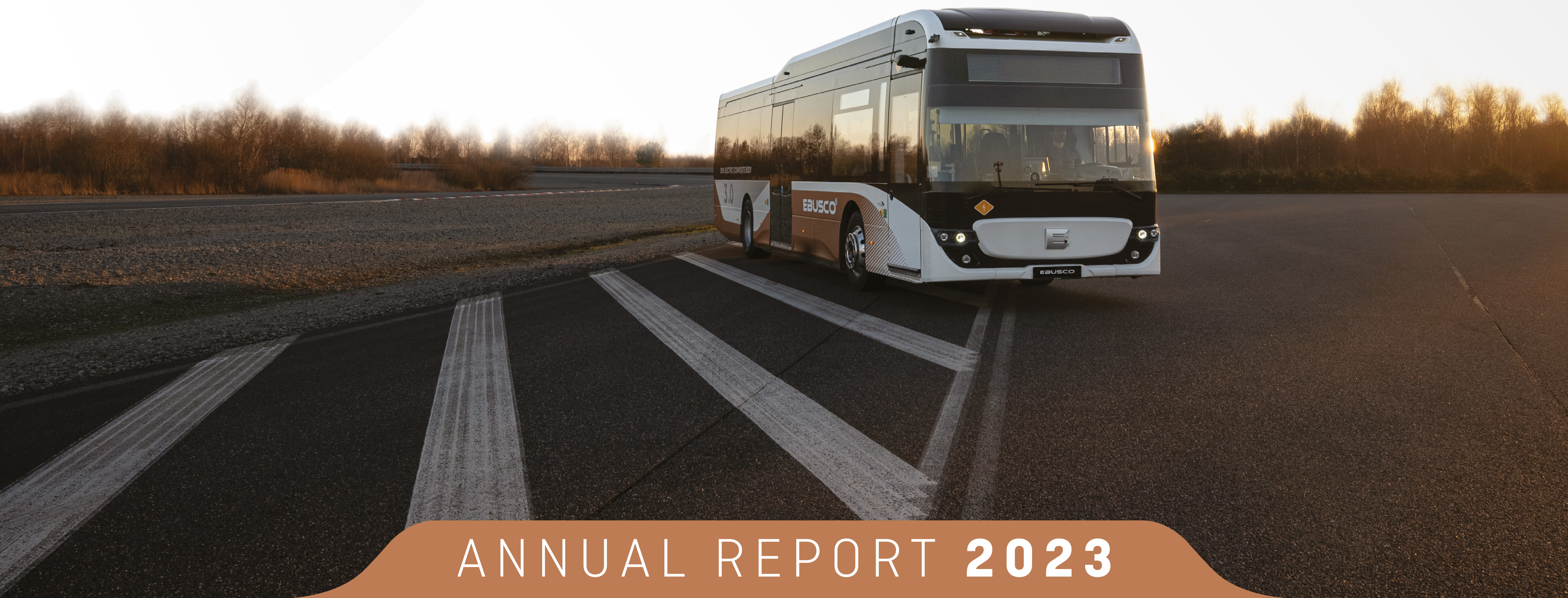
EBUSCO®

MADE TO MOVE PEOPLE



ANNUAL REPORT **2023**

CONTENT

* The chapters marked with a * are part of the report of the Management Board as defined in article 2:391 of the Dutch Civil Code

DISCLAIMER

This document is only a "website version" and is not the official annual financial reporting, including the audited financial statements thereto pursuant to article 361 of Book 2 of the Dutch Civil Code.

The official annual financial reporting, including the audited financial statements and the auditor's report thereto, are included in the single report package which can be found via https://investors.ebusco.com/financial-reports-and-presentations/

In case of any discrepancies between the website version and the official annual financial reporting, the aforementioned official annual financial reporting prevails.

KEY FIGURES

	BUSES ON THE ROAD	REVENUE	FTE[1]	ORDERS[2]	EBITDA[3]	COUNTRIES OPERATING IN
2023	627	€102.4 M	893	1,719	€(95.7) M	7
2022	449	€111.6 M	607	1,474	€(34.8) M	7

[1] This figure represents the number of FTE per 31 December 2023 and includes temporary staff.
[2] This figure includes fixed contracts, call offs and options.
[3] For further information and calculation of EBITDA, reference is made to the non-IFRS measures on page 124-125.

ZERO EMISSION KM DRIVEN [1,2]

2023

35.31
Million

CO2 AVOIDED [1,2]

2023

32.65
Million Kilogram

NOx AVOIDED [1,2]

2023

158.17
Ton Kilogram

SCOPE 1 EMISSIONS [1,2]

OF CO2EQ SCOPE 1 GHG EMISSIONS

2023

376.70
Ton Kilogram

SCOPE 2 EMISSIONS [1,2]

OF GROSS LOCATION-BASED
CO2EQ SCOPE 2 GHG EMISSIONS

2023

922.82
Ton Kilogram

ACCIDENT RATE [1,2]

LOST TIME INJURY FREQUENCY RATE: LTIFR

2023

8.14

[1] Refer to the limited assurance report of the independent auditor on Ebusco Holding N.V.'s selected non-financial key performance indicators on page 120-121.
[2] Refer to the non financial key performance indicators definitions and reporting criteria on page 127-128.

EBUSCO – AT A GLANCE

VISION

Driving the transition to sustainable transport.

MISSION

To contribute to a better environment by enabling safe, sustainable, emission-free and affordable ecosystems.

Ebusco, founded over a decade ago, is a pioneer and frontrunner in the development of electric buses and charging systems, aiming at revolutionising the bus industry. As a developer, manufacturer and distributor of electric buses, charging systems and energy storage systems, Ebusco delivers complete electric vehicle ecosystems, simplifying the way towards zero-emission transport. Its mission is to contribute to a better environment by enabling safe, sustainable, emission-free and affordable ecosystems.

Throughout the past 12 years, Ebusco has worked relentlessly to improve electric driving and make it economically attractive. The introduction of the Ebusco 3.0, with a lightweight carbon fibre composite body based on aerospace technology, has been a gamechanger in this respect. Combined with its (cobalt free) battery technology, the Ebusco 3.0 is more cost efficient than other electric bus competitors, as well as diesel bus competitors. Next to the Ebusco 3.0, Ebusco's offering includes the Ebusco 2.2 and the Ebusco Energy solutions.

Ebusco is strongly committed to staying ahead of the curve and retaining its technology leadership by continuing to invest in research and development.

Ebusco's buses are on the road in the Netherlands, Belgium, France, Germany, Norway, Switzerland, and Denmark. Furthermore, the first Ebusco buses are expected to be deliverd in Sweden and Spain beginning of 2024. The company intends to expand its presence in both existing and new markets.

The company is headquartered in Deurne, the Netherlands and has an additional facility close by, located in Venray. Recently Ebusco also commenced its production facility in Rouen. Additionally, Ebusco cooperates with assembly partners in Europe and China.

On 31 December 2023, the company had a workforce of 893 FTE's. The shares of Ebusco are listed and traded on Euronext Amsterdam (AMS:EBUS) since 22 October 2021.

THE EBUSCO 3.0

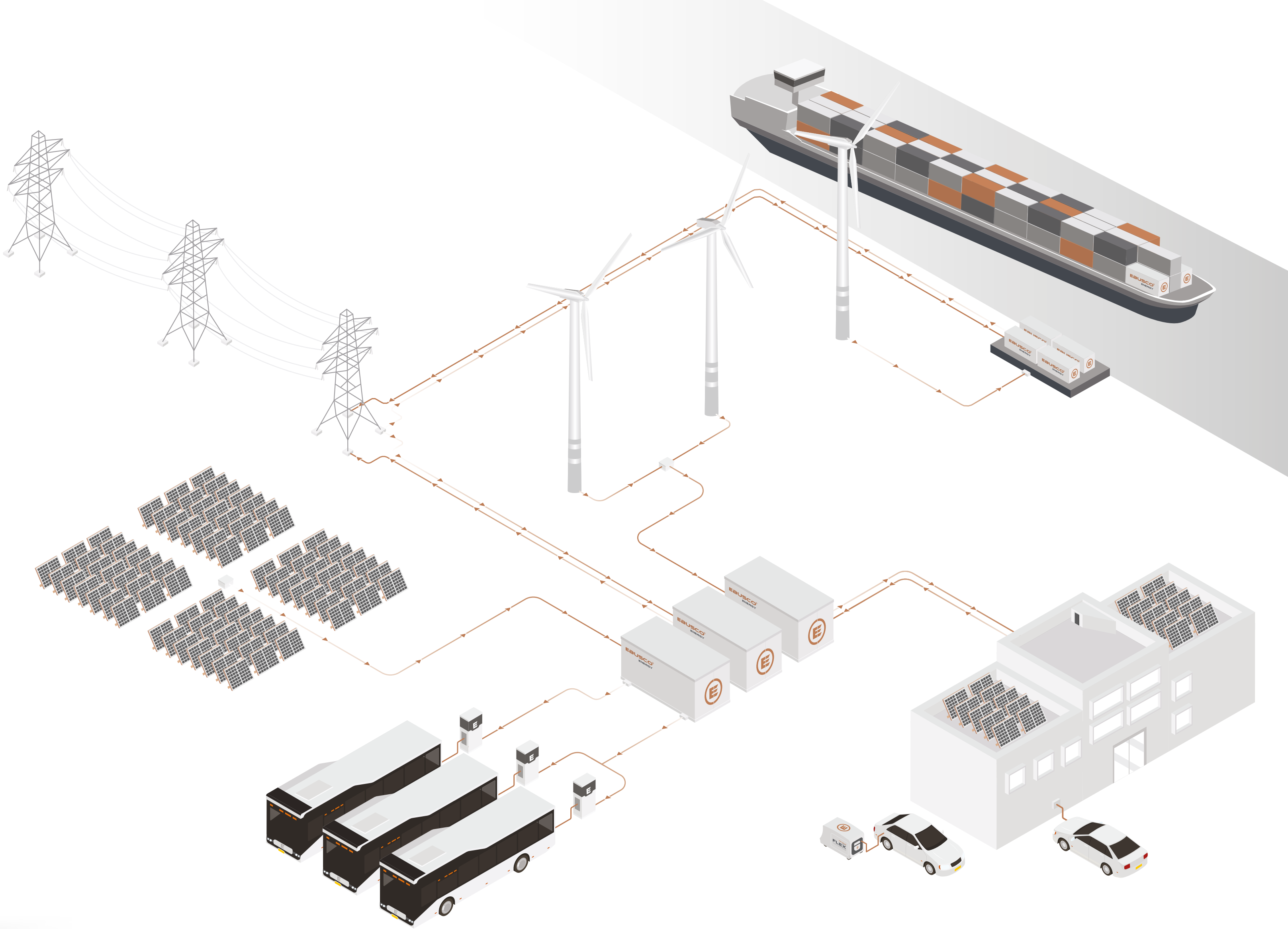
The Ebusco 3.0 is a revolutionary model in the industry and a testament to Ebusco's ability to innovate. It has a lightweight composite body based on aerospace technology. The composite material is significantly lighter than the traditional use of steel. This provides for a substantially longer, single-charge range of up to 700 kilometres and a longer estimated average life span. Both factors contribute to a best in class TCO (Total Cost of Ownership). Ebusco currently offers 12 and 18 metre buses and is also developing a 13.5 metre 3.0 bus.

REAL ROAD DATA

Transdev was the first customer that took the serial produced Ebusco 3.0 in operation. During the first months in operation, the operational data show a real-road consumption rate of just 0.65 kWh/km. This level of efficiency means a significant leap toward sustainable and cost-effective urban mobility. With its minimal energy usage, this electric bus shows how advanced technology can revolutionize public transportation, reducing both environmental impact and operating costs while providing passengers with a cleaner and more economical way to get around.

COMPLETE ECOSYSTEM

Ebusco is expanding its role in advancing electrification within the transportation sector through its efforts in Ebusco Energy. Delivering a comprehensive electric vehicle (EV) ecosystem has always been a top priority, and Ebusco sees an increasing demand for these energy solutions. Ebusco Energy now offers solutions that not only expedite the shift towards sustainable energy but also addresses the challenges associated with this transition. Leveraging its expertise in heavy-duty batteries, Ebusco Energy provides a comprehensive electrification package, that encompasses Energy Storage Systems (ESS), maritime solutions like Maritime Energy Containers (MEC), Ebusco Maritime Batteries (EMB) and stationary and mobile charging systems. These activities make up only a small portion of current revenue. With the above mentioned services, Ebusco Energy complements the core offerings of Ebusco.



CHARGING
Charger
Installation
Infrastructure

STORAGE
Energy Storage Solutions (ESS)
Off-the-grid
Local energy

AFTERSALES
Fleetmanagement
Maintenance contract
Supply chain

GRID ALIGNMENT
Smart charging
Peak balancing
Energy control

TIMELINE

2010

Peter Bijvelds builds the foundation for **Ebusco** EV strategy.

EBUSCO MADE TO MOVE PEOPLE

2012

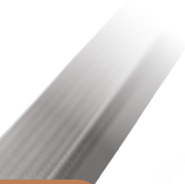
Ebusco is formally founded in the Netherlands.

2013

First **Ebusco 1.0** on the road in Helsinki, Finland.

2014

Launch **Ebusco 2.0**.



2016

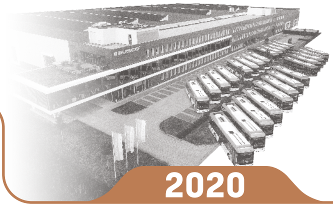
Start in-house development **lightweight technology**.

2018

Ebusco 2.2 with range up to 350 km on a single charge.

2019

World premiere **Ebusco 3.0** with range up to 575 km on a single charge.



2020

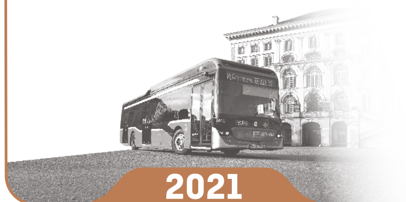
300+ buses in operation.

2021

Listing stock exchange Euronext Amsterdam.

2021

Royal opening Ebusco 3.0 production by his majesty the king Willem-Alexander



2021

First **Ebusco 3.0** on the road.

2022

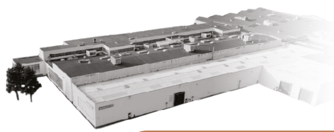
Ebusco 3.0 - 18m with a range up to 700 km on a single charge.

2022

First contract **Energy Storage Systems**.

2023

Delivery of the first **Ebusco 3.0** from serial production to Transdev, Nobina and Keolis.



2023

Opening **Ebusco France** factory in Cléon, Rouen.

MANAGEMENT BOARD REPORT

CONTENT

MESSAGE FROM THE CEO

Last year was a challenging, but above all, a disappointing year. Neither did we deliver what we intended, nor did we deliver what we promised. We have to do better, and we can do better. We owe this to our customers, our employees, our suppliers, and our shareholders.

The year 2023 continued to be influenced by supply chain disruptions. Buses that were almost completely finished could not be delivered due to parts that were not available. In addition, we faced a shortage of skilled personnel, which hampered the scaling up of our production. Moreover, the ramp-up of our production capacity in Deurne proved more difficult and progressed more slowly than we anticipated. This led to late deliveries, which disappointed our customers and significantly affected our results in 2023.

This situation has forced us to adapt our production strategy. In order to structurally increase our output, improve our delivery reliability and increase the flexibility of our cost base, we have decided to scale up our production with the support of third-party assembly partners. Obviously, we keep the production of the proprietary composite body parts, our competitive edge, entirely in-house. In addition, we ensure that key components are sourced in Europe.

Thanks to the hard work of our employees and partners, the shift in assembly strategy started bearing fruit as of the last quarter 2023. Operational expansion outside of Deurne is on track with the first serial produced 3.0 buses assembled at our assembly partners in China and Portugal. The production at our plant in Rouen has commenced.

By partially phasing out our flexible workforce and by relocating staff from Deurne to our PDI (Pre-Delivery Inspection) location in Venray, we are aligning the organisation with the adjusted production model. This change also affects the nature of the role of the COO. Our COO, Bob Fleuren, has informed us that he will not be available for reappointment. I am grateful to Bob for his contribution to the development of the Ebusco 3.0. The composite body parts that Bob has developed in Pondus largely define the competitive edge of our Ebusco 3.0 and are critical to its success.

I am glad to welcome Roald Dogge who has been nominated as new COO as of 1 June 2024. His expertise and extensive experience in the automotive and OEM industry perfectly suits the role of COO in our new production setup.

