LION E-MOBILITY AG, ZURICH

Consolidated Financial Statements for the year ended 31 December 2022 and Report of the Independent Auditor

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Report of the Independent Auditor

To the Board of Directors of
LION E-MOBILITY AG, ZURICH

Report of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of LION E-Mobility AG (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of balance sheet as at 31 December 2022, and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows and notes to the consolidated financial statements for the year ended.

In our opinion, the accompanying consolidated financial statements comply with International Financial Reporting Standards (IFRS) and the consolidation and valuation principles as set out in the notes.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA). 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 requirements of the Swiss audit profession, 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.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the requirements of the International Financial Reporting Standards (IFRS), and for such internal controls as the Board of Directors determines are 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 International Standards on Auditing (ISA) 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.

As part of an audit in accordance with International Standards on Auditing (ISA)., 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 controls.
- Obtain an understanding of internal controls 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.

- Obtain sufficient appropriate audit evidence regarding the 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 controls that we identify during our audit.

Deloitte AG

Chris Krämer	Fabian Hell
Licensed Audit Expert	Licensed Audit Expert

Zurich, 27 September 2023
CKA/FHE/MAE

Enclosure

- Consolidated financial statements (consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and notes)

LION E-Mobility Group
Consolidated balance sheet as at 31 December 2022

	Notes	EUR 2022	EUR 2021
ASSETS			
Property, plant and equipment	14	2'221'182	355'968
Intangible assets	15	3'274'743	2'480'035
Right-of-use assets	14/18	1'416'318	601'642
Investments in associates	16	4'427'075	4'384'175
Loans and other financial assets	17	1'200'002	1'200'002
Deferred tax assets	11	2'290'195	2'188'969
Non-current assets		**14'829'514**	**11'210'791**
Inventories		6'513'978	157'088
Contract assets	7	34'713	350'999
Trade and other receivables	7/12	4'400'100	4'238'463
Loans and other financial assets	17	840'000	840'000
Prepayments		133'375	79'840
Cash and cash equivalents	13	3'034'415	1'236'626
Current assets		**14'956'582**	**6'903'017**
TOTAL ASSETS		**29'786'096**	**18'113'808**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	19	1'451'492	1'162'236
Capital reserve	19	20'670'214	14'901'470
Translation reserves		(58'987)	(57'970)
Share-based payments reserve	10	533'889	533'889
Treasury shares		(58'800)	(58'800)
Loss carried forward		(8'121'815)	(7'301'519)
Total equity		**14'415'993**	**9'179'306**
Deferred tax liabilities	11	954'888	727'421
Lease liabilities	18	1'155'623	472'811
Non-current liabilities		**2'110'511**	**1'200'232**
Lease liabilities	18	297'188	159'151
Trade payables	21	4'583'837	5'867'521
Other liabilities	10/21	7'490'673	821'710
Contract liabilities	7	30'401	253'657
Provisions	10/22	857'493	632'231
Current liabilities		**13'259'592**	**7'734'271**
Total liabilities		**15'370'103**	**8'934'502**
TOTAL EQUITY AND LIABILITIES		**29'786'096**	**18'113'808**

LION E-Mobility Group
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	Notes	EUR 2022	EUR 2021
Revenue	6/7	53.759.969	28.433.163
Increase in portfolio of contract assets other than revenue	6/7	(317.347)	144.360
Other own work capitalised	15	758.222	330.556
Total earning		**54.200.844**	**28.908.078**
Other operating income	8	318.479	1.488.116
Cost of sales		(46.666.746)	(25.939.911)
Staff costs	10	(3.913.792)	(3.057.126)
Depreciation	14/15/18	(379.952)	(460.738)
Other operating expenses	8	(4.175.846)	(2.629.249)
Earnings before interest and taxes (EBIT)		**(617.012)**	**(1.690.829)**
Financial income		57.930	56.303
Financial expenses		(141.918)	(36.643)
Share of results of associates	16	42.900	143.100
Loss before tax		**(658.099)**	**(1.528.070)**
Income taxes	11	(162.197)	358.995
Loss for the year		**(820.296)**	**(1.169.074)**
Attributable to equity holders of the parent		**(820.296)**	**(1.169.074)**
Earnings per share			
Basic/diluted earnings per share (EUR)	9	(0,0733)	(0,117)

LION E-Mobility Gruppe
Consolidated statement of comprehensive income for the year ended 31 December 2022

