LION E-MOBILITY AG, ZURICH

Consolidated Financial Statements
for the year ended 31 December 2021
and Report of the Independent Auditor

Deloitte.

Deloitte AG
Pfingstweidstrasse 11
8005 Zurich
Schweiz

Phone: +41 (0)58 279 6000
Fax: +41 (0)58 279 6600
www.deloitte.ch

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 and its subsidiary companies (the Group), which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the enclosed consolidated financial statements give a true and fair view of the financial position and results of operations of the Group as at 31 December 2021 as well as the net income and cash flows for the financial year ended on this balance sheet date in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion
We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities according to these regulations and standards are further described in the “Auditor's Responsibility for the Auditing of the Consolidated Financial Statements” paragraph of our report.

In accordance with the terms of our engagement and the requirements of our profession as well as those of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), we are independent of the group, and we have fulfilled our other professional duties in line with these requirements.

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

Board of Directors' Responsibility for the Consolidated Financial Statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS, 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.

Independent Auditor's Responsibility for the Auditing 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 ISAs 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 users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Deloitte AG

Chris Kraemer
Licensed Audit Expert

Fabian Hell
Licensed Audit Expert

Zurich, 30 September 2022
CKR/FHE/jba

Enclosures
- 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 2021

in EUR

	Notes	EUR 2021	EUR 2020
ASSETS			
Property, plant and equipment	14	355,968	514,197
Intangible assets	15	2,480,035	2,167,393
Right-of-use assets	14/18	601,642	343,867
Investments in associates	16	4,384,175	4,241,075
Loans and other financial assets	17	1,200,002	1,740,002
Deferred tax assets	11	2,188,969	1,093,098
Non-current assets		**11,210,791**	**10,099,632**
Inventories		157,088	130,795
Contract assets	7	350,999	2,128,366
Trade and other receivables	7/12	4,238,463	2,109,630
Loans and other financial assets	17	840,000	510,000
Prepayments		79,840	83,705
Cash and cash equivalents	13	1,236,626	1,238,558
Current assets		**6,903,017**	**6,201,054**
Total assets		**18,113,808**	**16,300,686**

LION E-Mobility Group

Consolidated balance sheet as at 31 December 2021

in EUR

	Notes	EUR 2021	EUR 2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	19	1,162,236	1,162,236
Capital reserve	19	14,901,470	14,901,470
Translation reserves		(57,970)	(60,287)
Share-based payments reserve	10	533,889	533,889
Treasury shares		(58,800)	(58,800)
Loss carried forward		(7,301,519)	(6,132,445)
Total equity		**9,179,306**	**10,346,062**
Deferred tax liabilities	11	727,421	-
Lease liabilities	18	472,811	279,209
Non-current liabilities		**1,200,231**	**279,209**
Lease liabilities	18	159,151	87,572
Trade payables	21	5,867,521	3,223,847
Other liabilities	10/21	821,710	359,624
Contract liabilities	7	253,657	99,693
Provisions	10/22	632,231	1,904,679
Current liabilities		**7,734,271**	**5,675,415**
Total liabilities		**8,934,502**	**5,954,624**
Total equity and liabilities		**18,113,808**	**16,300,686**

LION E-Mobility Group

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021

in EUR

	Notes	EUR 2021	EUR 2020
Revenue	6/7	28,433,163	18,427,365
Increase in portfolio of contract assets other than revenue	6/7	144,360	-
Other own work capitalised	15	330,556	13,911
Other operating income	8	1,488,116	65,186
Cost of sales		(25,939,911)	(14,027,471)
Staff costs	10	(3,057,126)	(2,339,868)
Depreciation	14, 15, 18	(460,738)	(302,052)
Other operating expenses	8	(2,629,249)	(3,721,048)
Earnings before interest and taxes (EBIT)		**(1,690,829)**	**(1,883,977)**
Financial income		56,303	65,638
Financial expenses		(36,643)	(49,502)
Share of results of associates	16	143,100	521,530
Loss before taxes		**(1,528,070)**	**(1,346,312)**
Income taxes	11	358,995	421,074
Loss for the year		**(1,169,074)**	**(925,238)**
Attributable to equity holders of the parent		**(1,169,074)**	**(925,238)**
Earnings per share			
Basic earnings per share (EUR)	9	(0.117)	(0.092)
Diluted earnings per share (EUR)	9	(0.117)	(0.092)