Moreover, Frank Meurs has been appointed as ad interim co-CEO in January 2024. Frank, who already acted as advisor to the Board, has substantial experience in business development, operations and supply chain management. This allows me to fully focus on the corporate strategy as well as product and commercial development.

I am excited about the operational performance of the Ebusco 3.0, which exceeds expectations. After 900,000 kilometres on the road, the 3.0 shows a stronger performance, with a lower total cost of ownership, than we had anticipated on the drawing table. The 0.65 kWh/km energy consumption is best in class in the industry. And we continue to improve the Ebusco 3.0 to remain at the forefront of the market. Lighter, more efficient, one step better every time.

The performance of the Ebusco 3.0 is recognised by our customers. I am gratified to see that, despite the challenges we face, customers continue to place their trust in us. This is reflected by, for instance, the seventh order we received from Stadtwerke Munich. Also, the extension of the framework contract with Deutsche Bahn until 2026 is commercially important.

The market also continues to develop positively. The European Union's decision that all city buses must be electric by 2030 creates high demand. North-West Europe was at the forefront of this development, but we are now seeing this transition gain traction in Southern Europe as well, as evidenced by our recent first commercial success in Italy.

At the end of 2023, we raised close to € 60 million through an equity offering and a private placement of a convertible bond, in view of the roll out of our adapted assembly strategy and our working capital requirements.

The primary focus for 2024 will be on production and delivery of the existing order book in combination with right sizing the cost base of the organisation. We therefore expect to deliver revenue of more than 325 million euro and a positive EBITDA for the full year 2024 which will be weighted towards the second half.

I am convinced that we have taken, and are taking, the right decisions and measures and believe these position us well to return to profitable growth. I am grateful to our customers and other stakeholders for their continued trust and patience over the past year.

PETER BIJVELDS
FOUNDER CEO

COMPOSITION OF THE MANAGEMENT BOARD

PETER BIJVELDS (1978)

Founder/CEO | *Current term expires in 2025*

Peter Bijvelds established Ebusco in 2012. Peter Bijvelds has over 20 years of experience in the automotive sector.

He has in-depth knowledge of the (public) transport market, strong expertise across the full electric bus value chain and a strong track record of driving growth and innovation in the company.

JURJEN JONGMA (1971)

CFO | *Current term expires in 2027*

Jurjen Jongma was CFO at Versuni, formerly known as Philips Domestic Appliances. Prior to that, he held financial positions within Royal Philips for over 25 years, including in the role of CFO for various Philips business units, as well as Head of Internal Audit for Royal Philips.

Jurjen Jongma is a Dutch national and holds a Master's degree in Economics from Tilburg University, as well as an Executive Master in Finance & Control from Maastricht University.

BOB FLEUREN (1978)

COO | *Current term expires in 2024* *

Bob Fleuren has experience in leading international operations in large-scale organisations, including at aerospace company Fokker and the Ministry of Defence. He became COO of Ebusco in April 2021, after being involved with Ebusco for several years as the founder of Pondus. Ebusco's subsidiary, responsible for developing the lightweight composite body for Ebusco's zero emission buses.

Bob Fleuren is a retired Major of the Royal Netherlands Air Force and holds a degree in Aerospace Electronics of the Royal Military Academy in Breda. Furthermore, he holds a Master in Marketing & Supply Chain Management from the Open University, the Netherlands.

* Mr. Fleuren is not available for reappointment and will retire per the 2024 AGM.

BOB FLEUREN | PETER BIJVELDS | JURJEN JONGMA

OUR STRATEGY

The Ebusco vision is to drive the transition to sustainable transport. From developing the first electric bus made from composite, to improving the charging structure for Public Transport Operators (PTOs) and creating Energy Storage Systems for grid balancing. Ebusco believes it can significantly contribute to complete ecosystems from start to finish.

In addition to its electric bus proposition, Ebusco is focused on perfecting and expanding its offerings across the electric vehicle ecosystem in which its zero emission buses operate, including Energy Storage Systems, charging infrastructure, depots, aftersales service, local energy supply and grid alignment.

To achieve our goal of making sustainable, emission-free transport the norm rather than the exception, we have a clear strategy in place. Every initiative and investment Ebusco makes is focused on helping our customers make the transition to zero emission as smooth and easy as possible, and economically viable. To this end, Ebusco has developed its lightweight casco which in practice is resulting in 40% lower energy consumption which together with lower wear-and-tear drives a market leading Total Cost of Ownership.

We place our customers' interest first through a strategic focus on improving delivery reliability, market leading innovation, sustainability and improving total cost of ownership.

IMPROVING RELIABILITY THROUGH THE UPDATED ASSEMBLY STRATEGY

To meet the demand for the Ebusco 3.0, the company's focus has been on increasing its production capacity. Until the middle of 2023, the Ebusco 3.0 was exclusively assembled at the company's facility in Deurne. Unfortunately, we have seen that our ability to efficiently scale up in Deurne is insufficient to meet customer expectations. This is why we took the step to re-introduce the partner assembly model, an operating model the company successfully deployed for its Ebusco 2.2 models. Our partners have a long track record in bus assembly providing them good access to labour and allowing Ebusco to leverage on their existing supply chain and suppliers. Critical parts of the Ebusco 3.0 model will continue to be sourced by Ebusco from its tier-1 European suppliers, as it has always been the case for the Ebusco 2.2. Ebusco will continue to produce the carbon fibre parts in-house in Deurne and Rouen.

The adjusted assembly strategy was implemented in the second half of 2023 with the first batch of 3.0 buses already transported back to the Netherlands within six months. At current, Ebusco is working together with three assembly partners for bus assembly and one partner for so-called casco assembly to augment its own capacity in Deurne and Rouen.

This step allows Ebusco to focus its attention and resources on R&D and engineering while bus assembly is outsourced to partners under strict quality control of Ebusco. The implementation of this strategy will directly contribute to higher delivery reliability, focus on innovation and a more flexible and lower cost structure for Ebusco.

The outsourcing partners will be provided with fully assembled cascos or critical casco components for further casco assembly. These parts are supplied by our plant in Deurne and our newly opened facility in Rouen, which became operational by the end of 2023 as planned and within budget. Moreover, to make room to increase the production capacity in Deurne, the company's first separate PDI facility was set up in Venray, the Netherlands. The new facility is operational since the first quarter of 2023.

MARKET LEADING INNOVATION

Being the first company in Europe with a European type approval for an electric bus to the introduction of our lightweight composite-based buses, with batteries in the floor and higher energy efficiency, innovation has been and will remain at the core of Ebusco.

Ebusco's full focus on battery electric buses and auxiliary services including energy containers implies that all our R&D efforts and investments are dedicated to further development of this technology without dilution or distractions from other platforms.

As developing a bus platform takes many years and no lightweight composite-based buses have been introduced in recent years, Ebusco believes it has a technological advantage. This advantage is evidenced by the Ebusco 3.0's on the road operating at 0.65 KWh/km, an energy consumption that is unrivalled in the industry.

Next to executing projects for existing clients, our team of 184 engineers is focused on expanding our

product offering in terms of bus lengths and the implementation of different customisation options in our existing designs. The core of the efficiency of the Ebusco 3.0 sits in its lightweight design and optimal integration of the different components which we continue to optimise to add value to our clients in lowering their Total Cost of Ownership.

OPTIMISING OUR COST BASE TO REDUCE TOTAL COST OF OWNERSHIP

Ebusco has developed the Ebusco 3.0 against a background of the global pandemic and a significant supply chain shock triggered by geopolitical unrest. The availability of components has been a challenge, which required a lot of time and effort from the whole organisation. As a result, cost price reductions were a secondary concern.

With the supply chain for larger critical components normalising and the adjusted production strategy lowering the complexity of our supply chain, cost price reductions in combination with our larger volumes are back in focus. These measures come on top of the more flexible and lower operational cost structure that are the result of the adjusted assembly strategy.

With the low energy consumption of the Ebusco 3.0, we are already offering a market-leading value for money proposition to our clients. With which we can continue to help our customers transit towards zero emission public transport in a cost-efficient way.

SUSTAINABILITY THE CORE OF OUR COMPANY

Without the drive for a more sustainable world, decarbonising transportation and specifically public transportation, Ebusco would not be the company it is today. We have not and will not invest in, nor will we operate legacy assets tied to the production of internal combustion-based vehicles. We are fully dedicated to providing our customers cost efficient solutions to reach their environmental impact targets.

Our core belief is that after the introduction of zero emission vehicles, the next step towards a more sustainable public transport is reducing total product footprint. Data shows that the largest contribution of CO_2 emissions from buses stems from what is called the “use phase” with the actual impact dependent on the electricity mix of the country the buses operate in. This drives our relentless focus on energy efficiency through lightweight design and efficient drivelines supported by our energy ecosystem approach.

For Ebusco, sustainability goes beyond the products we offer and we critically look at our impact on the world as well as the impact of our suppliers and assembly partners through third party auditing and a robust framework of policies and procedures.

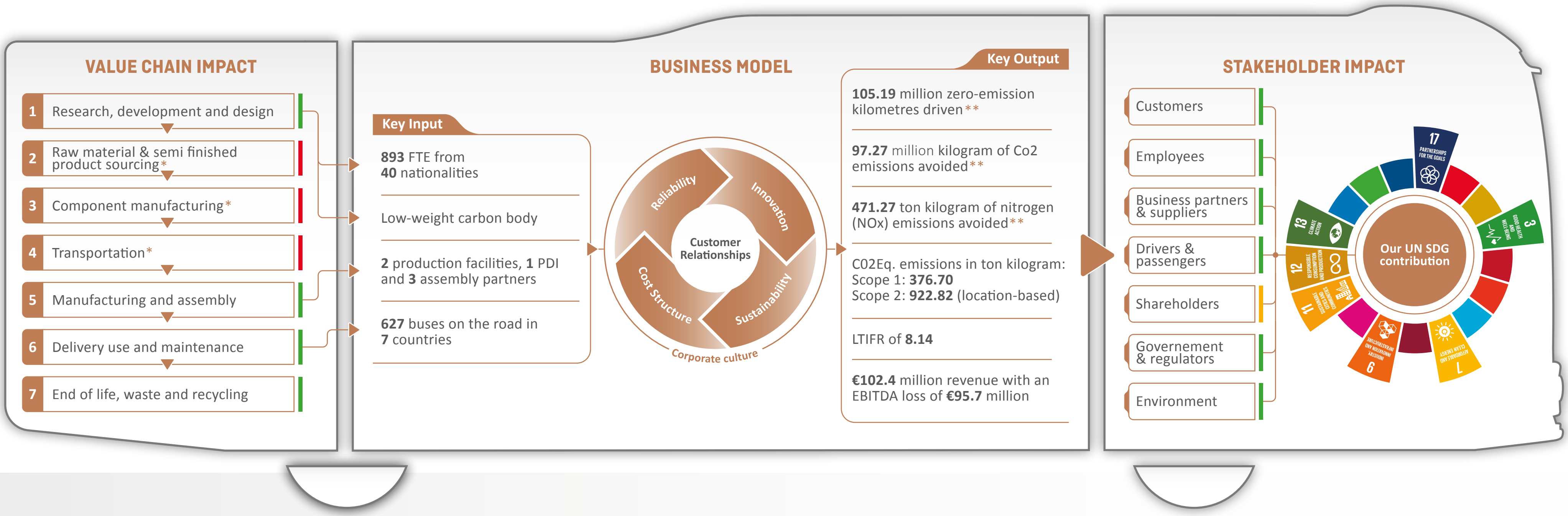
CULTURE AND PEOPLE

Our customer-centric strategy focused on reliability, innovation, sustainability and cost effectiveness is supported by our uniquely skilled people and the entrepreneurial culture we have fostered over the last decade.

As we have done since the inception of Ebusco, we continue to invest in our people by providing them the working environment, tools and education options to contribute to our strategic pillars. Ebusco prides itself on its inclusive culture where we welcome everybody who shares our mission of the transition to sustainable, safe, accessible, emission-free and affordable public transport.

OUR VALUE CREATION MODEL

At Ebusco, our primary objective is to deliver lasting value to all stakeholders involved with our company. We are also committed to positively impacting the environment and society at large. Manufacturing and selling electric buses is our core business, but we also consider the broader implications of our products, especially in terms of reducing environmental pollution and benefiting the communities that utilise them. Our objective is to achieve long-term value for our key stakeholders. We align our goals with important international objectives, like the United Nations Sustainable Development Goals, to contribute to sustainable public transportation.



Legend

- Positive
- Mixed Impact
- Negative

* Negative impact as a result of scope 3 emissions.
** Cumulative, since the founding of Ebusco (not assured).

STAKEHOLDERS

As good corporate citizens aligned with the Dutch Corporate Governance Code, we nurture our alliances with various stakeholders and consider their interests when making strategic business decisions.

As part of our business model, we have many strategic partnerships with various stakeholders. An open and constructive dialogue with them is essential to build and maintain trust and develop solutions together. Engaging with our stakeholders is crucial to identify important trends and developments in our markets at an early stage. Open dialogue enables early recognition of opportunities and risks and ensures that we remain responsive to the needs of our various stakeholders.

The following stakeholder matrix provides an overview of our stakeholders and why they are relevant to us.

INTRODUCING OUR STAKEHOLDERS	THEIR KEY EXPECTATIONS OF EBUSCO	OUR ENGAGEMENT AND OUTCOMES
Our **customers** are mainly public transit operators (PTO) and public transit authorities (PTA) who contract with us through procurement and tender processes.	Customers expect Ebsuco to deliver buses on time and according to specifications agreed, and to comply with regulatory requirements.	We engage with customers and regulators to understand their requirements and processes. Our customers can reach us 24/7 and know we will go the extra mile to support them.
We have 893 **FTE**. We rely on highly skilled people, such as composite, electrical, industrial, and automotive engineers.	Employees value an inspiring, safe working environment as well as fair and competitive remuneration and benefits. Our performance management process promotes feedback and identifies lifelong learning and training opportunities.	Our employees are our most important assets. We engage with our employees through our internal communication initiatives and directly through the HR cycle, including annual appraisal and performance reviews. We have a remuneration policy that aims to attract, motivate and retain qualified employees.
Our **business partners and suppliers** strengthen the innovative nature and quality of our offering. We build solid, long-lasting partnerships with our business partners that are essential to our success.	Suppliers' long-term planning and product development take Ebusco's growth plans into account, which means that our success is their opportunity. We also engage with our suppliers through alignment with our ethical and sustainable behaviour standards.	We share data and experiences with our business partners and suppliers for mutual benefit, including new technology and better efficiencies. We also work closely with our customers on innovative projects. We involve suppliers in our future developments which is crucial to support our technology roadmap and establishing a stable supply chain.
Drivers and passengers are the daily users of our buses. They require affordable, available, safe and reliable transport.	Our role is to provide safe, convenient and sustainable public transport.	We engage with bus drivers through our training programmes. We receive continuous customer feedback about bus performance and how this impacts users.
As a listed company, we have **shareholders** who have invested in Ebusco shares.	Shareholders invest in Ebusco to receive a long-term return on investment in a transparent setting. Shareholders expect us to communicate timely and accurately.	We engage with shareholders at the annual general meeting, through Euronext notices and via press releases and other information on our websites. Our management and Director Investor Relations engage with shareholders and potential investors through road shows and investor conferences.
Government and regulators develop laws and regulations relating to public transport contracts' award, administration, performance, and procurement processes. They also issue policies and regulations to support and accelerate the green transition.	Governments expect buses in public transport to be efficient, economical and easily accessible to everybody, including people with disabilities. Governments expect us to contribute to the green transition by providing economically viable electric bus transport.	We engage with national and international public parties by responding to public consultation processes (before laws are materialising). We are subject to periodic audits and reviews by various government agencies.
The **environment** provides us with the natural resources needed to manufacture, assemble and operate buses. This includes energy, water and raw materials.	We continuously work on optimising processes, in order to reduce the depletion of natural resources.	We are always striving to improve our buses, focusing on recycling and reusing materials wherever possible. Our zero-emission buses offer a sustainable alternative to diesel buses, contributing to the energy transition. Additionally, we are committed to reducing the environmental footprint of our own operations.

OUR MATERIALITY ASSESSMENT

We are committed to making Ebusco a truly sustainable company and have the ambition to further integrate Environmental, Social & Governance (ESG) governance, measurement and reporting into the Ebusco DNA.

In 2023, we continued our double-materiality approach as established in 2022, providing insight into our impact on ESG related issues (impact materiality) and how these issues affect Ebusco's performance and financial position (financial materiality). This process is designed to validate and update our understanding of what is most significant to our stakeholders and to ensure that these topics are aligned with Ebusco's evolving impacts on society and the environment, as well as the influence of external factors on our operations. This approach is in anticipation of the double materiality requirements determined by the CSRD regulation.