	Notes	EUR 2022	EUR 2021
Loss for the year		**(820.296)**	**(1.169.074)**
Other comprehensive (loss) / income			
Subsequently be reclassified to income profit or loss		0	0
Exchange differences on translating foreign operations		(1.018)	2.317
Tax effects		0	0
Other comprehensive (loss) / income after tax		**(1.018)**	**2.317**
Total comprehensive (loss) / income for the year		**(821.313)**	**(1.166.757)**

LION E-Mobility Group
Consolidated statement of changes in equity for the year ended 31 December 2022

in EUR	Notes	Share capital	Capital reserve	Treasury shares	Translation reserves	Share-based payments reserve	Loss carried forward	Total
Balance as at 1 January 2022		**1.162.236**	**14.901.470**	**(58.800)**	**(57.970)**	**533.889**	**(7.301.519)**	**9.179.306**
Loss for the year		0	0	0	0	0	(820.296)	(820.296)
Other comprehensive loss		0	0	0	(1.018)	0	0	(1.018)
Share-based payments	10	0	0	0	0	0	0	0
Issue of shares	19	289.256	5.768.744	0	0	0	0	6.058.000
Balance as at 31 December 2022		**1.451.492**	**20.670.214**	**(58.800)**	**(58.987)**	**533.889**	**(8.121.815)**	**14.415.993**

in EUR	Notes	Share capital	Capital reserves	Treasury shares	Translation reserves	Share-based payments reserve	Loss carried forward	Total
Balance as at 1 January 2021		**1.162.236**	**14.901.470**	**(58.800)**	**(60.287)**	**533.889**	**(6.132.445)**	**10.346.063**
Loss for the year		0	0	0	0	0	(1.169.074)	(1.169.074)
Other comprehensive income		0	0	0	2.317	0	0	2.317
Share-based payments	10	0	0	0	0	0	0	0
Issue of shares	19	0	0	0	0	0	0	0
Balance as at 31 December 2021		**1.162.236**	**14.901.470**	**(58.800)**	**(57.970)**	**533.889**	**(7.301.519)**	**9.179.306**

LION E-Mobility Group
Consolidated statement of cash flows for the year ended 31 December 2022

	Notes	EUR 2022	EUR 2021
Loss for the year		**(820'296)**	**(1'169'074)**
Adjustments for:			
- Non-cash charges		(12'027)	0
- Depreciation and impairment	14/15/18	379'952	460'738
- Share of profit of companies accounted for using the equity method, net of tax	16	(42'900)	(143'100)
- Net finance costs		83'987	(19'660)
- Loss on sale of property, plant and equipment	8	0	5'068
- Tax expense/income	11	162'197	(358'995)
Operating cash flows before movements in working capital		**(249'087)**	**(1'225'023)**
Changes in:			
- Decrease/(increase) in contract assets		316'286	1'777'367
- Decrease/(increase) in inventories		(6'356'890)	(26'293)
- Decrease/(increase) in trade and other receivables		498'957	(776'903)
- Decrease/(increase) in other assets		(660'594)	(1'351'930)
- Decrease/(increase) in prepayments		(53'535)	3'865
- Increase/(decrease) in provisions		225'262	(1'272'448)
- Increase/(decrease) in other liabilities		1'049'310	21'550
- Increase/(decrease) in trade payables		(1'283'684)	2'643'674
- Increase/(decrease) in contractual liabilities		(223'256)	153'964
Interest paid		(71'617)	(33'941)
Income taxes paid		(1'599)	(668)
Net operating cash flows		**(6'810'447)**	**(86'785)**
Purchase of property, plant and equipment	14	(1'973'935)	(145'622)
Purchase of intangible assets	15	(827'838)	(345'105)
Proceeds from repayments of loans and other financial assets	16	0	210'000
Interest received		57'930	56'303
Cash flow from investing activities		**(2'743'842)**	**(224'425)**
Proceeds from issue of shares	19	289'256	0
Contributions to the capital reserve		5'768'744	0
Proceeds from shareholder borrowings	26	6'000'000	430'000
Repayments of liabilities from shareholder borrowings		(432'703)	0
Lease payments	18	(272'201)	(123'039)
Cash flow from financing activities		**11'353'096**	**306'961**
Net change in cash and cash equivalents		**1'798'806**	**(4'249)**
Cash and cash equivalents as at 1 January		1'236'626	1'238'558
Effect of exchange rate changes on cash and cash equivalents		(1'018)	2'317
Cash and cash equivalents as at 31 December		**3'034'415**	**1'236'626**

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. As of 1 July 2023, the registered office will be located to 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, 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 2022 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, is not yet to be considered material in 2022, as the company did not commence the major part of its business activities since 2023.