See notes to the financial statements

LION E-Mobility Group

Consolidated statement of comprehensive income for the year ended 31 December 2021

in EUR

	Notes	EUR 2021	EUR 2020
Loss for the year		**(1,169,074)**	**(925,238)**
Other comprehensive income			
Subsequently be reclassified to income profit or loss		-	-
Exchange differences on translating foreign operations		2,317	(7,766)
Tax effects		-	-
Other comprehensive income after tax		**2,317**	**(7,766)**
Total comprehensive income for the year		**(1,166,757)**	**(933,004)**

LION E-Mobility Group

Consolidated statement of changes in equity for the year ended 31 December 2021

in EUR

in EUR	Notes	Share capital	Capital reserve	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		-	-	-	-	-	(1,169,074)	(1,169,074)
Other comprehensive income		-	-	-	2,317	-	-	2,317
Share-based payments	10	-	-	-	-	-	-	-
Issue of shares	19	-	-	-	-	-	-	-
Balance as at 31 December 2021		**1,162,236**	**14,901,470**	**(58,800)**	**(57,970)**	**533,889**	**(7,301,519)**	**9,179,306**

in EUR	Notes	Share capital	Capital reserves	Treasury shares	Translation reserves	Share-based payments reserve	Loss carried forward	Total
Balance as at 1 January 2020		**1,067,380**	**12,971,681**	**(58,800)**	**(52,521)**	**426,378**	**(5,207,207)**	**9,146,911**
Loss for the year		-	-	-	-	-	(925,238)	(925,238)
Other comprehensive income		-	-	-	(7,766)	-	-	(7,766)
Share-based payments	10	-	-	-	-	107,511	-	107,511
Issue of shares	19	94,856	1,929,790	-	-	-	-	2,024,646
Balance as at 31 December 2020		**1,162,236**	**14,901,470**	**(58,800)**	**(60,287)**	**533,889**	**(6,132,445)**	**10,346,062**

See notes to the financial statements

LION E-Mobility Group

Consolidated statement of cash flows for the year ended 31 December 2021

in EUR	Notes	EUR 2021	EUR 2020
Loss for the year		**(1,169,074)**	**(925,238)**
Adjustments for:			
- depreciation and impairment	14/15/18	460,738	302,052
- Share of profit of associates	16	(143,100)	(521,529)
- Net finance costs		(19,660)	16,136
- Loss on sale of property, plant and equipment	8	5,068	-
- Share-based payment expense	10	-	107,511
- Tax income	11	(358,995)	(429,354)
Operating cash flows before movements in working capital		**(1,225,023)**	**(1,450,423)**
- Decrease/(increase) in contract assets		1,777,367	(4,196,462)
- Decrease/(increase) in inventories		(26,293)	(130,795)
- Decrease/(increase) in trade and other receivables		(776,903)	(1,209,997)
- Decrease/(increase) in other assets		(1,351,930)	(213,597)
- Decrease/(increase) in prepayments		3,865	(15,699)
- Increase/(decrease) in provisions		(1,272,448)	1,271,514
- Increase/(decrease) in other liabilities		21,550	(230,094)
- Increase/(decrease) in trade payables		2,643,674	3,058,687
- Increase/(decrease) in contractual liabilities		153,964	1,835,663
Interest paid		(33,941)	(7,238)
Income taxes paid		(668)	7,952
Net operating cash flows		**(86,786)**	**(1,280,490)**
Proceeds from sale of property, plant and equipment	8/14	-	23,550
Purchase of property, plant and equipment	14	(145,622)	(517,495)
Purchase of intangible assets	15	(345,105)	(207,958)
Purchase of loans and other financial assets	16	-	(600,000)
Proceeds from repayments of loans and other financial assets	16	210,000	150,000
Interest received		56,303	-
Cash flow from investing activities		**(224,425)**	**(1,151,903)**
Proceeds from issue of shares	19	-	94,856
Proceeds from shareholder borrowings	26	430,000	-
Repayments of liabilities to banks	21	-	(125,000)
Lease payments	18	(123,039)	(73,915)
Proceeds due to capital increase		-	1,929,789
Cash flow from financing activities		**306,961**	**1,825,730**
Net change in cash and cash equivalents		**(4,249)**	**(606,663)**
Cash and cash equivalents as at 1 January		1,238,558	1,852,987
Effect of exchange rate changes on cash and cash equivalents		2,317	(7,766)
Cash and cash equivalents as at 31 December		**1,236,626**	**1,238,558**