Building on the foundation, as established in 2022, for this year we have conducted a materiality light review, focusing on reassessing the 2022 material topics.

OUR MATERIALITY PROCESS

SURVEY

In 2023, a survey was distributed to Ebusco's employees. The survey asked them to rate the importance of the material topics identified in the previous year, from their own perspective. Also, the question was asked whether material topics were missing. This method provided a comprehensive overview and enabled us in developing a draft materiality matrix.

RESEARCH

Subsequently, research was conducted on Ebusco's activities, business relationships and context. A media scan (desk research) was performed using the long list of material topics from 2022. For each material topic, specific search terms were used in order to find related media-coverage on these topics for Ebusco. These findings were then evaluated for their potential positive, mixed or negative impact by using a ranking scale. These outcomes helped us to validate the materiality matrix.

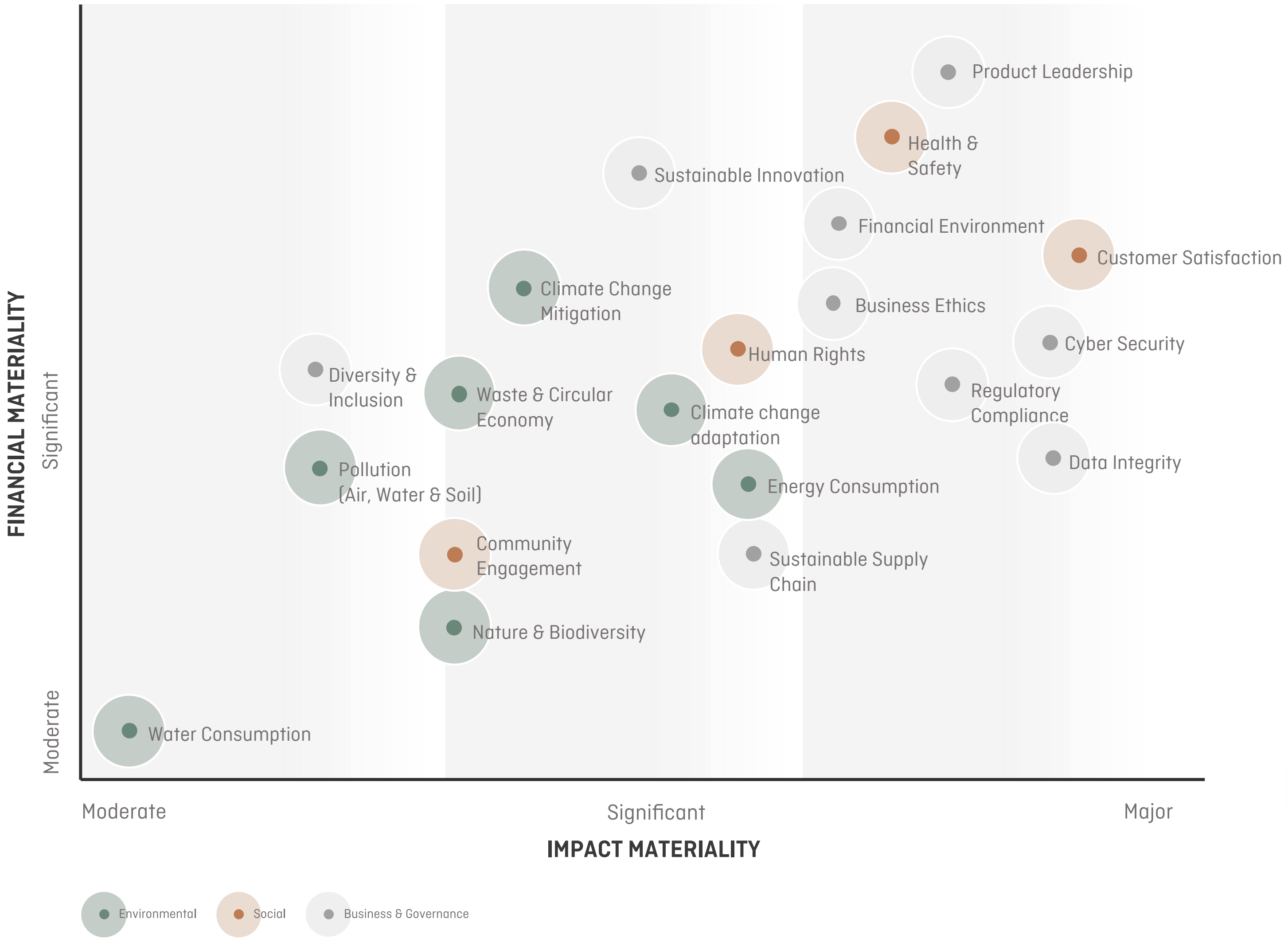
WORKSHOP

Additionally, a workshop with key staff members was conducted to validate the matrix and determine the next steps for the most significant topics.

APPROVAL

Feedback from internal stakeholders, along with the desk research, has led to the creation of the 2023 topic list of Ebusco. The Management Board, following this verification, approved the revised materiality matrix, which included the updated topics.

EBUSCO'S MATERIALITY MATRIX



We will continue to keep a close watch on developments in sustainability reporting and make necessary adjustments to our disclosures, if needed. Our future plans include a further expansion of our engagement with external stakeholders. In our ongoing assessments, we will be further evaluating both positive and negative impacts. Input on positive and negative impacts was already gathered via the employee survey in 2023. Our aim is to eventually fully align with the European Sustainability Reporting Standards (ESRS) as they evolve into mandatory requirements. This approach is in response to the CSRD's double materiality requirement, which we will need to implement in 2024.

MATERIALITY AND KEY PERFORMANCE INDICATORS

Following the light review of our material topics in 2023, we embarked on a process to realign our relevant key non-financial performance indicators, also to align them with future CSRD/ESRS requirements. This involved a CSRD/ESRS gap analysis, which we performed together with an independent consultant to identify our non-financial reporting needs in terms of KPIs. First actions are taken to bridge the reporting gap that was identified. We also took further steps in validation and assurance. Our auditor provided limited assurance* on six of our main non-financial KPIs for the first time:

NON-FINANCIAL KPIs

- Scope 1 emissions
- Scope 2 emissions
- Accident rate (Lost Time Injury Frequency Rate: LTIFR)
- Zero Emission km driven
- CO_2 avoided
- NOx avoided

Please find our 2023 results for the above KPIs on page 4. For these six KPI's, reporting processes have been set up, as well as a risk & control framework, including informal controls. These steps are crucial for ensuring that our data collection and reporting are comprehensive, accurate, and reliable. These performance indicators are designed based on our own reporting criteria and methodology.

For each indicator, we have established specific boundaries and base-years. We have a structured approach to further refine and broaden these metrics and controls in anticipation towards CSRD compliance as per 2024. In 2024, we will work towards setting targets for our main performance indicators.

* Refer to the limited assurance report of the independent auditor on Ebusco Holding N.V.'s selected non-financial key performance indicators, see page 120-121.

OPERATIONAL REVIEW

INTRODUCTION

2023 was a challenging year. Ebusco continued expanding its production capacity to have sufficient output for last year's record-high orderbook. This expansion is necessary but came with challenges due to ongoing supply chain constraints and a challenging market to recruit skilled labour. As a result, Ebusco had to revise its production strategy.

PRODUCTION RAMP UP

2023 was all about continuing our production ramp-up. Early 2023, we converted one of one of our three production halls in Deurne into an assembly setup with three assembly lines, leaving one of the other halls completely dedicated to casco production. Due to the parts shortages that arose during the Covid period, one out of the three assembly lines had to be used for installing the missing parts on the already produced, nearly completed, buses.

To support staffing for both casco and bus ramp-up, Ebusco, together with its recruitment partners, made huge efforts to attract skilled people. However, despite these efforts, it became clear during the year that in the current labour market, it remained very challenging to find sufficient skilled labour in the direct vicinity of Deurne. This labour shortage forced Ebusco to switch from a two-shift operation back to one-shift for its bus assembly activities. With respect to our manufacturing facility in Rouen in France, the casco activities have been set up within time and budget and started as of the fourth quarter of 2023.

As a result of staffing shortages, the continued impact of the supply chain disruptions, and the slower than expected ramp up of the Deurne production, Ebusco decided to revise its production strategy, as announced mid 2023. A key element in this strategy is that Ebusco makes use of third-party assembly partners to increase its production capacity. This means that at the end of 2023, Ebusco had three sites for casco production (Deurne, Rouen and China) and four sites for bus assembly (Deurne, Portugal and two in China) at its disposal. It is important to emphasise that Ebusco's proprietary casco components will be manufactured at its own sites. The site in Deurne will serve as an innovation site and a blueprint for casco production at other sites. Therefore, in the third and fourth quarters of 2023, the focus was not only on the ramp-up in Deurne, but also on the ramp-up of production in France, and the bus assembly activities at our third-party assembly partners in China and Portugal. Although many key components are still sourced from European partners, we experience, especially in China, a much better component supply environment, particularly related to common and smaller components such as cable beams, brackets, studs, displays etc. This strategy allows the company to catch up on the ramp up of the bus production.

Ebusco extended its rental agreement of the Pre-Delivery Inspection (PDI) facility in Venray in the third quarter of 2023. In this facility Ebusco's PDI activities take place, next to aftersales, prototyping and Ebusco's central warehouse.

Due to the already mentioned staffing shortages, Ebusco was forced to put its implementation of the new ERP system on hold so more resources could be dedicated to production. To bridge the gap in management information between the legacy system and the future ERP system, a temporary MRP/business intelligence tool was implemented.

SUPPLY CHAIN DEVELOPMENTS

Although the lack of parts due to component shortages, which started during the COVID period, has significantly improved in 2023, production was still hampered by parts availability. Therefore, Ebusco continued to experience late deliveries which led to higher transport costs and inefficiencies during assembly.

ORDERBOOK DEVELOPMENT

Ebusco ended 2023 with an order book of 1,719 buses compared to 1,474 buses at the year-end 2022. In total, Ebusco received 530 new bus orders throughout 2023 (fixed contracts, call-off and options). An additional 85 options or call off contracts turned into fixed contracts, totalling to 615 bus orders in 2023. Out of these 615 orders, 359 are for the Ebusco 3.0 buses. In 2023 Ebusco delivered a total of 178 buses to its customers. Out of these buses, 36 are 3.0 and 142 2.2 buses.

Ebusco currently maintains a substantial order book, enabling production to extend into 2025. This has prompted a more discerning approach to tender selection, with Ebusco carefully evaluating terms and conditions before submitting an offer in recent times. Regarding Ebusco Energy, we have experienced the same trend. We have been working hard to deliver on our existing contracts and therefore carefully considered which tenders to submit to.

Looking into the orderbook in more detail, the call-off option, as indicated in the table below, is an add-on to a fixed contract and relates to the recently extended framework contract with Deutsche Bahn. Ebusco is the exclusive supplier of electric buses to Deutsche Bahn. These call-off options could lead to fixed contracts. Other noteworthy orders that have been signed in 2023 include the repeat order of 63 Ebusco 3.0 buses for Qbuzz – Groningen and Drenthe and 50 Ebusco 3.0 buses for Keolis - Stockholm, with an option for an additional 75. In addition, Ebusco signed the first order for the airport industry, delivering up to 8 Ebusco 3.0 buses for Fraport – Frankfurt Airport.

Ebusco Energy contributes with various energy storage products, such as 20 Mobile Energy Containers. The delivery of the Energy Containers, scheduled for 2023, have been moved to 2024 due to a delay in required certification.

The table below shows a summary of orders received in 2023.

ORDERBOOK EOY 2023

	Contract	Call-off	Options	TOTAL
EBUSCO 2.2	158	199	660	1,017
EBUSCO 3.0	575	-	127	702
Total	**733**	**199**	**787**	**1,719**

	Fixed	Option
Energy Storage System (ESS)	4	-
Mobile Energy Container (MEC)	20	-
Ebusco Maritime Battery (EMB)	2	-
Ebusco Charging System (ECS)	12	5
Total	**38**	**5**

FTE

	The Netherlands		Other territories	
	2023	2022	2023	2022
Full-time employee	518	403	39	15
Full-time contractors	316	179	20	10
Total	**834**	**582**	**59**	**25**

STAFFING

Per 31 December 2023, we had 959 employees in 13 countries, of which 94% works in the Netherlands. Our workforce represents 40 nationalities.

Despite the tight labour market, our total work force increased from 607 to 893 FTE (full-time employees and contractors) in the past year. We were able to maintain a strong retention rate of 90% (own employees).

The fact that we are working on the cutting edge of mechanical, electrical and software engineering, where the talent pool is limited, makes the competition on the labour market even more challenging. Despite these challenges, it was encouraging to see that people are keen to join Ebusco and are attracted by our culture and product positioning. Ebusco uses a variety of tools in our recruitment process and invest in employer branding, job fairs and events at schools. We also have a referral strategy, where existing Ebusco employees are rewarded if they actively help recruit new employees. In 2023, 51 new fulltime employees joined Ebusco through this programme. We recruited a wide variety of skills and expertise, including composite, electrical, industrial and automotive engineers, production employees and many more. We also successfully started the recruitment process in France for our new facility in Metropole Rouen, where we have welcomed 34 colleagues in 2023. Despite substantial efforts, over the past year, we were unable to secure an adequate number of qualified staff for key departments in the Netherlands. This was one of the factors that hampered the scaling up of our production in Deurne.

FINANCIAL REVIEW

INTRODUCTION

The financial year 2023 was disappointing for Ebusco. Revenue decreased from €111.6 million in 2022 to €102.4 million. The operating loss increased from €40.4 million in 2022 to €103.8 million in 2023. This was mainly caused by a negative gross profit due to higher costs of materials, costs for two onerous contracts, late delivery penalties, direct damage claims from customers, and costs for increases in warranty provision, inventory provision and modification provision. In addition, the growth in organisation resulted in higher staff costs and other operating expenses. Furthermore, the transfer of part of the production to third party production partners resulted in higher other operating expenses.

The cash and cash equivalents position decreased by more than €67.3 million to €27.9 million as at 31 December 2023. This was driven by negative cash flows from operations (€103.8 million negative) and from investment activities (€20.1 million negative) partially offset by cash flows from financing activities (€56.6 million). The decrease in cash flow from operations was mainly caused by the net loss before taxes of €105.7 million. The positive cash flows from financing activities were caused by net proceeds from issuance of share capital for a net amount of €24.6 million and net proceeds from the placement of a convertible bond for an amount of €34.2 million.

RESULTS OF OPERATIONS

The following table summarises the Group's financial performance for the years ended 31 December 2022 and 2023.

	year ended 31 December	
(€ thousands)	2023	2022
Revenue	102,440	111,617
Cost of materials	(109,288)	(95,984)
Gross profit*	**(6,848)**	**15,633**
Employee benefit expenses	(63,163)	(35,525)
Amortisation and depreciation expenses	(8,136)	(5,627)
Other operating expenses	(25,722)	(14,916)
Operating expenses, excluding cost of materials	**(97,021)**	**(56,068)**
Operating result (EBIT)*	**(103,869)**	**(40,435)**
Finance expenses, net	(932)	(1,060)
Share of result of an associate	(871)	(432)
Result before tax	**(105,672)**	**(41,927)**
Income tax credit/(expense)	(14,474)	9,734
Result for the year	**(120,146)**	**(32,193)**
Operating result (EBIT)*	**(103,869)**	**(40,435)**
Amortisation and depreciation expenses	(8,136)	(5,627)
EBITDA*	**(95,733)**	**(34,808)**

* For further information and calculation of the non-IFRS measures, reference is made to page 124 and 125

COMPARISON OF THE YEARS ENDED 31 DECEMBER 2022 AND 2023

REVENUE

Full-year 2023 revenue arrived at €102.4 million. This is €9.2 million below the full year 2022 revenue of €111.6 million.

As communicated before over the course of 2023 and at the beginning of 2024, revenue in 2023 was negatively affected by two factors:

- Delay in delivery of Ebusco Energy containers;
- Longer delivery times due to disruptions in global logistic movements and capacity in our main warehouse and a delayed transfer of ownership of buses from our international assembly partners hampered bus revenue in the second half of 2023.

The following table shows revenue per region of the Group's revenue for the years ended 31 December 2022 and 2023.