LION E-Mobility North America Inc. was established in June 2017 and operated primarily as a sales support company. In 2022 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 25 (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 September 2023. 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, liabilities (including derivative instruments). 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. Voluntary consolidated financial statements were prepared for the first time for the 2019 financial year.

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 thousand, 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**	**2022**	**2021**
USD	Closing date	0.9376	0.8829
	Average	0.9467	0.8829

4. Consolidation principles

(a) Business combinations

The Group accounts for business combinations using the purchase method when the Group has obtained control. The consideration transferred in the acquisition and the identifiable net assets acquired are generally measured at fair value. Any goodwill arising is tested annually for impairment. Any gain arising on an acquisition at a price below fair value is recognised immediately in profit or loss. Transaction costs are expensed immediately unless they are associated with the issue of debt instruments or equity investments.

The consideration transferred does not include amounts associated with the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration obligation is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and a settlement is accounted for in equity. Otherwise, other contingent consideration is measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(b) 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.

(c) Non-controlling interests (NCIs)

Non-controlling interests are initially measured at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(d) 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.

(e) 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.

(f) 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. Significant accounting policies and key judgements and estimates applied

(a) Significant accounting policies

This section describes the significant 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 principles. 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.

The LION E-Mobility Group applies all IFRS standards and interpretations effective as of 1 January 2022 for all periods presented, from 1 January 2022 to 31 December 2022.

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.

Trade receivables and payables are generally reported as current items. Deferred tax assets or liabilities are generally presented as non-current.

All other assets and liabilities are presented as non-current.

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 on 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, unless the currency translation difference is allocated to non-controlling interests.

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

International Financial Reporting Standards and Interpretations published in 2021 were applied from the beginning of the 2022 financial year:

Standard or Interpretation	**Title**	**Effective from**
Amendments to IFRS 3	Reference to the Framework	1 January 2022
Amendments to IAS 16	Property, plant and equipment: Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous contracts – Cost of Fulfilling a Contract	1 January 2022
Various standards	Annual Improvements to IFRS standards 2018-2020	1 January 2022

The amendments apply for the first time in 2022, 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 2022:

New standards or interpretations	**Effective date (IASB)**
IFRS 17 Insurance contracts including amendments to IFRS 17	1 January 2023

Revision and amendment of standards and interpretations	Effective date (IASB)
Disclosure of Accounting Policies (Amendment to IAS 1)	1 January 2023
Classification of Liabilities as Current or Non-current (Amendment to IAS 1)	1 January 2023
Definition of Accounting Estimates (Amendment to IAS 8)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment to IAS 12)	1 January 2023

Certain new accounting standards and interpretations were issued that are not effective for 2022. 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.

(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 15

b. Deferred taxes See Note 11

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 2023 to 2024 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. Annual revenue was increased by 89 per cent compared to the previous year. 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 from BMW for the high-voltage battery systems. 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. So LION Group received a new EUR 10m loan from Raiffeisen Bank International in 2023.

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 and North America. 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 TEUR	**2022**	**2021**
Canada	37,608	25,752
Europe (without Germany)	12,272	2,308
Germany	2,574	355
USA	1,278	-

The main non-current assets are located in Germany.

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

	1 January to 31 December	
In EUR	**2022**	**2021**
Revenues		
Industrial customers	53,759,969	28,371,143
Public customers (EU funding projects)	-	62,020
Total	**53,759,969**	**28,433,163**

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 2022 and 2021 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.

As in the previous year, the Group's revenue for the reporting year resulted primarily from its integration business.