See notes to the financial statements

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. 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 company LION Smart GmbH, a developer of battery packs and battery management systems, and of LION North America Inc., headquartered in New York.

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 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.

LION E-Mobility North America Inc. was established in June 2017 and currently operates primarily as a sales company.

For more information, see Note 25 (Group 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 30 September 2022. 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**	**2021**	**2020**
CHF	Closing date	0.9651	0.92456
	Average	0.9251	0.93414
USD	Closing date	0.8829	0.81417
	Average	0.8829	0.87634

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 2021 for all periods presented, from 1 January 2021 to 31 December 2021.

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 2020 were applied from the beginning of the 2021 financial year:

Standard or Interpretation	**Title**	**Effective from**
Amendments to IFRS 4	Extension of the temporary exemption from the application of IFRS 9	January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Reform of Reference Rates - Phase 2	January 2021
Amendment to IFRS 16	Covid-related lease concessions after 30 June 2021	April 2021

New standards or interpretations and revision and amendment of standards and interpretations that were not yet effective as of 31 December 2021:

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)
Annual Improvements to IFRS standards 2018-2020 (various standards)	1 January 2022
Property, plant and equipment: Proceeds before Intended Use (Amendment to IAS 16).	1 January 2022
Onerous contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Reference to the Framework (Amendment to IFRS 3)	1 January 2022
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

(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 2022 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 54 per cent compared to the previous year. The Group expects a significant increase in revenue in the next financial year as well.

In 2021, the company purchased the product and licence from BMW for the high-voltage battery systems. The production facility is in the process of relocation from BMW's plant in Dingolfingen to the Group's production facilities in Hilburghausen. The start of production is expected for February 2023.

At the same time, LION's management believes that the Group has sufficient equity and liquidity.

For example, the parent company, LION E-Mobility AG, increased its capital in the 2022 financial year by issuing 2,330,000 new registered shares. In addition to the repayment of existing debt amounting to CHF 1.6 million, the Group received liquidity of CHF 4.4 million.

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 Canada EUR 25,752k (2020: EUR 15,409k). In addition, there were sales in Europe EUR 2,308k (2020: EUR 1,402k), and Germany EUR 355k (2020: EUR 337k).