Revenue – Geographical breakdown (in thousands of euro)	2023	2022
DACH*	48,959	59,812
Nordics**	31,936	27,468
Benelux	17,186	16,946
Spain	1,427	7,389
France	2,932	-
Rest of the World (RoW)	-	2
Total	**102,440**	**111,617**

* DACH is an acronym for Germany (D), Austria (A) and Switzerland (CH).
** 2 Nordics is an acronym for Denmark, Sweden, Norway and Finalnd

With the Group's total revenue being lower than in 2022, there were geographical differences. Revenue increased in the Nordics, Benelux and France. In the first two regions thanks to Ebusco 3.0 sales. In DACH revenue was down. This was mainly caused by orders for 2.2 buses that were partially pushed to 2024. In Spain, revenue was down because revenue for 2.2 buses was mainly included in 2022 revenue.

GROSS PROFIT

Gross profit decreased by €22.5 million to €6.8 million negative in 2023 from €15.6 million positive in 2022. Normalised for late delivery penalties, direct damage claims from customers and costs for onerous contracts gross profit amounted to €4.0 million positive (2022 normalised gross profit: €16.3 million positive).

Ebusco's cost of materials includes costs of materials (including parts and other components), cost of work contracted out (relating to third-party production partners) and other external costs, including transportation costs, import duties, and spare parts. Supply chain disruption led to an increase in the costs of raw materials and transportation.

The gross profit as a percentage of revenue decreased from 14.0% in 2022 to 6.7% negative in 2023. The main factors causing this decrease are:

- Lower bus margin: due to costs for onerous contracts, late delivery penalties and direct damage claims and cost of goods.
- Elements related to other revenue items that impacted gross margin were amongst others late delivery charges and stock and warranty related provisions

For further information and calculation of gross profit, reference is made to the non-IFRS measures on page 124-125.

EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses increased by €27.6 million from € 35.5 million in 2022 to €63.2 million in 2023. This increase is mainly due to the increase in the average number of full-time employees. The average number of full-time employees (including temporary employees) increased by 79% from 446 FTEs in 2022 to 798 FTEs in 2023.

AMORTISATION AND DEPRECIATION

Amortisation increased from €1.9 million for 2022 to €2.3 million in 2023. The increase mainly relates to a partial impairment of the asset related to the implementation of the new ERP system. As a result of the Group's revised assembly strategy, the set-up and scope of the ERP system was impacted and subsequently partially impaired.

Depreciation increased by €2.1 million to €5.8 million in 2023 (2022: €3.7 million). Depreciation of property, plant and equipment increased by €1.7 million to €4.0 million in 2023 mainly following investments in equipment and office inventory in 2023. Depreciation of right-of-use assets increased by €0.4 million to €1.8 million in 2023, mainly following from newly leased buildings and indexation of existing leases during 2023.

OTHER OPERATING EXPENSES

The following table summarises the Group's other operating expenses for the periods indicated.

Other operating expenses (in thousands of euro)	2023	2022
General expenses	7,599	5,416
Distribution expenses	5,247	2,687
IT expenses	3,584	2,541
Marketing expenses	1,156	1,156
Facility expenses	4,088	996
Office expenses	384	264
Other operating expenses	3,664	1,856
Total	**25,722**	**14,916**

Other operating expenses increased by €10.8 million from €14.9 million in 2022 to €25.7 million in 2023.

Distribution expenses increased from €2.7 million in 2022 to €5.2 million in 2023. Supply chain constraints, global logistic disruptions and the transfer of part of the production to third party production partners resulted in higher transport costs since more material had to be transported and more by air instead of by sea.

The facility expenses mostly increased due to the opening of the new production facility in Venray (NL) in January 2023. In addition, due to the opening of other facilities and increase in average FTEs the costs for utilities, insurance and other non-rent related expenses increased as well. Furthermore, the growth in general costs and other operating costs are related to the growth of the organisation and the operation.

OPERATING RESULT (EBIT)

Considering the issues driving the negative gross profit as mentioned above, the operating result amounted to a loss of €103.9 million for 2023 (2022: loss of €40.4 million).

For further information and calculation of the EBIT, reference is made to the non-IFRS measures on page 124-125.

FINANCE EXPENSES, NET

The finance expenses most significantly consist of interest and similar expenses as a result of the financing facility entered into during the second half of 2023 and the convertible bond placement in December 2023. The total finance expenses amount to €0.9 million (2022: €1.1 million).

SHARE OF RESULT OF AN ASSOCIATE

Share of result of an associate decreased by €0.5 million to negative €0.9 million in 2023 from €0.4 million in 2022.

INCOME TAX

The 2023 income tax expense amounted to €14.5 million debit (2022: income tax credit of €9.7 million). The income tax expense largely refers to the derecognition of the deferred tax assets as Ebusco reported a history of losses. The effective tax rate decreased from 23.2% in 2022 to 13.7% negative in 2023.

RESULT FOR THE YEAR

Result for the year decreased by €88.0 million, from €32.2 million loss in the year ended 31 December 2022 to €120.1 million loss in the year ended 31 December 2023.

EARNINGS PER SHARE

Earnings per share decreased from negative €0.54 per share in 2022 to negative €2.01 per share in 2023. The weighted average number of shares outstanding was 59.2 million (2022: 59.0 million). At year end 2023 Ebusco had 64.0 million shares outstanding (2022: 59.0 million).

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

The Group's primary use of liquidity is for the day-to-day operation of its business relating to the production and assembly of buses, capital expenditures and other investments is further detailed below and on the next pages.

CASH FLOWS

The following table presents a summary of the Group's cash flows for the periods indicated, which have been extracted from the Financial Statements.

	year ended 31 December	
(€ thousands)	**2023**	**2022**
Net cash flows from operating activities	(103.799)	(99.058)
Net cash flow from investment activities	(20.071)	(8.496)
Net cash flows from financing activities	56.576	(5.172)
(Decrease)/Increase in cash and cash equivalents	**(67.293)**	**(112.726)**
Exchange gains/(losses) on cash and cash equivalents	(1)	15
Cash and cash equivalents at the start of the period	95.212	207.923
Cash and cash equivalents at the end of the period	**27.918**	**95.212**

COMPARISON OF THE YEARS ENDED 31 DECEMBER 2022 AND 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash outflow from operating activities for 2023 was €103.8 million, compared to a net cash outflow of €99.1 million for 2022. Profit/(loss) before tax decreased from a net loss before tax of €41.9 million in 2022 to a net loss before tax of €105.7 million in 2023. Depreciation of property, plant and equipment for an amount of €5.7 million, amortisations for an amount of €2.3 million and additions to provisions for an amount of €9.5 million were offset by a net increase in movements in working capital (€17.1 million). In the movements in working capital, inventories increased with €59.1 million, partly offset by receivables and other financial assets that decreased with an amount of €8.4 million, payables and other liabilities that increased with €28.3 million and contract liabilities/assets that decreased with €5.4 million.

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash outflow from investing activities for 2023 was €20.1 million, up from €8.5 million for 2022. This increase was mainly due to investments in property, plant and equipment.

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash inflow from financing activities for 2023 was €56.6 million, an increase of €61.7 million compared to 2022. This is mainly caused by net proceeds from the issuance of share capital at the end of 2023 for an amount of €24.6 million and net proceeds from borrowing for an amount of €34.2 million, partly offset by the repayment of the finance facility of €20.0 million.

FREE CASH FLOW

Free cash flow decreased by €14.8 million from €108.7 million negative in 2022 to €123.5 million negative in 2023. This decrease is mainly caused by the cash outflows from investing activities that increased by €11.5 million and cash outflows from operating activities, which increased by €3.7 million.

For further information and calculation of the free cash flow, reference is made to the non-IFRS measures on pages 124-125.

NET WORKING CAPITAL

The Group calculates net working capital as inventories, including contract assets, plus trade receivables minus trade payables and contract liabilities.

As of 31 December 2023, the net working capital amounted to €144.0 million (31 December 2022: €106.3 million). The increase in net working capital of €37.7 million is mainly caused by an increase in inventories of €59.1 million offset by a decrease in trade receivables (€6.6 million), an increase in contract assets (€4.7 million), an increase in trade payables (€9.4 million) and an increase in contract liabilities (€10.0 million). The Group recognises a contract asset for services performed for a customer to which the Group has a right to receive consideration. Contract assets represent the work-in-progress assets for the production of zero emission buses. The Group reclassifies contract assets to trade receivables when performance obligations are satisfied and the right to consideration becomes unconditional.

For further information and calculation of net working capital, reference is made to the non-IFRS measures on pages 124-125.

CAPITAL EXPENDITURE

Investments in property, plant and equipment amounted to €15.0 million, mainly including investments in equipment related to the warehouse in Venray and the production facilities in Deurne and Rouen.

Investments in intangible assets amounted to €2.0 This increase was mainly driven by the investments in a new ERP system and Product Lifecycle Management software .

NET (CASH)/DEBT

The Group's net debt position, excluding lease liabilities, per 31 December 2023 was €6.6 million, a decrease of €101.3 million compared to a net cash position of €94.7 per 31 December 2022. The decrease in the net cash position was mainly due to the issued convertible bond (including embedded derivative) for an amount of €33.1 million.

The following table presents the Group's net (cash)/debt (including and excluding lease liabilities) as per 31 December 2022 and 2023.

(€ thousands)	31 December 2023	31 December 2022
Debts to credit institutions	1,348	486
Debt to a third party	33,126	-
Sub-total loans and borrowings	**34,474**	**486**
Lease liabilities	16,598	7,761
Cash and cash equivalents	(27,918)	(95,212)
Net (cash)/debt including lease liabilities	**23,154**	**(86,965)**
Lease liabilities	(16,598)	(7,761)
Net (cash)/debt excluding lease liabilities	**6,556**	**(94,726)**

For further information and calculation of the net (cash)/debt, reference is made to the non-IFRS measures on pages 124-125.

EQUITY

Total equity decreased by €95.2 million to €178.3 million as at 31 December 2023 (2022: €273.5 million), mainly due to the net loss for the year of €120.1 million partly offset by the share capital increase of €24.6 million.

CAPITAL EMPLOYED

Capital employed decreased by €85.8 million from €279.9 million as at 31 December 2022 to €194.1 million as at 31 December 2023 mainly due to an increase of current liabilities with €85.0 million.

For further information and calculation of capital employed, reference is made to the non-IFRS measures on pages 124-125.

CONTRACT ASSETS AND LIABILITIES

The contract assets and liabilities as per 31 December 2023 amounted to €48.7. million. A decrease of €5.4 million compared to 31 December 2022 (€54.1 million). The contract asset position most significantly relates to Ebusco's 3.0 projects which are near to completion and almost ready to be delivered. The contract liabilities mainly consist received advanced payments related to two projects.

DIVIDEND POLICY AND PROPOSED DISTRIBUTION

Pursuant to article 31 of the articles of association of the Company, the Management Board, with the approval of the Supervisory Board, may decide that profits or losses realised during a financial year are fully or partially appropriated to increase and/or decrease from reserves (article 31.1). The profits remaining shall be put at the disposal of the General Meeting. The Management Board, with the approval of the Supervisory Board, shall make a proposal for that purpose. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting of Shareholders (article 31.2).

The Company does not intend to declare or pay dividends for the financial year ending 31 December 2023 or in the medium term. The Company anticipates that for the foreseeable future, it will retain all its future earnings for use in the development of its business, its international expansion and growth strategy to create shareholder value, to maintain a healthy financial structure and for general corporate purposes.

The net loss for 2023 of €120.1 million (2022: net loss of €32.2 million) will be deducted from the retained earnings.

OUTLOOK

Management has taken key actions to structurally enhance financial and operational performance and increase predictability in 2024 and beyond.

Ebusco reiterates its revenue expectation in excess of €325 million for 2024. Driven by the adapted assembly strategy and other management actions, capital expenditures, employee expenses and other operational expenditures for the full year 2024 are expected to arrive below the level of 2023. The combination of the increased revenue and lower operational expenditures is expected to result in a positive EBITDA for the full year 2024 which will be weighted towards the second half.

OUR SUSTAINABILITY JOURNEY

Founded more than a decade ago on the strong belief that electrification is the future, Ebusco is an industry pioneer with innovation in its DNA. Ebusco aims to contribute to the energy transition in public transportation.

We have started on our sustainability journey, which integrates our contribution to seven priority SDGs (see our Value Creation Model, page 15), the material topics identified in our materiality assessment and current sustainability priorities.

While we made progress in 2023, we recognise that we are in the process of maturing our sustainability-related performance measures. Developments and achievements in 2023 included:

- Our second double materiality assessment
- Preparation of 6 main non-financial KPIs for limited assurance; process flows and risk & control framework
- Development of a strategic sustainability roadmap for coming years, based on needs and opportunities
- A Human Rights risk analysis, together with an independent consultant, to identify the material risks in our value chain. In addition, we published our first Human Rights Policy.
- Commissioning of a full carbon footprint study (Life Cycle Assessment) on the 3.0 bus, together with TNO. This has led to the creation of the Environmental Product Declaration (EPD) which will be disclosed in Q1 2024.
- Execution of a CSRD gap-analysis, to align our current reporting with the future regulatory needs based on the ESRS standards
- Implementation of a due diligence process and tool to screen our supply chain based on ESG criteria, also in line with CSDDD

FUTURE PRIORITIES

WHAT WE WILL CONTINUE

- We will continue developing our sustainability strategy, set non-financial targets and further enhance our corporate statements and policies on ESG, complying with CSRD reporting requirements.
- We will maintain our investment in the health, safety and development of our employees to protect and strengthen the Ebusco culture and support our rapid growth and international expansion.
- We continue our product carbon footprint approach, and use the outcomes of the LCA and EPD for current and future tenders.

WHAT WE WILL START

- We are working with our suppliers to further implement value chain risk analyses, including moving towards compliance with minimum safeguards to protect human rights as part of the EU Taxonomy (and in line with CSDDD), for which we use external data and tooling, and apply audits based on high-risk area's.
- We will calculate our scope 3 emissions to understand potential opportunities to reduce emissions in our supply chain.
- We will adhere to upcoming material passport regulations from the EU, such as the specific one on batteries.

The next chapters describe how we aim to contribute to the three sustainability pillars, environmental, social and governance and how we have set up the governance of our sustainability efforts and organisation.

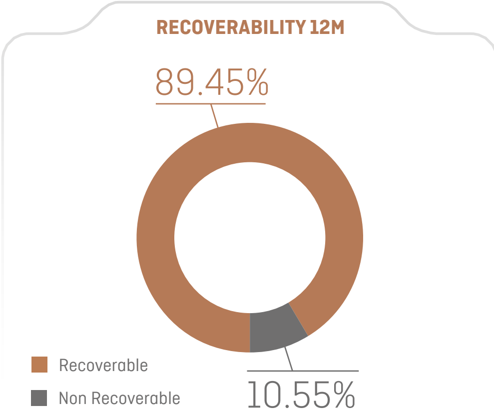
ENVIRONMENTAL

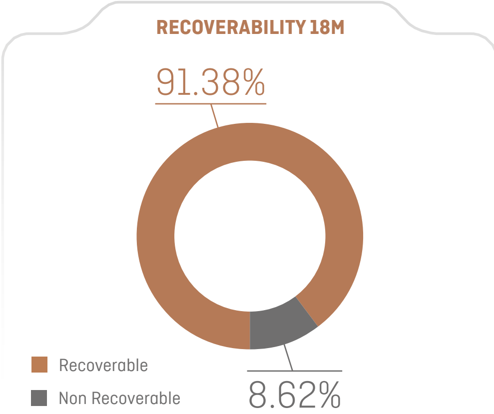
Our zero-emission buses contribute to reducing emissions in public transport and also reduce negative effects of pollution in cities. We anticipate demand to increase exponentially in the next ten years. While we scale up production, we continue to innovate for even more impact, using our experience in green solutions.

- **Reduced energy consumption:** After leading the market in terms of energy consumption and range with the Ebusco 2.2, Ebusco has taken the next leap into the future with the introduction of the Ebusco 3.0 in 2021. The lightweight composite body of the Ebusco 3.0 bus (30% lighter than the Ebusco 2.2) combined with a highly efficient driveline and high isolation value, results in industry-leading low energy consumption per kilometre driven. Combined with its range (up to 700 km), the 3.0 offers a very compelling proposition.

- **Data-driven operational optimisation:** Real-time fleet data allow for operational optimisation: We monitor the operational performance of our buses through a digital, real-time fleet management system. The data provide information and insights on the basis of which we can further optimise operational performance, including scheduling predictive maintenance, and implement design improvements. These operational and design improvements contribute to a further reduction of emissions/ environmental impact.

