|---|
| Financial liabilities to banks | FLAC | 9,795 | 10,303 | 3 |
| Financial liabilities to shareholders | FLAC | 6,738 | 6,758 | 3 |

As of 31 December 2022

| in kEUR | Category IFRS 9 | Carrying amount | Fair value | Fair value level |
|---|---|---|---|---|
| Financial liabilities to banks | FLAC | - | - | 3 |
| Financial liabilities to shareholders | FLAC | 6,018 | 6,018 | 3 |

The difference between the fair value and carrying amount of the loans is mainly caused by the decrease in interest rates between the inception of the loan and the reporting date.

The fair value level is categorized as a level 3 fair value measurement due to the use of unobservable inputs in obtaining a market rate of interest. This market rate of interest in based on the yield curve of corporate bonds of a certain credit rating. The credit risk of LION and corporate yield curve resulting therefore is an unobservable input.

## (d) Changes in liabilities arising from financing activities

| in kEUR | Loans |
|---|---|
| Opening balance 1 January 2023 | 6,018 |
| **Cash-effective changes:** | |
| Borrowing | 10,000 |
| Transaction costs | (250) |
| Interest payment | (590) |
| | |
| **Non-cash effective changes:** | |
| Deferred interest | 720 |
| Interest expense | 590 |
| Effects from effective interest rate method | 45 |
| **Closing balance 31 December 2023** | **16,533** |

| in kEUR | Loans |
|---|---|
| Opening balance 1 January 2022 | |
| **Cash-effective changes:** | |
| Borrowing | 6,000 |
| Repayment | 0 |
| Interest payment | 0 |
| | |
| **Non-cash effective changes:** | |
| Deferred interest | 0 |
| Accrued interest | 18 |
| Effects from effective interest rate method | 0 |
| **Closing balance 31 December 2022** | **6,018** |

# Section 8: Composition of the Group

## 26. Subsidiaries

The Company has direct or indirect control over the following subsidiaries and significant influence over the following associates:

| Company name | Shares in %* | Consolidation method |
|---|---|---|
| LION Smart GmbH, Garching | 100 | Fully consolidated |
| LION Smart Production GmbH, Hildburghausen | 100 | Fully consolidated |
| LION Smart North America Inc. | 100 | Fully consolidated |
| LION E-Mobility North America Inc. | 100 | Fully consolidated |
| TÜV SÜD Battery Testing GmbH, Garching | 30 | At Equity |

*There were no changes in the shares or consolidation methods compared with the previous year.

During the financial year 2023 actions were initiated to deconsolidate LION E-Mobility Noth America Inc. from the Group and seize any activities of this entity. As the formal procedures are finalized, the entity has a dormant status. It is expected that the formal procedures are finalized during financial year 2024, as of which the entity will be officially deconsolidated from the Group.

# Section 9: Further information

## 27. Related parties

### (a) Parent company

The parent company of the Group is LION E-Mobility AG with its registered office in Baar, Switzerland respectively Zug, Switzerland since July 2023.

### (b) Transactions with management and the Board of Directors

The proposal of the Board of Directors for the respective financial year is put to a final vote at the following Annual General Meeting. Further details can be found in the remuneration report, which is published on the Company's website.

| | 1 January to 31 December | |
|---|---|---|
| **in kEUR** | **2023** | **2022** |
| current employee benefits | 213 | 173 |
| Pension and social security benefits | 13 | 16 |

### (c) Shareholder loan

In 2022 a shareholder loan of kEUR 6,000 was granted. The loan bears interest at 12 %. As of 31 December 2023, there were liabilities from interest in the amount of kEUR 738 (previous year kEUR 18).

The agreement was originally concluded for a fixed term until 31 Dezember 2023, however, during 2023 the term was extended by 12 months until 31 December 2024.

## 28. Events after the balance sheet date

There have been no material events after the balance sheet date.