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	**2021**	**2020**
Revenues		
Industrial customers	28,371,143	18,171,416
Public customers (EU funding projects)	62,020	255,949
Total	**28,433,163**	**18,427,365**

7. Revenue recognition

The Group derives its revenue primarily from the sale of battery development consulting services and the development and sale 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 2021 and 2020 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	**2021**	**2020**
Receivables included in trade and other receivables	2,854,457	1,477,554
Contract assets	350,999	2,128,366
Contract liabilities	-253,657	-99,693

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 2021 financial year, the contract liabilities of EUR 99,693 reported as of 31 December 2020 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 EUR	1 January to 31 December 2021	2020
Income from the reversal of provisions	1,431,046	43,052
Other operating income	57,070	22,134
Total	**1,488,116**	**65,186**

(b) Other operating expenses

In EUR	Note	1 January to 31 December 2021	2020
Business consulting		937,941	1,191,520
Auditing, tax advice, accounting services		355,850	212,174
Legal advice		240,669	213,927
Occupancy costs		165,237	93,267
Repairs and maintenance		115,862	116,093
Share-based payments to Board of Directors	10	-	107,511
Advertising and travel costs		35,987	26,973
Stock exchange imposed fees		6,899	55,023
Losses from the disposal of fixed assets		5,068	41,438
Insurance		263,781	120,051
Vehicle cost		59,842	43,559
Cost of delivery		26,734	31,622
Other		415,379	1,467,890
Total		**2,629,249**	**3,721,048**

Miscellaneous other operating expenses mainly relate to duties. In the previous year, additions to other provisions were also made in the area of follow-up costs.

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	
	2021	**2020**
Denominator		
Loss attributable to equity holders in EUR	(1,169,074)	(925,238)
Numerator		
Ordinary shares issued as of 1 January	***10,032,633***	***9,239,992***
Effects of treasury shares	(10,500)	(10,500)
Effects of newly issued shares during capital increases	-	(792,641)
Weighted average of ordinary shares as of 31 December	10,032,633	10,032,633
Earnings per share, in EUR		
Basic/diluted	**(0.117)**	**(0.092)**

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. Further details can be found in the remuneration report of LION E-Mobility AG.

(c) Staff pension scheme

The Group does not have any significant staff pension scheme.

(d) Staff obligations

Staff obligations are as follows:

	31 December	
In EUR	**2021**	**2020**
Provisions for holiday and overtime pay	266,803	169,332
Other	68,985	37,841
Total staff obligations	**335,788**	**207,173**

The staff obligations as of 31 December 2021 are shown under provisions EUR 266,803 (2020: EUR 169,332) as well as under other liabilities EUR 68,985 (2020: EUR 37,841).

(e) Staff costs

	1 January to 31 December	
In EUR	**2021**	**2020**
Wages and salaries	2,547,703	1,963,310
Social security contributions	509,423	376,558
Total	**3,057,126**	**2,339,868**

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	**2021**	**2020**
Actual tax income (expense)		
Current year	(820)	(7,952)
Adjustments for previous years	(684)	-
	(1,504)	(7,952)
Deferred tax income (expense)		
Deferred tax liabilities due to temporary differences	(106,616)	(46,768)
Reduction in tax rate	-	-
Deferred tax assets due to tax losses	467,115	475,794
Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	-	-
	360,499	429,026
Total tax income (expense)	**358,995**	**421,074**

The capitalisation of deferred taxes is based on the positive business expectations for the coming years. In addition, loss carry-forwards at the operating company in Germany (LION Smart) 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 comprehensive income

Other operating expenses include withholding taxes of EUR 0 (previous year: EUR 14,500).

(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 2021 and 2020. The average tax rate of the only operating company, LION Smart 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 increase in tax loss carry-forwards due to the net losses 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	2021	2020	2019	2018	2017	2016	2015	2014
LION E - Mobility AG, **Baar, Switzerland**									
Profit for the year, CHF	(6,084,787)	(856,628)	(487,870)	(1,169,080)	(2,199,850)	(778,557)	(146,134)	(227,953)	(218,715)
Losses usable, CHF	(6,084,787)	(856,628)	(487,870)	(1,169,080)	(2,199,850)	(778,557)	(146,134)	(227,953)	(218,715)
LION INC, **North America**									
Profit for the year, USD	(28,604)	-	379,837	(186,967)	(221,474)				
Losses usable, USD	(28,604)	-	379,837	(186,967)	(221,474)				

(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	**2021**	**2020**
Trade receivables (third parties)	2,854,457	1,477,554
Other receivables	1,384,006	632,076
Total	**4,238,463**	**2,109,630**

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

Other receivables mainly relate to refund claims from input tax and receivables from funding projects with the EU.