- **Longer lifespan and recoverability:** Effective integration of composite material minimises the use of steel. Composites age considerably slower than steel. This takes the expected lifespan of our casco to 25 years, which is more than double that of conventional buses. However, during the use phase of the bus, parts such as the interior or batteries will need to be refurbished. The costs and environmental impact are significantly lower than when assembling a new bus. Damage to the body can be repaired modularly but also simply and cheaply by either the operator at their own workshop or by Ebusco. All this has a positive impact on the environmental footprint of the bus. Our recoverability rate (ability to recover in %) for the 3.0 12m and 18m bus is displayed below:

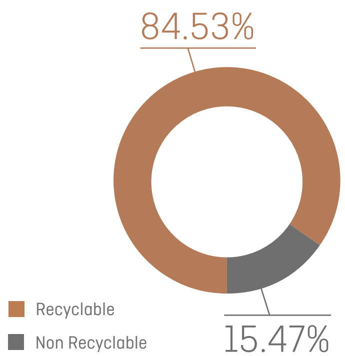




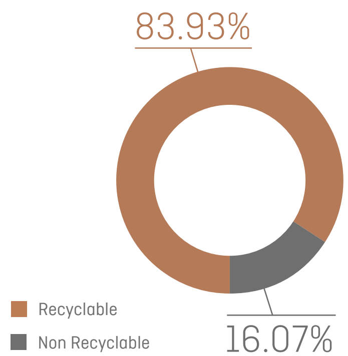
END OF LIFE, WASTE AND RECYCLING

As the Ebusco 3.0 body is based on composites, there is less corrosive impact. Ebusco buses can have an expected technical life cycle up to 25 years (including battery replacement and refurbishment), resulting in a lower total cost of ownership, resource intensity and its overall footprint. When decommissioned, parts are reused where possible. In the case of composites, we also work with partners to improve recyclability and alternative uses. With regards to battery circularity, they can get a second life in our energy storage systems. Part of the Life-Cycle Assessment (LCA) and Environmental Product Declaration (EPD) analyses was to calculate the recyclability rate (ability to recycle the materials in %) of the 3.0 12m and 18m bus, which are displayed below:

RECYCLABILITY 12M



RECYCLABILITY 18M



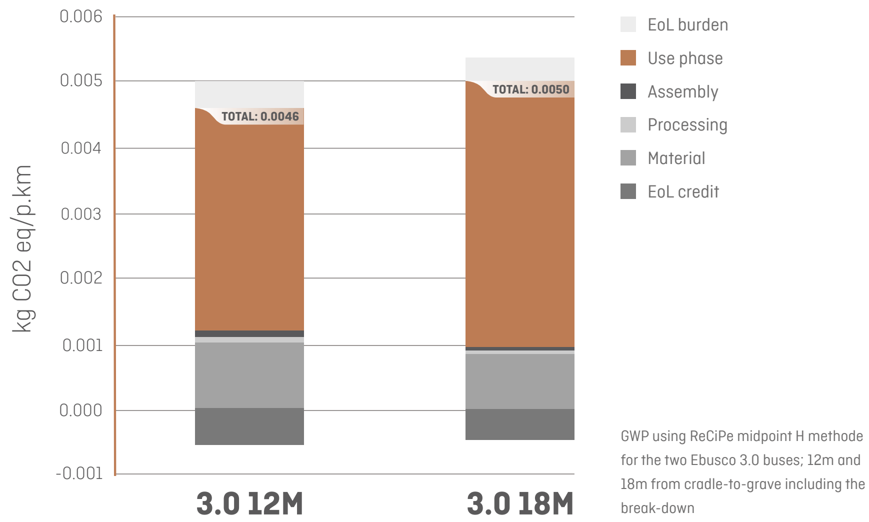
LIFE-CYCLE ASSESSMENT ON THE 3.0
(AS BUS FULLY MANUFACTURED IN DEURNE)

In what phase of its life cycle does a zero-emission bus cause the biggest environmental impact?
Many people assume this happens during the production phase or when a bus is decommissioned. In fact, most CO_2 is produced in the "use phase" of the bus, which highlights the need to strive for lower energy consumption while driving, which in turn emphasises the importance of lower weight and increased heating or cooling efficiency. To establish this fact, we completed a life-cycle assessment (LCA) analysis in 2023 for the 3.0 12-metre and 18-metre bus and battery. These have been executed by TNO, a well-known Dutch independent research institute. The LCA is a holistic evaluation of environmental impacts and resource use from the raw materials used to the bus's end of life. The LCA is based on the ISO 14040/14044 guidelines and is externally verified by an auditor. The LCA used a cradle-to-grave approach that included battery production, usage and waste treatment. The results showed that the 'use phase' of the bus had the highest contribution to carbon footprint and many other environmental impact categories, followed by 'material production'. For impacts related to toxicity and resource scarcity, 'material production' has the highest contribution.

Two areas of improvement emerged:

- Electricity use during the use phase of the bus, to further reduce its carbon footprint (for example, by increasing efficiency or lifetime travel distance and using dedicated renewable energy sources)
- The material composition of the battery, to reduce toxicity and address resource scarcity.

The assessment results will help us prioritise improvements. After completing a comprehensive Full LCA, we have successfully developed and verified an Environmental Product Declaration (EPD). The EPD will be disclosed in Q1 2024, in order for our clients, and other relevant stakeholders, to assess and compare our product footprint results and put them in perspective relative to our competitors.



GWP using ReCiPe midpoint H methode for the two Ebusco 3.0 buses; 12m and 18m from cradle-to-grave including the break-down

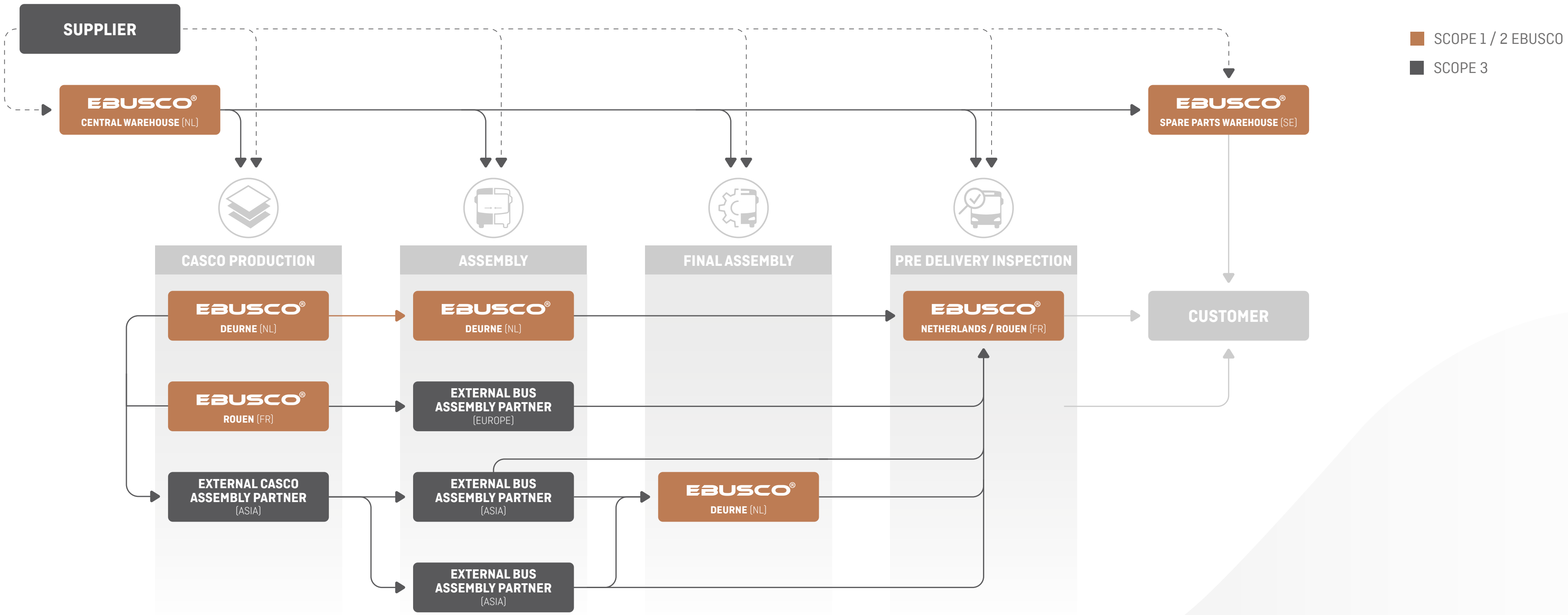
THE ENVIRONMENTAL IMPACT OF OUR OPERATIONS

The image below shows a simplified overview of key elements of the adjusted production set-up of the Ebusco 3.0*. In this set-up Ebusco works with three assembly partners. Depending on which assembly partner is selected, the production process consists of three or four steps, namely Casco Production, Assembly, Final Assembly (only when assembly takes place in Asia) and Pre-Delivery Inspection (PDI). Prior to this production process, parts are sourced from suppliers in Europe and stored in the warehouse in the Netherlands. Subsequently the parts are shipped to various production locations. For some parts, it is more efficient to transport the products directly from the supplier to the respective production location, this situation is illustrated in the diagram below with a dotted line. The regular process is illustrated with solid lines.

For each order the appropriate production setup is chosen depending on available production slots, delivery need dates and potentially specific customer requirements. The different options are described below.

1. With full production in Deurne, the process starts with the production of composite parts, which are then assembled into a composite casco. Full bus assembly then takes place at the same location, after which the bus is driven to the PDI site in Venray (The Netherlands).
2. In case we select our Asian assembly partners, composite parts are first being manufactured in Deurne, and subsequently transported to Asia along with the other (European) bus- and casco parts. First, the casco is assembled, after which the casco is transported to one of the bus assembly partners. Then, depending on the volumes, there are two options. The complete bus is assembled in Asia, or the partially assembled bus is transported to The Netherlands after which the final assembly takes place in Deurne. For both options, the buses are then transported to our PDI location in the Netherlands.
3. If the casco production takes partially place in Deurne and partially in Rouen, France, the manufactured casco will be transported to our European assembly partner. When the assembly is completed, the bus will be transported back to Rouen or to the Netherlands, where PDI inspection will take place, after which the bus will be delivered to the customer.

The Scope 1 (direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by an organisation) and 2 (indirect GHG emissions associated with the purchase of electricity) CO_2 emission impact is shown in the Ebusco copper colour, scope 3 (emissions that are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly affects in its value chain) impact is shown in anthracite.



* The Ebusco 2.2 production doesn't include the casco production and final assembly steps.

OUR OWN OPERATIONS

We continuously strive to minimise the impact of Ebusco's activities on the environment through the responsible use of raw and ancillary materials and by reducing waste, water discharge and emissions. We challenge ourselves and our suppliers in this regard. We started designing and manufacturing buses in Deurne in 2019, which allowed us to avoid the burden of legacy assets and processes. In 2023, new locations have been added in Venray (for our PDI) and Rouen (Casco building factory). This means that we have been able to set up our processes for minimum energy and water use from the start and engage with our landlords on further improving our energy efficiency in our production locations and optimising our energy demands. However, as a result of the expansion in Rouen and Venray, our scope 1 and 2 emissions increased. First, with regards to our usage, we realised the following in 2023:

- **Energy:** our energy use is low, due to the unique carbon design of the bus. Hence, this results in relative low emissions for a production facility. We use electricity from the grid at our plants in Rouen, Venray and Deurne. For our location in Deurne 100% is compensated through green certificates. In Venray we also have solar panels on our roof that cater for a fair amount of our electricity usage.

- **Gas:** we use a limited amount of gas in our office facilities, and in certain production processes in Rouen, Venray and Deurne, which in total amounted to 238.163 m^3 for the entire year.

- **Car fleet:** Ebusco's car fleet consists of mainly electric vehicles. The number of cars amounted to 42 at the end of 2023.

KEY PERFORMANCE INDICATORS

376.70 Tons of CO_2eq scope 1 ghg emissions (2022: 207.37)	**922.82** Tons of gross location-based CO_2eq scope 2 ghg emissions (2022: 660.23)	**111.89** Tons of gross market-based CO_2eq scope 2 ghg emissions (2022: 0, due to offsetting)
4.74 Total energy consumption per net revenue (in 100k) (2022: 1.91)*	**0.71** GHG emissions per net revenue (in 100k) (2022: 0.78)*	**4,891.48** MWH total energy consumption for own operations (2022: 2,129.25)

* Comparative figures (2022) changed due to granularity of data and a change in the reporting methodology.

SOCIAL

The expertise and capabilities of our employees play a critical role in the development, production, and commercialisation of innovative mobility solutions. We recognise that maintaining a healthy and safe work environment is essential for realising our objectives and aspirations. Transparent communication and collaborative efforts are integral to our pursuit of fostering a culture of workplace well-being and social cohesion.

We have a diverse workforce comprising of:
- Best-in-class leaders, engineers and product developers.
- Innovators who develop proprietary intellectual property.
- Fast decision-makers who work best in a flat organisation.
- Craftsmen and women who are proud of their work every single day.

The development of our employees and their well-being is very important, so we offer:
- A safe, pleasant and healthy working environment.
- An informal, non-hierarchical culture.
- Solid career growth prospects: 63 employees have been promoted in 2023 (2022: 59 employees).
- Growth and development through the Ebusco Academy and personal coaching.
- Talent- and Leadership Development.
- Transparency of information on matters such as benefits and remuneration.

Furthermore:
- Ebusco strives to reflect the diversity of society in its workforce.
- Diversity and inclusion are important topics on the agenda and are also included in the leadership programme.
- Ebusco is in touch with the Employee Insurance Agency and municipalities about contributing to the reintegration of people with WAO or WIA (partially unfit for work) status.
- We offer the possibility to work from home.
- We have a defined contribution pension scheme for employees in the Netherlands and a disability insurance.

CULTURE

We have clearly defined core values that set out our culture and guide us in the way we act and work together. Everyone in the company is responsible for living up to these values. The code of conduct, which incorporates these core values is a point of attention during the onboarding of new employees. In addition, we are currently developing a strategy and tools, based on a survey, that will contribute to the cultural fit between employees and the organisation, from recruitment to retaining and engaging our talents.

KEY PERFORMANCE INDICATORS

90%	**Employee retention rate** (in 2022: 93%)
4.49%	**Absenteeism** (in 2022: 4,09%)
21.03%	**Employee turnover** (in 2022: 19.25%)
39	**Interns per year** (in 2022: 38)
100,983	**Average working hours per month** (in 2022: 63,992)
509	**Temporary employees hired** (in 2022: 134)
19.2%	**Engineer or R&D professionals, of total workforce** (in 2022: 25%)
1.15%	**Employees with WAO or WIA status, of total workforce** (in 2022: 1.61%)

Our absenteeism rate has increased minimally, this can be traced to the substantial growth in the group of employees doing physical work. The absenteeism rate is equal to the average rate in the Netherlands. More detail on the developments in our workforce in 2023 can be found in the operational review on page 20.

HEALTH AND SAFETY

We want to enable employees to work without risk to their health and safety while designing products according to the highest standard of customer safety.

Our approach to health and safety is set out in the Ebusco Code of Conduct. All employees are jointly responsible for health, safety and the environment at the sites where they normally perform their work activities. This means being aware of their conduct and how it might impact other team members. As such, employees receive formal training and know they should suspend work in unsafe situations and report this to their supervisors. This is set out in the health and safety manual and the internal reporting process. With the in-house assembly of the Ebusco 3.0 more activities take place in our own facilities.

The following internal arrangements support health and safety instructions:

- Employees have access to voluntary consultations aimed at preventing health problems.
- A full risk inventory and evaluation is done at least every four years or more frequently when extensive production changes are implemented.
- An emergency response team is in place, consisting of trained employees that are able to implement Ebusco's emergency roadmap.

In the event of an environmental incident, our employees know they must immediately report it to both their supervisor and the Quality, Health & Safety and Environment (QHSE) Manager and take appropriate measures to avoid a dangerous situation. In such situations, employees must always follow the instructions of the inhouse or external emergency response officer. Employees complete compulsory safety training before starting their jobs and have access to a health and safety manual as further guidance.

KEY PERFORMANCE INDICATORS

8.14 LTIFR (in 2022: 3.91)	**3.41** LTIFR own employees (in 2022: 1.3)	**20.00** LTIFR contractors (in 2022: 2.60)
10 Recordable incidents (in 2022: 3)	**30%** Of recordable incidents due to unsafe conditions (in 2022: 50%)	**38** Lost time accidents (in 2022: 17)
0 Fatalities (in 2022: 0)	**2** Environmental incidents (in 2022: 1)	**28** Incidents due to unsafe acts out of 48 total work related incidents (in 2022: 7 out of 14)

FUTURE PRIORITIES

- We are working with the Ebusco Academy to develop quarterly theme-based health and safety training.
- We are formalising and digitising the health and safety reporting process.
  - Supplier quality assurance will be a focus area as we ensure 100% health and safety compliance in terms of contracting, incoming goods and inspections.
- In the course of 2024, we will have the pre-audit on ISO45001, with the aim to get the certification in Q2. This in addition to maintain our certification, with audit procedures, on ISO9001 and ISO-14001.