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

	31 December	
In EUR	**2022**	**2021**
Receivables included in trade and other receivables	2,355,500	2,854,457
Contract assets	34,713	350,999
Contract liabilities	(30,401)	(253,657)

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 2022 financial year, the contract liabilities of EUR 253,657 reported as of 31 December 2021 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

	1 January to 31 December	
In EUR	**2022**	**2021**
Income from the reversal of provisions	94,937	1,431,046
Other operating income	66,658	30,333
Non-cash benefit	46,941	26,737
Income relating to other periods	109,943	-
Total	**318,479**	**1,488,116**

(b) Other operating expenses

	Note	1 January to 31 December	
In EUR		**2022**	**2021**
Business consulting		1,580,583	937,941
Insurance		709,522	263,781
Occupancy costs		312,602	165,237
Auditing, tax advice, accounting services		243,712	355,850
Legal advice		239,706	240,669
Repairs and maintenance		163,258	115,862
Advertising and travel costs		127,300	35,987
Vehicle cost		67,148	59,842
Stock exchange imposed fees		60,030	6,899
Cost of delivery		1,162	26,734
Losses from the disposal of fixed assets		-	5,068
Other		670,823	415,379
Total		**4,175,846**	**2,629,249**

9. Earnings per share

(a) Significant accounting principle

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 in a loss situation.

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

	1 January to 31 December	
	2022	**2021**
Denominator		
Loss attributable to equity holders in EUR	(820,296)	(1,169,074)
Numerator		
Ordinary shares issued as of 1 January	***10,032,633***	***10,032,633***
Effects of treasury shares	(10,500)	(10,500)
Effects of newly issued shares during capital increases (Note 19)	1,165,000	-
Weighted average of ordinary shares as of 31 December	11,187,133	10,032,633
Earnings per share, in EUR		
Basic/diluted	**(0.0733)**	**(0.117)**

Section 3: Employee benefits

10. Employee benefits and share-based payments

(a) Significant 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 pension scheme

The Group does not have any significant staff pension scheme.

(d) Staff obligations

Staff obligations are as follows:

In EUR	31 December 2022	2021
Provisions for holiday and overtime pay	258,163	266,803
Other	60,480	68,985
Total staff obligations	**318,643**	**335,788**

The staff obligations as of 31 December 2022 are shown under provisions EUR 266,803 (2021: EUR 266,803) as well as under other liabilities EUR 68,985 (2021: EUR 68,985).

(e) Staff costs

In EUR	1 January to 31 December 2022	2021
Wages and salaries	3,299,345	2,547,703
Social security contributions	614,447	509,423
Total	**3,913,792**	**3,057,126**

Section 4: Income taxes

11. Deferred taxes and Income taxes

(a) Significant 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 EUR	**2022**	**2021**
Actual tax income (expense)		
Current year	(35,955)	(820)
Adjustments for previous years	(0)	(684)
	(35,955)	(1,504)
Deferred tax income (expense)		
Deferred tax liabilities due to temporary differences	(227,468)	(106,616)
Reduction in tax rate	-	-
Deferred tax assets due to tax losses	101,226	467,115
Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	-	-
	(126,242)	360,499
Total tax income (expense)	**(162,197)**	**358,995**

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) Taxes recognised in other operating expenses

Other operating expenses include withholding taxes of EUR 0 (previous year: EUR 0).

(d) 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 2022 and 2021. 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).

(e) 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 GmbH) respectively net losses (LION Smart Production GmbH) generated for the year.

(f) 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	2022	2021	2020	2019	2018	2017	2016
LION E - Mobility AG, Baar, Switzerland								
Profit for the year, CHF	(6,655,858)	(1,017,739)	(856,628)	(487,870)	(1,169,080)	(2,199,850)	(778,557)	(146,134)
Losses usable, CHF	(6,655,585)	(1,017,739)	(856,628)	(487,870)	(1,169,080)	(2,199,850)	(778,557)	(146,134)
LION E-Mobility North America INC.								
Profit for the year, USD	(28,604)	-	-	379,837	(186,967)	(221,474)	-	-
Losses usable, USD	(28,604)	-	-	379,837	(186,967)	(221,474)	-	-
LION Smart North America INC.								
Profit for the year, USD	(163,722)	(163,722)	-	-	-	-	-	-
Losses usable, USD	(163,722)	(163,722)	-	-	-	-	-	-

(g) Uncertainties about income taxes

There are no significant uncertainties regarding the reported tax positions.

Section 5: Assets

12. Trade and other receivables

(a) Significant 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 24.

(b) Composition of trade and other receivables

	31 December	
In EUR	**2022**	**2021**
Trade receivables (third parties)	2,355,500	2,854,457
Other receivables	2,044,600	1,384,006
Total	**4,400,100**	**4,238,463**

Trade receivables relate to (partially) invoiced projects with customers.

Other receivables mainly relate to refund claims from input tax.