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	4 years
-	Leasehold improvements	5 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	Total Property, plant and equipment
Acquisition and production costs			
Balance as of 1 January 2020	82,662	310,317	392,979
Additions	38,272	479,223	517,495
Disposals	-	(39,187)	(39,187)
Balance as of 31 December 2020	**120,934**	**750,353**	**871,287**
Additions	20,000	125,622	145,622
Disposals	(4,621)	(30,218)	(34,839)
Net translation differences	-	-	-
Balance as of 31 December 2021	**136,313**	**845,757**	**982,070**
Accumulated depreciation and impairment losses			
Balance as of 1 January 2020	35,480	165,250	200,730
Depreciation	11,125	166,937	178,062
Impairment losses	-	-	
Disposals	-	(21,700)	(21,700)
Balance as of 31 December 2020	**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**
Book values			
As of 1 January 2020	47,182	145,067	192,249
As of 31 December 2020	74,331	439,866	514,197
As of 31 December 2021	78,623	277,345	355,968

(c) Reconciliation of book value Right of use

	Right-of-use assets
	Commercial space, vehicles
In EUR	
Acquisition and production costs	
Balance as of 1 January 2020	585,003
Additions	-
Disposals	(7,689)
Balance as of 31 December 2020	**577,314**
Additions	387,267
Disposals	-
Net translation differences	-
Balance as of 31 December 2021	964,581
Accumulated depreciation and impairment losses	
Balance as of 1 January 2020	145,141
Depreciation	89,928
Impairment losses	-
Disposals	(1,622)
Balance as of 31 December 2020	233,447
Depreciation	129,492
Impairment losses	-
Disposals	-
Balance as of 31 December 2021	362,939
Book values	
As of 1 January 2020	439,862
As of 31 December 2020	343,867
As of 31 December 2021	601,642

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 2021 is not yet ready for use and is therefore not yet subject to depreciation. 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				
entBalance as of 1 January 2020		176,359	1,913,455	2,089,814
Additions from acquisition		35,269	-	35,269
Additions from internal development		-	172,689	172,689
Disposals		-	-	-
Balance as of 31 December 2020		**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**
Accumulated depreciation and impairment losses				
Balance as of 1 January 2020		96,318	-	96,318
Amortisations		34,062	-	34,062
Impairment losses		-	-	-
Disposals		-	-	-
Balance as of 31 December 2020		**130,380**	**-**	**130,380**
Amortisations		32,463	-	32,463
Impairment losses		-	-	-
Disposals		-	-	-
Balance as of 31 December 2021		**162,842**	**-**	**162,842**
Book values				
As of 1 January 2020		80,041	1,913,455	1,993,496
As of 31 December 2020		81,248	2,086,144	2,167,392
As of 31 December 2021		63,335	2,416,700	2,480,035

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	**2021**	**2020**
Financial assets accounted for using the equity method		
Book value as of 1 January	**4,241,075**	**3,719,545**
- Proportionate result	143,100	521,530
- Dividends	-	-
Book value as of 31. December 2021	**4,384,175**	**4,241,075**

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	**2021**	**2020**
Ownership interest	**30%**	**30%**
Non-current assets	18,023	20,765
Current assets	4,984	9,400
Non-current liabilities	(4,000)	(13,089)
Current liabilities	(5,670)	(2,939)
Net assets (at 100%)	13,337	14,137
Book value of the share in the associate (30%)	**4,384**	**4,241**
Turnover	11,996	12,081
Profit before taxes	672	2,436
Taxes on income and earnings	(195)	(698)
Net profit for the year	477	1,738
Group share of total comprehensive income (30%)	**143**	**522**

17. Loans and other financial assets

Other financial assets amounting to EUR 2 (2020: 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	**2021**	**2020**
Loans to associates (in balance sheet item, loans and other financial assets)		
Book value as of 1 January	**2,250,000**	**1,800,000**
Repayment	(210,000)	(150,000)
Newly extended loan 2	-	600,000
Book value amount as of 31 December	**2,040,000**	**2,250,000**

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 2025 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 2024 and bears interest at 3.00% above the 3-month EURIBOR. In the financial year 2021, EUR 210,000 was repaid as scheduled.