Over the year 2023, we have seen an increase in our Lost Time Injury Frequency Rate (LTIFR), mainly at our contractors. As part of our actions to improve Health & Safety at Ebsusco, we have implemented an easier and more accessible reporting system, which may have clouded the comparison. Last year, we invested heavily in safety trainings, awareness sessions, equipment and tooling to improve our Health & Safety performance.

TALENT DEVELOPMENT AND TRAINING

Developing the potential of our employees is very important at Ebusco, therefore we invest in our people and work closely with regional educational institutions to ensure lifelong learning.

We provide opportunities for interns and graduates to explore smart mobility as a potential career. We offer technical training in areas such as electrical, mechanical, manufacturing, customisation and application software engineering, research, testing, validation homologation and more. With the Ebusco Academy we offer an online learning platform for our employees to learn anytime, anywhere, in 4 languages, and with a choice of 1,100 e-learning modules. These range from technical training to safety and interpersonal skills, with some compulsory modules as part of the onboarding process. A total of more than 4,000 training sessions were attended in 2023. Employees can develop their skills in their current jobs or in areas they want to explore for future jobs. The training portfolio has been expanded based on sector related technical training and internal own developed trainings.

LEADERSHIP PROGRAMME

Together with an external leadership specialist we developed an Ebusco tailormade leadership programme, to enhance leadership skills. The programme is designed as a 6 month programme with monthly short training sessions instead of an intense short full day programme. This programme will start at the beginning of 2024.

YOUNG POTENTIAL PROGRAMME

The young potential programme is a new Ebusco initiative to create more balance between technical and personal development for younger employees. The young potential programme includes communication and presentation skills training and optional strategy, culture and project management training. The programme concludes with a group assignment to ensure learning is applied in practice. The full programme will come into effect in 2024.

ONBOARDING NEW EMPLOYEES

We want new employees to feel welcome, included and able to start making a difference as soon as possible. The onboarding process is a mix of online and in-person engagements. We provide various trainings and organise introduction days to introduce new employees to the various departments. We also provide courses that are non-work related, such as Dutch language courses. Expats also receive further guidance in terms of accommodation and creating new networks to feel at home in the Netherlands and at Ebusco as quickly as possible. We check in and follow up: once new employees settle into their teams and roles, we have regular meetings to ensure they are equipped to perform and work well in their teams.

DIVERSITY AND INCLUSION

At Ebusco we are committed to offer equal opportunities for all in all aspects of employment. When discussing promotions or lateral moves within the company, our sole focus is on the skills and motivation of the employee and not on gender, nationality or anything else not related to the job at hand. Moreover, we will not tolerate any discrimination based on age, race, skin colour, religion, gender, national origin, sexual orientation, disability, or any other protected class. We have a Diversity Policy in place, not only for the composition of the Supervisory Board and the Management Board, but also aimed at creating diversity in the workforce of the company as a whole. Employees are expected to contribute to a working environment without any form of undesirable behaviour or attitudes such as sexual harassment, aggression and violence, discrimination, stalking, bullying, abuse of power, insults and slander.

In accordance with our Diversity Policy, gender balance is one of the key areas. At the end of 2023 19% is female and 81% is male (2022: 19% female and 81% male). In the table below, we disclose the balance between female and male of our own employees (excluding temporary employees), spread over age groups.

As a follow-up to the 2022 Diversity and Inclusion survey, the focus in 2023 was on creating awareness. Especially on the topic of equal treatment of employees in teams, which is also one of the main topics in the new leadership programme. The aim is to create equality, which should contribute to an optimal performance and to the well-being of our employees. In 2023, we have also started a project that focuses on our core values, aimed at new employees, safeguarding a 'cultural fit' and at current employees to ensure the right conduct in line with our core values.

Age	Female	Male	%Female	%Male	Total
13 - 19	3	6	33%	67%	9
20 - 29	35	145	19%	81%	180
30 - 39	47	139	25%	75%	186
40 - 49	21	94	18%	82%	115
50 - 59	9	69	12%	88%	78
60 - 69	1	37	3%	97%	38
70 - 80	1	4	20%	80%	5
Total	**117**	**494**	**19%**	**81%**	**611**

GOVERNANCE DRIVERS

Ebusco is seen as a thought and product leader and has a reputation that we need to build and protect. As we develop a sustainable sourcing strategy focused on local markets, we plan to further integrate social and environmental criteria in the supplier engagement process.

This will include addressing material aspects such as human rights, ethics, cyber security and compliance. We are a maturing organisation that wants to maintain its innovative and entrepreneurial character. This implies that we have to balance the development and implementation of, for example, new organisational structures, new policies and KPI setting against remaining agile and reducing the time to market.

BUSINESS ETHICS

We developed a governance and risk management structure to ensure that employees, contractors and suppliers comply with all laws and regulations in terms of corruption, bribery, human rights, tax and anti-competition.

Ebusco's Code of Conduct sets out our intent to achieve competitive advantage through superior performance and never through unethical or unlawful business practices. Ebusco's policy is to comply with all applicable legislation and regulations in terms of competition and monopolies.

No Ebusco employee or service provider is allowed to offer, promise, give, provide or demand bribes or other inappropriate benefits, directly or indirectly, to win or retain business. This includes giving civil servants or supplier employees an inappropriate monetary or other advantage.

Ebusco requires directors, Supervisory Board members, members of the leadership team and all other employees to confirm in writing that they have read and taken due note of the Code of Conduct, understand it and will comply with it. Non-compliance may lead to disciplinary measures being imposed by the Supervisory Board.

Our suppliers' general terms and conditions include an ethical code of conduct section. Suppliers are required to use the highest ethical business standards when conducting business. Furthermore, we published our Supplier Code of Conduct at the end of 2023.

HUMAN RIGHTS

We are committed to respecting human rights and labour standards. Our commitment to respect human rights is aligned to the leading international standards, namely: the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidelines for multinational enterprises on Responsible Business Conduct, which is reflected in our Human Rights Policy that was published on our investor website.

In addition, our Human Rights policy and Ebusco Code of Conduct state that no direct or indirect employment of children is allowed with reference to International Labour Organisation (ILO) Conventions 138 (the Minimum Age Convention) and 182 (the Worst Forms of Child Labour Convention). We do not employ children. Ebusco also does not allow any forced labour.

We realise that our responsibility towards human rights is not limited to our own operations. In every stage of our value chain, human rights can be at risk, and we see it as our responsibility to use the relationships that we have with our suppliers, customers and other business partners to promote that human rights are respected. In addition to that, we are always seeking ways to prevent or mitigate adverse human rights impacts that are connected to our business operations, products or services.

Aligned with our dedication to upholding human rights, we started with the implementation of a human rights due diligence process. Together with external experts, we conducted a corporate human rights risk assessment, in which we identified the most severe human rights risks in each step of our value chain. This analysis systematically identified both actual and potential impacts across the entire value chain, ranging from those associated with the extraction of raw materials to those inherent in the design of our buses and extending to considerations at the end of the product life cycle.

This assessment helps us pinpoint the areas of risk that require heightened attention. To illustrate this, we are aware of the specific human rights risk associated with battery production and the mining of metals and minerals and hence we conducted an external audit on our battery production supplier in China, in collaboration with the German auditing firm TÜV SÜD. The results have been shared with our supplier and resulted in a corrective action plan from their side, through which we together, by heavily engaging on a regular basis, will further mitigate the risks.

As a next step, we will engage with our external stakeholders to validate our findings and determine our most salient human rights issues, with the overarching goal to prioritise topics and formulate a targeted action plan addressing the identified human rights risks.

We acknowledge this to be an ongoing process and will continuously work on improvements and refinement of our due diligence process.

At Ebusco we have the following governance related policies in place. These policies are also available at our investor website.

WHISTLEBLOWER POLICY

If an employee discovers an event or behaviour that is in conflict with our Code of Conduct or any legal requirements, they have several options to report this. We encourage them to raise concerns. Internally, this can be done via their line manager, colleagues they trust or the company secretary. Employees can also use a special reporting website, www.ebusco.com/speak-up/, where they can log a report anonymously. The website also provides details for internal and external confidential advisers. The whistleblowing facility and speak up policy were launched this year and communicated via a video from the CEO. No whistleblowing reports were received this year. Should Ebusco receive a report, the company secretary will establish a team to investigate, depending on the nature of the report. External assistance can be sourced if needed. The Supervisory Board has to be informed of any whistleblowing reports.

INSIDER TRADING POLICY

The insider trading policy guides employees in terms of the ownership of, and transactions in, Ebusco shares. It also requires Ebusco to keep a list of persons who, on a regular or incidental basis, may have insider information. The policy promotes compliance with the relevant obligations and restrictions under the applicable securities law and limits reputational risk that can harm Ebusco's business integrity.

TAX POLICY

The Ebusco tax policy serves as a guideline for the conduct, responsibilities and transparent interaction with external parties such as tax and customs authorities and external tax consultants.
We consider tax as a contribution to the community in which we operate and are aware that the success of our business is dependent on public infrastructure, access to skilled labour and public administration. At Ebusco, tax follows the business instead of the other way around.

CODE OF CONDUCT

The Ebusco Code of Conduct guides employees, managers and directors in Ebusco, all wholly owned Ebusco businesses and all joint ventures under Ebusco's control, on working in accordance with its core values and general business principles. It is a guideline to ensure integrity in Ebusco's dealings and decisions. It gives direction on how to interact, serve customers and relate to significant stakeholders. The rules of conduct cover legislation, fair competition, accounting and financial control, discrimination and bullying, health and safety, quality assurance, environment, use of company assets and politics. It also sets out enforcement steps.

SUPPLIER CODE OF CONDUCT

Our Supplier Code of Conduct, published in 2023, defines how we request all our suppliers, by having them sign up to it before being onboarded, on ESG criteria, with reference to our Code of Conduct and Human Rights policy.

DIVERSITY AND INCLUSION POLICY

The Diversity and Inclusion Policy demonstrates how we promote diversity amongst our employees, and how we set targets for the composition of our Management and Supervisory Board.

HUMAN RIGHTS POLICY

Our first Human Rights policy has been published in 2023, explaining how we screen our value and supply chain based on international standards and regulations with regards to topics such as child-labour, social working conditions and labor rights.

REGULATORY COMPLIANCE

We want to ensure full compliance with regulations applicable geography-wide and sector-wide.

According to the EU Commission's directorate on mobility and transport, the main objectives of European public transport policy are to provide safe, efficient and high-quality passenger transport services through regulated competition. It considers social, environmental and regional development factors to guarantee transparency and performance.Ebusco's zero emission buses are fully aligned with the EU objectives.

We require everyone who represents Ebusco to respect and comply with the national and international laws, regulations, and instructions of cities, states and countries where Ebusco is active.

We established an international network to assist Ebusco with compliance as we implement our internationalisation strategy. Once we identify a new market, we do extensive research to determine compliance requirements across a broad spectrum from design to environmental issues. Our compliance universe is therefore becoming increasingly complex and onerous.

In 2023, we have opened our new production facility in Rouen, France. Therefore, we also invested time and effort to identify risks, and comply with regulations in relation to France.

CYBER SECURITY

Ebusco developed an information technology (IT) infrastructure that is robust, reliable and ensures safe data storage. The manufacturing, sales, procurement and planning for our products and services rely on data. We collect data in many ways, including through Ebusco Live and internal systems. Customer telematics and charging data are some of the key inputs into our operations and help us optimise after-sales service, inventory and more. Our full turnkey electrification solutions to public transport authorities and operators include charging infrastructure, maintenance services and customisation, which generate a wealth of data for our customers and us. We use this data to improve our proprietary technology, bus design and operational processes.

ALERT AND AWARE

According to the Ebusco Code of Conduct, all employees must be careful in treating information they obtain by virtue of their function and maintain confidentiality. We prohibit the processing of information, confidential or otherwise, in a digital environment that is not managed by Ebusco. We also emphasise that portable devices such as laptops, tablets, smartphones and flash drives constitute a security risk. Any information breaches have to be reported to the first line of IT support and management. Ebusco acts in accordance with the letter and spirit of the laws and regulations in terms of personal data protection. Cyber security in terms of our products, specifically buses, is managed through a product life cycle management (PLM) system. The system connects our buses, chargers and energy containers. Buses, in turn, operate using different software options depending on the customer's requirements.

In 2023, all employees received a training on cyber security & phishing. We completed a phishing exercise, the results of which we used to start formal training. Training focus topics for next year include attacks and scams, insider trading and reporting, ransomware, classification and protection, malicious software and social networks.

CYBER CERTIFICATION FOR EBUSCO BUSES

We have started preparing for UN Regulation No 155, which requires all bus manufacturers to have implemented a functioning Cyber Security Management System by July 2024. Based on this implementation, Ebusco obtains audited certification that will be a requirement to continue selling buses in the European Economic Community. As the certification will require that we provide proof that our third-party suppliers are also compliant, we will engage with our suppliers to ensure compliance throughout the supply chain. The regulation intends to ensure that our buses and their functions are protected from cyber threats to electrical or electronic components.

CYBER SECURITY ACTION PROCESS

A cyber security risk or incident is identified by a service provider, an employee or the IT team

This activates a triage wich assigns a level of importance or urgency to the incident, and thus determines the order in wich it will be investigated.

Depending on the nature and severity of the incident, an external consultant will be approached.

If the incident cannot be prevented, we either respond or escalate this to a crisis team with designated members. Roles are also assigned in terms of the overall response plan.

The situation is communicated, wich includes feedback, iternal messaging and external reporting as required.

FUTURE PRIORITIES

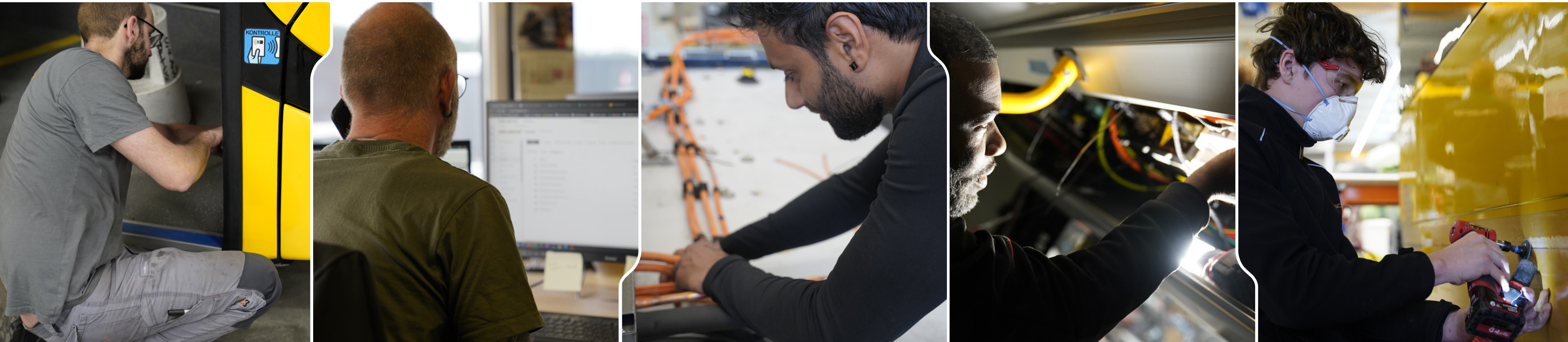
- Formalise a business continuity plan featuring an IT disaster recovery plan.
- We will continue to run tests to ensure our systems, controls, and processes are effective and resilient.
- Accelerate the implementation of UN Regulation No 155 and other cybersecurity-related regulations.

COMPLIANCE IN OUR VALUE CHAIN

We select suppliers on the basis of an internal quality control process that includes engineering validation, quality, cost, delivery and lead-time criteria. We have close relationships with our key suppliers: LFP (Lithium iron phosphate) batteries, drivetrain components, charging systems, heating systems, bus body components, axles, brakes, air systems, compressors and systems for online monitoring of buses.