13. Cash and cash equivalents

Cash and cash equivalents consist exclusively of bank balances.

14. Property, plant and equipment and right-of-use assets

(a) Significant 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.

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

In EUR	Property, plant and equipment			
	Technical plants and machinery	**Fittings, fixtures and equipment**	**Advanced payments, assets and constructions**	**Total Property, plant and equipment**
Acquisition and production costs				
Balance as of 1 January 2021	120,934	750,353	-	871,287
Additions	20,000	125,622	-	145,622
Disposals	(4,621)	(30,218)	-	(34,839)
Balance as of 31 December 2021	**136,313**	**845,757**	**-**	**982,070**
Additions	4,530	150,803	1,818,602	1,973,935
Disposals	-	-	-	-
Balance as of 31 December 2022	**140,843**	**996,560**	**1,818,602**	**2,956,005**
Accumulated depreciation and impairment losses				
Balance as of 1 January 2021	46,605	310,487	-	357,092
Depreciation	13,870	284,913	-	298,783
Impairment losses	-	-	-	-
Disposals	(2,785)	(26,988)	-	(29,773)
Balance as of 31 December 2021	**57,690**	**568,412**	**-**	**626,102**
Depreciation	14,496	94,225	-	108,721
Impairment losses	-	-	-	-
Disposals	-	-	-	-
Balance as of 31 December 2022	**72,186**	**662,637**	**-**	**734,823**
Book values				
As of 1 January 2021	74,331	439,866	-	514,197
As of 31 December 2021	78,623	277,345	-	355,968
As of 31 December 2022	68,657	333,923	1,818,602	2,221,182

(c) Reconciliation of book value Right-of-use-assets

	Right-of-use assets
	Commercial space, vehicles
In EUR	
Acquisition and production costs	
Balance as of 1 January 2021	577,314
Additions	387,267
Disposals	-
Balance as of 31 December 2021	**964,581**
Additions	1,052,777
Disposals	(52,528)
Net translation differences	-
Balance as of 31 December 2022	2,069,886
Accumulated depreciation and impairment losses	
Balance as of 1 January 2021	233,447
Depreciation	129,492
Disposals	-
Balance as of 31 December 2021	362,939
Depreciation	238,101
Disposals	(52,528)
Balance as of 31 December 2022	122,010
Book values	
As of 1 January 2021	343,867
As of 31 December 2021	601,642
As of 31 December 2022	1,416,318

15. Intangible assets

(a) Significant accounting policies

Recognition, measurement and amortisation of development assets

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 2022 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) Reconciliation of book value

In EUR	Note	Concessions, intellectual property rights, other rights and licences	Development costs	Total
Acquisition and production costs				
Balance as of 1 January 2021		211,628	2,086,144	2,297,772
Additions from acquisition		14,549	-	14,549
Additions from internal development		-	330,556	330,556
Disposals		-	-	-
Balance as of 31 December 2021		**226,177**	**2,416,700**	**2,642,877**
Additions from acquisition		69,616	-	69,616
Additions from internal development		-	758,222	758,222
Disposals		-	-	-
Balance as of 31 December 2022		**295,793**	**3,174,922**	**3,470,714**
Accumulated depreciation and impairment losses				
Balance as of 1 January 2021		130,380	-	130,380
Amortisations		32,463	-	32,463
Impairment losses		-	-	-
Disposals		-	-	-
Balance as of 31 December 2021		**162,842**	**-**	**162,842**
Amortisations		33,130	-	33,130
Impairment losses		-	-	-
Disposals		-	-	-
Balance as of 31 December 2022		**195,972**	**-**	**195,972**
Book values				
As of 1 January 2021		81,248	2,086,144	2,167,392
As of 31 December 2021		63,335	2,416,700	2,480,035
As of 31 December 2022		99,821	3,174,922	3,274,743

16. Investments in associates

(a) Significant 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 EUR	**2022**	**2021**
Financial assets accounted for using the equity method		
Book value as of 1 January	4,384,175	**4,241,075**
- Proportionate result	42,900	143,100
- Dividends	-	-
Book value as of 31. December	4,427,075	**4,384,175**

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

The table below summarises the financial information of TÜV SÜD Battery Testing GmbH (TSBT). TSBT is accounted for in accordance with IFRS.