As in the previous year, the loans as of 31 December 2021 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	**2021**	**2020**
Rights-of-use assets	**601,642**	**343,867**
Buildings	588,065	310,148
Company vehicles	13,577	33,719

Maturities of lease liabilities

	As of 31 December	
In EUR	**2021**	**2020**
Maturities		
Up to one year	159,151	87,572
Two to five years	443,833	279,209
More than five years	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	**2021**	**2020**
Amortisation of right-of-use assets	**129,492**	**89,430**
Buildings	109,350	69,288
Company vehicles	20,142	20,142

	31 December	
In EUR	**2021**	**2020**
Interest expenses for lease liabilities	18,516	14,836

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	**2021**	**2020**
Total cash outflows for leases	141,555	88,751

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 1,162,236 (CHF: 1,304,242) (previous year: EUR 1,162,236; CHF 1,304,242) and is divided into 10,032,633 bearer shares (previous year: 10,032,633) with a par value of EUR 0.1196 (CHF 0.13).

	Number of shares	Share capital (EUR)	Share capital (CHF)
Balance as of 1 January 2021	10,032,633	1,162,236	1,304,242
Balance as of 31 December 2021	10,032,633	1,162,236	1,304,242

(b) Conditional capital

As of 31 December 2021, 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 14,901,470 (2020: EUR 14,901,470) 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 2021, the Group held 10,500 shares in the Company (2020: 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 (2020: 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	**2021**	**2020**
Trade payables	5,867,521	3,223,847
Other liabilities	821,710	359,624

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 432,703 (2020: EUR 0). In addition, they mainly include social security contributions and wage tax for staff costs that have already been paid.

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.

For precautionary reasons, provisions of EUR 1,175,585 were recognised as of 31 December 2020 for a development project that was not completed in the previous year. The provision was released to income in the 2021 financial year.

(b) Details on the provisions

In EUR	Staff costs Provisions	Other Provisions	Total
Balance as of 1 January 2021	262,970	1,641,709	1,904,679
Provisions formed	171,701	289,268	460,969
Provisions used	(132,953)	(169,418)	(302,371)
Reversals	(34,915)	(1,396,131)	(1,431,046)
Accrued interest	-	-	-
Balance as of 31 December 2021	**266,803**	**365,428**	**632,231**
Long-term	-	-	-
Short-term	266,803	365,428	632,231
	266,803	**365,428**	**632,231**

23. Contingent liabilities

There are no material contingent liabilities as of 31 December 2021.

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 2020 and 2021 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 2021 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 2021 and 2020.

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 and in the 2022 financial year, liquidity injections are made through capital increases.

Maturities financial assets

< 1 year	5,158,303 EUR
1-5 years	1,200,002 EUR
> 5 years	-

Maturities financial liabilities

< 1 year	6,689,231 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 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.

(b) Transactions with management and the Board of Directors

The members of the Board of Directors receive remuneration in the form of shares in the Company as proposed by the Remuneration Committee. 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	**2021**	**2020**
current employee benefits	340,586	319,572
Pension and social security benefits	14,197	15,017

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

(c) Shareholder loan

A shareholder loan of EUR 430,000 was granted in the financial year. The loan bears interest at 2%. As of 31 December 2021, there were liabilities from interest in the amount of EUR 2,701.95.

27. Events after the balance sheet date

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.