According to Ebusco's general terms and conditions, suppliers must operate in full compliance with applicable legislation and generally accepted international norms and regulations. This includes goods supplied in accordance with procedures that comply with the requirements of ISO 9001 and ISO 14001. All products have to be supplied in accordance with all rules and regulations regarding safety, environmental and working conditions, such as REACH, RoHS and Conflict Minerals regulations. We are currently working with a tooling solution to screen/execute ESG due diligence on our suppliers. All in accordance with ESG supply chain regulations such as the Norwegian Transparency Act, the German Supply Chain Act, and the European equivalent: Corporate Sustainability Due Diligence Directive (CSDDD).

As the supply chain of the Ebusco 3.0 matures, a formal supplier audit plan, including site visits, has been drawn up. The priority-setting for these supplier audits is on a risk-based approach. As a result, a first human rights audit was conducted by an external auditor on our battery supplier in China.



SUSTAINABILITY GOVERNANCE

Governance oversight of sustainability is fully integrated into governance structures, processes and practices

SUPERVISORY BOARD

6 members who supervise and advise the Management Board

Audit Committee

Nomination Committee

Remuneration Committee

MANAGEMENT BOARD

3 members who are responsible for the strategic management of Ebusco

Executive Team
6 members who run the day-to-day operations

Safety Board
19 members representing 15 functions

SUPERVISORY BOARD

Sustainability is a standing topic on the agenda at the quarterly Supervisory Board meetings. The Board receives reports that include sustainability topics that enable them to provide the necessary oversight to ensure Ebusco's long term sustainability.

MANAGEMENT BOARD

Sustainability is a standing topic at the biweekly Management Board meetings. Members of the Management Board manage sustainability aspects on a day-to-day basis and are supported by the Sustainability Manager, who formally reports to the Chief Financial Officer (CFO). However, depending on the project discussed, there are direct lines to the Chief Executive Officer (CEO), CFO,Chief Operations Officer (COO) Chief HR Officer (CHRO) and Chief Technology Officer (CTO).

FRACAS BOARD

The FRACAS (Failure Reporting and Corrective Action System) board meets every 2 weeks. In case of issues where safety could be impaired, the Safety Board members from the FRACAS Board meet immediately to decide on immediate containment as required. The CTO, Director Engineering and Chief Engineer are permanent members of the Safety Board, and the latter two report directly to the Management Board.

Members of both the Supervisory and Management boards have to act in Ebusco's interest, which extends to the interest of all stakeholders. No director may participate in deliberations or decision making if they have a direct or indirect personal interest conflicting with the interests of Ebusco. 30% of the short-term incentive for the Management Board is linked to personal or non-financial strategic objectives, more details are provided in the remuneration report on page 66. The profiles of our Supervisory and Management Board members can be found on page 11 and 59.

We provide details about the applicable by-laws and charters on our corporate website. We have a Sustainability Manager who is the key coordinator and support resource for all sustainability matters. Teams within Ebusco use the Sustainability Manager to align, test and comply with sustainability-related regulations.

ESG RATINGS

Ebusco is continuously being scored by external ESG rating companies. Our scores with the most well- known are presented in the table below. We regularly review and update our scores to ensure we meet these high standards in sustainability and governance, and to improve our scores with them going forward.

SUSTAINALYTICS	MSCI	ECOVADIS
• **ESG Risk Rating:** 29.5 (medium risk) • **Position:** in the 46th percentile of 129 'Heavy Machinery and Trucks' companies • **Updated:** April 2023	• **ESG** Rating: AA • **Position:** In the 36th percentile of 34 'Machinery & Heavy Trucks' companies • **Updated:** October 2022	• **ESG Rating:** Bronze • **Position:** in the 68th percentile of all 'Manufacture of motor vehicles' • **Updated:** October 2023
SEE WEBSITE		

Note: The ESG ratings presented are provided for information purposes only and are solely based on the opinions of the organizations issuing such ratings. Ebusco does not imply its endorsement of, or concurrence with, these ratings. Prospective investors themselves must determine the need and relevance of the ESG ratings information, in making certain investment decisions, as they do not constitute direct recommendations to buy or sell. They simply present an objective evaluation of Ebusco's ESG management and performance.

EU TAXONOMY

The EU Taxonomy is set up to provide all stakeholders with appropriate definitions for which economic activities can be considered environmentally sustainable. In this way, it should create security for investors, protect private investors from greenwashing, help companies to become more climate-friendly, mitigate market fragmentation and help shift investments where they are most needed.

The EU Taxonomy Regulation has established six environmental objectives, and the EU has adopted delegated acts.

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

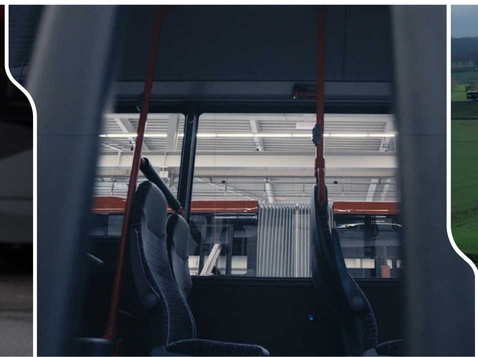
Under the requirements of the EU Taxonomy, companies currently in scope of Directive 2014/95/EU on the disclosure of non-financial information, need to disclose the proportion of Taxonomy-aligned and non-Taxonomy aligned economic activities in their total turnover (hereafter referred to as revenue), capital expenditures (Capex) and operating expenses (Opex) including certain qualitative information. Ebusco does not meet (yet) the criteria of Directive 2014/95/EU on the disclosure of non-financial information during this reporting year 2023.

For an economic activity to be classed as 'environmentally friendly' under the EU Taxonomy, it must first be determined whether it is 'Taxonomy-eligible' and then whether it is 'Taxonomy-aligned'. Only activities that are described in the delegated act are 'Taxonomy-eligible'. The second step is to conduct an analysis to establish if an activity is aligned. This alignment determines whether the eligible activities are sustainable (or not).

To evaluate Ebusco's eligible activities, the complete list of activities listed in the EU taxonomy Delegated Act related to climate change mitigation and climate change adaptation have been assessed and compared to Ebusco's core activities. Hence, the below activities, and related numbering (i.e. '3.3'), relate to the Taxonomy classification model itself.

ACTIVITY	DESCRIPTION	EBUSCO	KPI
3.3 Manufacture of low-carbon technologies for transport	Manufacture, repair, maintenance, retrofitting, repurposing and upgrading of low carbon transport vehicles, rolling stock and vessels.	Ebusco develops and produces fully electric city and regional buses (PRODCOM code 29.10.30) and contracts for ancillary services and goods, which support the customer's use of zero-emission buses (aftersales).	Revenue Opex Capex
3.6 Manufacture of other low carbon technologies	Manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy, where those technologies are not covered in Sections 3.1 to 3.5 of this Annex.	Ebusco offers the installation of charging stations for clients which are manufactured to allow the operation of their zero-emission buses. Furthermore, Ebusco's Energy Storage Systems (ESS) for both land and marine use and charging products.	Revenue Opex Capex
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1, both falling under the scope of Regulation (EC) No 715/2007 of the European Parliament and of the Council234, or L (2- and 3-wheel vehicles and quadricycles).	Ebusco's company cars, owned or leased under IFRS 16 correspond with this category 6.5.	Opex Capex
7.7 Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate.	Ebusco's buildings, owned or leased under IFRS 16 correspond with this category 7.7	Opex Capex






The EU Taxonomy reporting is based on the financial figures of 2023. The Taxonomy-eligible KPIs have been calculated as:

- Taxonomy-eligible revenue KPI = eligible revenue / total revenue
- Taxonomy-eligible Capex KPI = eligible Capex / total Capex
- Taxonomy-eligible Opex KPI = eligible Opex / total Opex

The denominator for the eligibility KPIs has been defined as:

- Total revenue as stated in Note 6 Revenue, cost of materials and segment reporting of the Annual Report.
- Total Capex (additions) as stated in Note 12 Property, plant and equipment and Note 13 Intangible assets and note 22 Leases of the Annual Report.
- Total Opex related to R&D, building renovation measures, short term lease, repair and maintenance and other direct expenditures relating to the day- to-day servicing of assets of property, plant and equipment.

Ebusco allocated the revenue, capital expenditures and operational expenditures to the Taxonomy-eligible activities (the nominator of the Taxonomy-eligibility KPIs). This allocation is based on the general ledger description of the financial system, which also forms the basis for Ebusco's external financial reporting. The below table reflects the percentage of our revenue, capital expenditure and operational expenditures related to these eligible activities:

(€ thousands)	Revenue	Capex	Opex
Scope of activity	102,440	31,777	25,000
of which:			
Eligible	100.0%	80.9%	100.0%
Non Eligible	0.0%	19.1%	0.0%
Aligned*	0.0%	0.0%	0.0%
Total	**100.0%**	**100.0%**	**100.0%**

* In 2023, steps have been taken to prepare for 'alignment reporting' in 2024.

In 2023, we have focused on our EU Taxonomy-eligibility assessment again, and we have started to formalise our EU Taxonomy-alignment processes such as the minimum safeguards. In addition, the current "substantial contribution" condition for Activity 3.6 'Manufacture of other low carbon technologies', requires that the contribution to GHG emission reductions be measured using a life cycle GHG emission savings calculation that demonstrates the savings compared to the best-performing alternative technology, product, or solution available on the market. At this stage it is unclear how to define the best-performing alternative on the market, for Ebusco's energy storage system and electrical vehicle chargers. More clarification of the technical screening criteria of activity 3.6: 'Manufacture of other low-carbon technologies' and examples is preferably needed to assess the substantial contribution for these specific products. In addition, during 2023, we continued our EU Taxonomy-eligibility assessment, but not yet formalised all our EU Taxonomy-alignment processes such as the minimum safeguards and the Do No Significant Harm principles. Therefore, we concluded that we are not yet EU Taxonomy-aligned per 2023 but will further prepare ourselves for this in 2024. The EU Taxonomy regulation is maturing and evolving, as such reporting against the taxonomy remains subject to interpretation. We will change and expand our reporting according to future developments in the regulation. To be prepared for 'alignment reporting' in 2024 we focus on the two important prerequisites of the EU Taxonomy:

- **Minimum Safeguards Analysis:** We conducted a Human Rights risk impact analysis on our supply chain, to identify where our material human rights risks lie and how to mitigate them. Based on this, we executed several ESG audit procedures in our supply chain with identified key suppliers. This helps us to ensure that companies in our supply chain uphold standards with regards to human rights, labor, bribery, taxation and competition. Moreover, we also implemented an ESG due diligence tool called Factlines to screen our supply chain in accordance with ESG supply chain regulation, such as CSDDD. Please read more about this in our Sustainability Environmental Chapter, see page 27.

- **Do No Significant Harm:** In the EU's sustainable finance taxonomy, activities should not cause significant harm to any of the other Taxonomy objectives as detailed in the beginning of this chapter. We are currently investigating how to demonstrate this, such as for instance with a 'climate risk' analysis.

RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT GOVERNANCE

In conducting our business, we face risks that may interfere with our business objectives. It is important to understand the nature, likelihood and potential impact of these risks. The company sees adequate risk management as an integral element of good business practice. The Management Board is responsible for the organisation, implementation and functioning of the internal risk management and control systems that are geared to Ebusco's business activities. The Management Board is aware that risk management and control systems cannot provide an absolute guarantee with respect to achieving the business objectives and preventing significant errors, losses, fraud or the violation of laws or regulations.

The scope of the Supervisory Board's supervision includes the design and operation of the internal risk management and control systems as well as the monitoring of the effectiveness of the internal control system. The Audit Committee supports the Supervisory Board in the performance of this supervision. The Management Board and the Supervisory Board consider effective risk management to be a critical success factor achieving the company's mid- and long-term objectives. There can be no absolute assurance that our risk management will avoid or mitigate all risks that Ebusco faces. The key risks are described in the Risk Overview included in this chapter.

RISK PROFILE

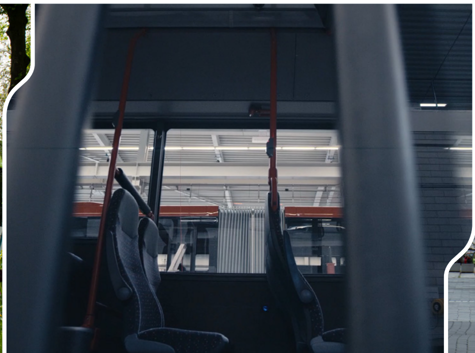
Ebusco's approach to risk management is aimed at finding the right balance between maximising the business opportunities while at the same time managing the risks involved. The most important risks have been identified and clustered into four categories: strategic risks, operational risks, financial and reporting risks and compliance risks.

The company is prepared to accept risks associated with doing business in the continuously changing market environment in a responsible and well-considered way, as well as in line with the interests of its internal and external stakeholders.

It is the duty of the Management Board to weigh the business opportunities against the expectations and interests of employees, shareholders, financial institutions, supervisors and other strategic stakeholders. Decisions regarding changes or fine-tuning of our business models are taken by the Management Board in accordance with the risk appetite of the company. Considering strategic risks, a balance is explicitly sought between acceptable risk on the one hand and the entrepreneurship conducted in the context of long-term value creation on the other hand. Operational risks must be controlled as good as possible, and the company will review the effectiveness and efficiency of its operational processes for this purpose. Next to this, financial and reporting risks need to be controlled as well to avoid errors in our financial reporting. Compliance with laws, regulations and our Code of Conduct is fundamental to Ebusco's reputation which implies a zero approach; we do not accept any risk of violation.

RISK MANAGEMENT SYSTEM

Ebusco's risk management policies have been developed to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, to monitor risks and adherence to limits and to assess the effectiveness of the internal controls. Ebusco furthermore regularly reassesses risk management protocols and frameworks to align with evolving market dynamics and operational endeavors. The internal control processes aim to identify and address risks in a timely and consistent way. Our risk management objective is that the risks we face are properly evaluated and mitigated, and that management is provided with the information necessary to make informed decisions in a timely manner. Ebusco's risk management system consists of quality controls, management information systems, policies and an internal control framework.



QUALITY CONTROLS

The company has adopted an integrated, end-to-end approach to quality control, meaning that the company performs multiple quality inspections during both the production and the pre-delivery inspection (PDI) phase, and the company continuously provides feedback of the outcome of quality checks to its development and engineering teams to increase quality in the design and production process. The company has strategies and a dedicated team using the FRACAS system (Failure Reporting, Analysis, and Corrective Action System) to identify and correct any defects at each stage of the design, supplier development, production, and field performance of Ebusco's zero emission buses.

MANAGEMENT INFORMATION SYSTEMS

The heart of our internal risk management and control system on our periodic performance is formed by our reporting cycle and management information systems. Our mid-term plan and objectives form the basis on which our yearly budget is made. This annual budget is a bottom-up approach and the result of a diligent process.

POLICIES

Ebusco has a Code of Conduct that has been determined by the Management Board and approved by the Supervisory Board. The Code of Conduct applies to all Ebusco employees, including temporary employees, and is published on the corporate website. In addition, Ebusco has a Whistleblower policy that has been published on the corporate website and ensures that possible violations of existing policies and procedures can be reported without any negative consequences for the person reporting the violation.

INTERNAL CONTROL FRAMEWORK

The company acknowledges the need for an effective internal control framework (ICF) especially given the rapid growth it experienced after its IPO in 2021. Ebusco is currently still in its scale-up phase and is developing towards a more mature and established organisation. The company therefore initiated the design and implementation of the ICF in 2022. Due to the operational and financial challenges, the further design and implementation of the ICF has not obtained the required level of attention in 2023 and the company therefore believes the ICF operating effectiveness is currently below par. Ebusco however established a blueprint for its ICF which is set for further enhancement and implementation during 2024.

INTERNAL AUDIT

The company has appointed an internal auditor as specified in best practice provision 1.3.1 of the Dutch Corporate Governance Code. The company appointed an audit firm for fulfilling the internal audit function. The procedures performed by internal audit during 2023 were limited yet they will be expanded and enhanced in 2024.

RISK APPETITE

Our risk appetite depends on the nature of the risk, the likelihood and the potential impact on our business. Ebusco's risk appetite, the level of risk Ebusco is willing to accept to achieve its objectives, may vary based on specific risks and is divided into five levels: very low, low, medium, high and very high. Our approach is geared toward mitigating the risks to the levels defined in our risk appetite. Ebusco's risk appetite is visualised in the table below. The risk categories are not classified in order of importance.

RISK OVERVIEW – OUR KEY RISKS

The table on the next page is a summary of key risks that, alone or in combination with other events or circumstances, could have a material adverse effect on the company's business, financial condition, results of operations or prospects. Although management believes that the risks and uncertainties described below are the most material risks, Ebusco may face other (unsurfaced) risks as well. All of these risk factors and events are contingencies which may or may not occur. The company may face a number of these risks simultaneously and some risks may be interdependent. In making the selection, the company has considered circumstances such as the probability of the risk materialising on the basis of the current state of affairs, the potential impact which the materialisation of the risk could have on the company's business, financial condition, results of operations or prospects, and the attention that management would, on the basis of current expectations, have to devote to these risks if they were to materialise.