In thousands of EUR	**2022**	**2021**
Ownership interest	**30 %**	**30%**
Non-current assets	16,297	18,023
Current assets	6,103	4,984
Non-current liabilities	(4,000)	(4,000)
Current liabilities	(3,635)	(5,670)
Net assets (at 100%)	14,765	13,337
Book value of the share in the associate (30%)	**4,430**	**4,384**
Turnover	11,429	11,996
Profit before taxes	224	672
Taxes on income and earnings	(81)	(195)
Net profit for the year	143	477
Group share of total comprehensive income (30%)	**43**	**143**

17. Loans and other financial assets

Other financial assets amounting to EUR 2 (2021: EUR 2) are shares in companies in which there is no significant influence and which were already impaired to a pro-memoria value in 2018.

In EUR	**2022**	**2021**
Loans to associates (in balance sheet item, loans and other financial assets)		
Book value as of 1 January	2,040,000	**2,250,000**
Repayment	-	(210,000)
Book value amount as of 31 December	2,040,000	**2,040,000**

The loans amounting to EUR 2,040,000 relate to TÜV SÜD Battery Testing GmbH, in which LION Smart GmbH holds 30% of the shares. Loan 1, with a nominal value of EUR 1,140,000, matures on 30 November 2026 and bears interest at 1.75% above the 3-month EURIBOR. Loan 2, with a nominal value of EUR 1,260,000, 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.

As in the previous year, the loans as of 31 December 2022 were to companies in which a participating interest was held.

The non-current loans of EUR 1,200,000 are reported under non-current assets, the remainder of EUR 840,000 is current and accordingly reported under current assets. The total book value amount of EUR 2,040,000 corresponds to the estimated fair value at the balance sheet date.

18. Leases

(a) Significant 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 lease payments receivable 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 cost. 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

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 EUR	**2022**	**2021**
Rights-of-use assets	**1,416,318**	**601,642**
Buildings	1,344,039	588,065
Company vehicles	72,279	13,577

Maturities of lease liabilities

	As of 31 December	
In EUR	**2022**	**2021**
Maturities		
Up to one year	297,188	159,151
One to five years	1,040,423	443,833
More than five years	115,200	28,978

Amounts recognised in the income statement

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

	For the financial year	
In EUR	**2022**	**2021**
Amortisation of right-of-use assets	**238,101**	**129,492**
Buildings	215,468	109,350
Company vehicles	22,633	20,142

	31 December	
In EUR	**2022**	**2021**
Interest expenses for lease liabilities	52,301	18,516

Amounts recognised in the cash flow statement

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

	For the financial year	
In EUR	**2022**	**2021**
Total cash outflows for leases	272,201	141,555

Section 6: Equity and liabilities

19. 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: 1,607,142) (previous year: EUR 1,162,236; CHF 1,304,242) and is divided into 12,362,633 bearer shares (previous year: 10,032,633) with a par value of EUR 0.1174 (CHF 0.13).

	Number of shares	Share capital (EUR)	Share capital (CHF)
Balance as of 1 January 2022	10,032,633	1,162,236	1,304,242
Balance as of 31 December 2022	12,362,633	1,451,492	1,607,142

(b) Conditional capital

As of 31 December 2022, LION E-Mobility AG has conditional capital of a maximum of CHF 793,584 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) Authorised capital

At the Annual General Meeting held on 30 June 2021, the Board of Directors was authorised to increase the authorised capital by a maximum of CHF 302,900 by issuing 2,330,000 new registered shares at a nominal value of CHF 0.13 per share until 30 June 2023 at the latest.

The Board of Directors exercised its right on 8 June 2022 and issued 2,330,000 new registered shares of CHF 0.13 each at an issue price of CHF 2.60 each.

(d) Nature and purpose of the reserves

The capital reserve of EUR 20,670,214 (2021: EUR 14,901,470) includes contributions made by shareholders during capital increases. The increase in 2022 is related to the issuance of new registered shares in June 2022.

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 2022, the Group held 10,500 shares in the Company (2021: 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.

(e) Dividends

No dividends were declared or paid by the Company (2021: none).

20. 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.

21. Trade payables and other liabilities

(a) Significant accounting policies

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

Summary of book values

	31 December	
In EUR	**2022**	**2021**
Trade payables	4,583,837	5,867,521
Other liabilities	7,490,673	821,710

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

Other liabilities include a shareholder loan of EUR 6,018,000 (2021: EUR 432,703) disclosed in Note 26. In addition, they mainly include VAT-liabilities.

22. Provisions

(a) Significant 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 EUR	**Staff costs Provisions**	**Other Provisions**	**Total**
Balance as of 1 January 2022	266,803	365,428	632,231
Provisions formed	641,558	563,045	1,204,603
Provisions used	(583,992)	(300,413)	(884,405)
Reversals	(66,206)	(28,730)	(94,936)
Accrued interest	-	-	-
Balance as of 31 December 2022	**258,163**	**599,330**	**857,493**
Non-current	-	-	-
Current	258,163	599,330	857,493
	258,163	**599,330**	**857,493**

23. Contingent liabilities

There are no material contingent liabilities as of 31 December 2022.

Section 7: Financial instruments

24. Financial instruments - fair values and risk management

(a) Significant 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.

A debt instrument is designated as FVOCI if both of the following conditions are met, and it is not designated as FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the fair value of the investment in other comprehensive income. This election is made on a case-by-case basis for each investment.

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 - subsequent measurement and gains and losses

Financial assets at fair value	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets not measured at fair value	These assets are subsequently measured at amortised acquisition cost using the effective interest method. The amortised acquisition cost is reduced by 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.

The Group does not have any significant financial assets or financial liabilities measured at fair value whose book value would not be a reasonable approximation of fair value. The assets included for the 2021 and 2022 periods are measured at amortised acquisition cost. The Company did not use any hedging instruments, in particular derivatives.

Financial liabilities - classification, subsequent measurement and gains and losses

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

Financial liabilities at FVTPL are measured at fair value and net gains or losses, including interest expense, are recognised in profit or loss.

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 acquisition cost
- contract assets
- other receivables.

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 (including lease receivables) and contract assets are always measured at the amount of the expected credit loss over the life of the asset.

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.

Expected credit losses are expected credit losses resulting from all possible default events during the expected life of the financial instrument.

12-month expected credit losses are the portion of expected credit losses resulting from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period to be considered in estimating expected credit losses is the maximum contractual period during which the Group is exposed to credit risk.

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.

I. 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.

II. 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 2022 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 2022 and 2021.

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 receivables 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 EUR 0k were calculated and recognised (previous year: EUR 0k).

III. 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. In the past, including the financial year 2022, liquidity injections are made through capital increases.

Maturities financial assets

< 1 year	5,373,475 EUR
1-5 years	1,200,002 EUR
> 5 years	-

Maturities financial liabilities

< 1 year	12,074,509 EUR
1-5 years	-
> 5 years	-

Section 8: Composition of the Group

25. 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	100.00	Fully consolidated
LION Smart Production GmbH, Hildburghausen	100.00	Fully consolidated
LION Smart North America Inc.	100.00	Fully consolidated
LION E-Mobility North America Inc.	100.00	Fully consolidated
TÜV SÜD Battery Testing GmbH, Garching	30.00	At Equity

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

Section 9: Further information

26. 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 EUR	**2022**	**2021**
current employee benefits	173,099	340,586
Pension and social security benefits	15,968	14,197

Further details can be found in the remuneration report, which is published on the Company's website.

(c) Shareholder loan

In 2021 a shareholder loan of EUR 430,000 was granted. The loan bears interest at 2%. The loan was repaid in the financial year 2022.

In 2022 a shareholder loan of EUR 6,000,000 was granted. The loan bears interest at 12 %. As of 31 December 2022 there were liabilities from interest in the amount of EUR 18,000. The agreement is concluded for a fix term until 31 Dezember 2023.

27. Events after the balance sheet date

In May 2023 the factory of LION Smart Production GmbH was opened in Hildburghausen and the group purchased the production licence from BMW for the high-voltage battery systems.

In July 2023 LION E-Mobility AG announced a EUR 10,000,000 loan received from Vienna based Raiffeisen Bank International.

Furthermore, LION E-Mobility AG moved its registered office from Baar to Zug in July 2023.

In August 2023, a contract could be concluded for the group's cooperation with SVOLT Group. The collaboration is starting immediately with a custom development of an SVOLT cell based on LION Smart packaging and the integration into the LION Smart battery pack. In the second half of 2024 it is expected that LION will start shipping the new packs with the new SVOLT cells to the first customers. To achieve this short time to market, the SVOLT cell supply will initially start through an import from a SVOLT plant in China, however in 2025 production in Europe is possible to shorten the supply chain and to reduce CO2 emissions within the logistic chain.