RISK APPETITE	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
Behaviour towards risk	Averse	Prudent	Balanced	Considerable	Seeking
Strategic					
Operational					
Financial & reporting					
Compliance					

RISK AREA	RISK	RISK DESCRIPTION	RISK TREND	RISK APPETITE
STRATEGIC	Geopolitical environment	Geopolitical and macroeconomical changes and disruptions could materially adversely affect the Group's business, financial conditions, results of operations or prospects.	increased	medium
	Industrial operations including supply chain	Supply chain disruptions or shortages and other events that may affect the Group's supply chain may materially adversely affect the Group's business and profitability.	increased	medium
	Competitive environment	The Group faces strong competition in the transit bus market from both new and established competitors alike. If it were not able to compete successfully against them, the Group's revenue growth and market share could be materially adversely affected.	increased	medium
	Intellectual property	Failure to adequately protect Ebusco's intellectual property rights could affect the Group's business, financial condition, result of operations or prospects.	increased	low
	Technological developments	Failure to anticipate or adapt to technological disruptions could adversely affect our competitiveness and financial performance.	increased	medium
	Investments	If the Group fails to make the right investment decisions in its technologies and services, strategic partnerships or collaborations with suppliers it may materially adversely affect the Group's business and profitability.	equal	medium
OPERATIONAL	Legal proceedings	Legal proceedings and claims expose the Group to potential financial and reputational risks.	increased	low
	Quality control	The Group faces inherent risks associated with potential product defect claims, which may involve allegations of inadequate safety measures, design flaws, or manufacturing errors. The financial implications of such claims could significantly impact the Group's financial performance and market standing.	increased	avoiding
	Late delivery penalties	Late deliveries of the Group's goods may result in penalties imposed by clients or partners, negatively affecting Ebusco's financial performance and reputation.	increased	low
	Cost inflation and price increases	The Group's financial performance could be negatively impacted if it is unable to compensate for higher costs through increased prices on products and services sold.	increased	low
	Managing growth	The Group faces inherent risks associated with effectively managing its expansion. If not well-managed, this could affect Ebusco's operations and financial performance.	increased	low
	Safety & Incidents	The main safety risks in our operations involve high-voltage electricity, epoxy resin chemicals, work at heights, and hot surfaces. International expansion may heighten our vulnerability in these areas.	equal	avoiding
	IT & Security	The Group's systems are susceptible to breaches or damage from viruses, cyberattacks, natural disasters, or unauthorised access. Constantly evolving threats pose risks, potentially impacting product safety as digital integration expands. Breaches could lead to malfunctions, safety issues, and legal liabilities. Sensitive data associated with Ebusco's buses is also at risk, threatening confidentiality and operational integrity. Incidents could disrupt operations, leak data, and damage our reputation, causing financial losses.	increased	low
	Staff	The Group's success depends on its ability to retain, attract and hire individuals for its Management Board and other highly skilled personnel.	increased	low
FINANCIAL AND REPORTING	Liquidity risk	Liquidity risk poses a significant concern for the company, especially in the face of unforeseen financial challenges that may impede the Group's ability to meet short-term obligations.	increased	avoiding
	Currencies	Foreign exchange risk arises due to Ebusco's exposure to foreign currencies.	increased	low
	Credit risk	The Group risks a financial loss resulting from a counterparty failing to meet its contractual payment obligations.	equal	low
	Reporting	Risk that Ebusco's reporting contains material errors.	equal	avoiding
COMPLIANCE	Legal & regulatory	Damage (including reputation) due to violation of legislation and regulations including export and sanctions regulations, unfair competition, fraud, corruption and bribery.	equal	avoiding
	ESG	The importance of environmental, social and governance (ESG) to our overall strategic and operational objectives is rapidly increasing. We may however be unable to achieve our ESG objectives, targets and market expectations.	increased	avoiding
	Tax	Damage (including reputation) due to violation of tax legislations and regulations.	equal	avoiding

Legend: increased | equal | avoiding | low | medium

1. STRATEGIC RISKS

GEOPOLITICAL ENVIRONMENT

RISK

Ebusco's result of operations can be impacted by (geo) political instability, civil unrest and armed conflicts. The changing geopolitical situation, potential trade sanctions and/or decoupling economies may also give rise to further tariffs and other trade restrictions and barriers being imposed, which can negatively impact Ebusco's production system and ability to conduct its operations. For instance, delays due to disruptions in the maritime transport as a result of Houthi-rebels blocking the Red Sea which require vessels to take an alternative route/detour which results in longer lead-times. The factors described above, or other factors which may impact conditions relevant to Ebusco's business environment, are difficult to predict and may have a material adverse impact on the company's business, financial condition and operating results. They can also make it more difficult to budget and make reliable financial forecasts.

RISK MITIGATION

Ebusco monitors economic, political and general societal changes and, where necessary, develops response strategies to such events, including pandemics. High-risk markets (i.e. exposed to high volatility) are regularly assessed for emerging risks. Ebusco is active in multiple countries and expects to grow over the next years. Global access to material markets allows us to quickly adjust to geopolitical uncertainties.

INDUSTRIAL OPERATIONS INCLUDING SUPPLY CHAIN

RISK

Ebusco's ability to deliver in accordance with market demand and product quality expectations depends significantly on obtaining a timely and adequate supply of materials, components and other vital services, as well as on the ability to properly utilise the capacity in the company's production facilities. Disturbances in the supply chain and industrial system can arise from a variety of factors, including continued or additional shortages of material, single sourcing, supplier insolvency, shortages of (skilled) labour, strikes, pandemics, geopolitical tensions and conflicts or climate hazards such as extreme weather, which each or in combination could result in stoppages and other interferences in production and deliveries, which may impair our ability to meet our customers' orders, and thus negatively affect Ebusco's business and results from operations.

RISK MITIGATION

The company continuously monitors and assesses its sourcing and manufacturing possibilities which (amongst others) resulted in the revised production strategy and initiated the collaboration with external manufacturing partners. The collaboration enables Ebusco to access a much better component supply environment and to expand its possibilities to make use of external skilled labour.

COMPETITIVE ENVIRONMENT

RISK

Ebusco operates in a highly competitive market, and thus faces intense competition from global and local industry peers. Many of the company's current and potential competitors are traditional automobile and bus suppliers with strong brand recognition, loyal customer bases, longer operating histories with established track records of service and greater financial, marketing and other resources than the company has and these competitors may be able to devote greater resources to the design, development, manufacturing, assembly, distribution, promotion, sale and support of their battery electric bus segment. In addition, Ebusco's competitors that also produce diesel-hybrid and compressed natural gas vehicles may have an advantage with existing and prospective customers that are interested in exploring diesel alternatives without committing to zero emission vehicles or that wish to pursue a gradual zero emission or electrification strategy with the same supplier. Ebusco also encounters competition from new market entrants, seeking to offer lower total cost ownership, new and/or alternative technologies and/or new business models. In this market environment, there can be no assurance that new or current competitors cannot be more successful than Ebusco in offering new products and services to the market, in implementing new technologies or collaboration models or in offering more attractively priced products or services. This could affect the company's business, results of operations, market share and financial position.

RISK MITIGATION

Throughout the last 12 years, Ebusco has worked to improve electric driving and make it economically attractive. The introduction of the Ebusco 3.0, with a lightweight carbon fibre composite body based on aerospace technology, has been a gamechanger in this respect. Combined with its (cobalt free) battery technology, the Ebusco 3.0 is more cost efficient than other electric bus competitors, as well as diesel bus competitors. Ebusco is strongly committed to staying ahead of the curve and retaining its technology leadership by continuing to invest in research and development.

INTELLECTUAL PROPERTY

RISK

Ebusco primarily relies on a combination of trade secrets, contractual rights (such as non-disclosure agreements and the assignment of certain employees/consultants' intellectual property rights) and intellectual property licenses to establish and protect its technology. The company might be required to spend significant resources to monitor, maintain and protect its intellectual property rights. Failure to adequately protect Ebusco's intellectual property rights could result in its competitors offering similar products, potentially resulting in the loss of some of Ebusco's competitive advantage, which could materially adversely affect its business, financial condition, result of operations or prospects.

RISK MITIGATION

We have a comprehensive IP protection strategy in place which encompasses a combination of patents, trademarks, and other forms of intellectual property rights. Our IP portfolio is monitored by an external specialist to identify potential risks.

TECHNOLOGICAL DEVELOPMENTS

RISK

The electric vehicle industry is heavily dependent on advancements in battery technology. Rapid developments in battery chemistry, energy density, and charging infrastructure could lead to the emergence of new competitors or superior products, potentially eroding our market share. Failure to anticipate or adapt to these technological disruptions could adversely affect our competitiveness and financial performance.

RISK MITIGATION

Ebusco maintains relationships with multiple tier-one battery suppliers to both reduce dependency on a single source and mitigate the risk of supply chain disruptions and to ensure its goods are up to date with latest technological developments. In addition,

2. OPERATIONAL RISKS

the Company continuously monitors technological developments to stay abreast of the latest advancements and emerging trends in the industry, which enables Ebusco to anticipate if required.

INVESTMENTS

RISK
The company spends a significant amount on research and development and invests time and resources into strategic partnerships and collaborations with its suppliers. If the company fails to make the right investment decisions in its technologies and services, strategic partnerships or collaborations with suppliers, its business, financial condition, result of operations or prospects could be materially adversely affected.

RISK MITIGATION
Ebusco conducts thorough due diligence before making any substantial investments, ensuring rigorous evaluation of potential technologies, services, and partnerships. The company reviews ongoing projects and collaborations to identify potential deviations from the original objectives or unforeseen risks. In addition, Ebusco maintains open communication channels with suppliers and partners to promptly address emerging issues.

LEGAL PROCEEDINGS

RISK
Ebusco could be confronted with various legal proceedings and claims. The legal proceedings and claims could relate to a large number of topics, including product defects, intellectual property rights (especially patent infringement lawsuits), supplier and other contractual relationships, warranty claims and employment-related disputes. Such legal proceedings and claims expose Ebusco to potential financial and reputational risks. The product defects-related claims may involve allegations of inadequate safety measures, design flaws, or manufacturing errors. Intellectual property disputes, particularly patent infringement lawsuits, could result in substantial damages and injunctions that may affect our ability to produce or sell certain products. Legal actions related to supplier and contractual relationships may arise from disputes over terms, delivery failures, or quality issues. Additionally, warranty claims may lead to financial liabilities and impact customer satisfaction. Employment-related disputes pose risks to the company's workplace reputation. Lastly, environmental matters may result in compliance-related litigation and financial penalties.

RISK MITIGATION
Ebusco is committed to diligently managing these legal challenges through proactive risk mitigation strategies, legal expertise, and adherence to ethical business practices to safeguard our stakeholders' interests.

QUALITY CONTROL

RISK
The company faces inherent risks associated with potential product defect claims, which may involve allegations of inadequate safety measures, design flaws, or manufacturing errors. Instances of product defects, whether due to insufficient safety features, inherent design weaknesses, or manufacturing inaccuracies, could lead to legal disputes, regulatory scrutiny, and reputational damage. Allegations of inadequate safety measures may arise if products fail to meet industry standards or pose risks to consumer safety. Similarly, design flaws could result in product malfunctions or failures, leading to customer dissatisfaction and potential liability. Manufacturing errors, such as defects in materials or assembly processes, may further exacerbate the risk of product defects and associated claims. The financial implications of such claims, including legal expenses, settlements, and potential damage to brand reputation, could significantly impact the company's financial performance and market standing.

RISK MITIGATION
The company has established comprehensive quality assurance protocols throughout the product development and manufacturing processes. This includes thorough testing procedures, quality control checkpoints, and regular inspections to identify and rectify potential defects before products reach the market. In addition, the company aims to foster a culture of continuous improvement and innovation to drive ongoing enhancements in product quality, safety, and reliability.

LATE DELIVERY PENALTIES

RISK
The timely delivery of goods is crucial for the success of Ebusco's operations, and any delay in meeting delivery deadlines poses a significant risk to our business. Late deliveries may result in penalties imposed by clients or partners, negatively affecting Ebusco's financial performance and reputation. These penalties could include contractual fines or the possibility of losing future business opportunities.

RISK MITIGATION
Ebusco has reevaluated its production strategy with the objective of substantially increasing both manufacturing and assembly capacities. The anticipated outcome of this capacity enhancement is the restoration of Ebusco to its original delivery schedule, thereby avoiding any potential imposition of late delivery penalties. Concurrently, the company diligently evaluates each claim on an individual basis and engages in ongoing discussions with its clients to amicably resolve any concerns without incurring immediate financial repercussions.

COST INFLATION AND PRICE INCREASES

RISK
Inflationary trends have continued during 2023 which resulted in increased prices for raw materials, freight and higher labour costs. The ability to pass on such higher costs into price increases for products and services may be limited by already committed prices to customers in order books or by competitive pressure. The company's financial performance could be negatively impacted if it is unable to compensate for the higher costs through increased prices on products and services sold.

RISK MITIGATION
Ebusco is continuously monitoring the development of purchase prices for goods and services required on the short, medium and long-term basis. As certain raw materials and components are purchased on the world market, Ebusco enters negotiations with both new and existing suppliers to mitigate the risk to the extent possible.

MANAGING GROWTH

RISK

As the company experienced rapid growth, it faces inherent risks associated with effectively managing this expansion. Scaling operations, (IT) infrastructure, and resources to accommodate increased demand and complexity can strain organisational capacity and agility. Challenges may arise in (e.g.) maintaining quality standards and operational efficiency amidst growing volumes which could affect Ebusco's business, results of operations, market share and financial position.

RISK MITIGATION

Ebusco invests in upgrading and expanding its infrastructure, including IT systems, production facilities and organisational capabilities, to accommodate increased demand and operational complexity.

SAFETY & INCIDENTS

RISK

In our operations, safety risks relate mainly to using high-voltage electricity, chemicals such as epoxy resin, working at heights and hot surfaces. The international expansion can increase our vulnerability in this domain. Increasingly specific expertise and training capacity are required, in order to protect us against this risk.

RISK MITIGATION

Our approach to health and safety is set out in the Ebusco Code of Conduct. All employees are jointly responsible for health, safety and the environment at the sites where they normally perform their work activities. This means being aware of their conduct and how it might impact other team members. Employees receive formal training and they are aware that they should suspend work in unsafe situations and report this to their supervisors, as set out in the health and safety manual and the internal reporting process.

IT & SECURITY

RISK

Despite the measures that we have implemented, including those related to cybersecurity, our systems could be breached or damaged by computer viruses and systems attacks, natural or man-made incidents, disasters or unauthorised physical or electronic access. Cybersecurity threats are constantly evolving. We remain potentially vulnerable to additional known or yet unknown threats, as in some instances, we, our customers, and our suppliers may be unaware of an incident or its magnitude and effects. The company recognises the inherent risk associated with cybersecurity threats that have the potential to impact product safety. As our products increasingly integrate digital technologies, any compromise of cybersecurity breaches poses a direct threat to the safety and functionality of the company's products. Unauthorised access or manipulation of product systems could lead to malfunctions, safety breaches, or the compromise of critical safety features. Such incidents not only jeopardise the well-being of end-users but also expose the company to regulatory scrutiny, legal liabilities, and reputational damage. Furthermore, Ebusco is exposed to cybersecurity threats concerning the sensitive data associated with our buses. The potential for unauthorised access, data breaches, or cyber-attacks becomes a pertinent concern. Cybersecurity threats could compromise the confidentiality, integrity, and availability of critical information, including operational data, maintenance records, and proprietary technology. We also face the risk that we expose our customers to cybersecurity attacks through the systems we deliver to our customers, including in the form of malware or other types of attacks as described above, which could harm our customers. Furthermore, the level of remote working has increased within our organisation, which increases the risks of cybersecurity incidents. Events or incidents caused by vulnerabilities in our operations or products could cause disruptions of operations, loss or leakage of data, reputational risk and financial losses.

RISK MITIGATION

Ebusco is developing an IT infrastructure that is robust, reliable and ensures safe data storage. According to the Code of Conduct, all employees must be careful in treating information they obtain by virtue of their function and maintain confidentiality. We prohibit the processing of information, confidential or otherwise, in a digital environment that is not managed by Ebusco. We have also initiated formal employee trainings for which the focus topics for next year contain attacks and scams, insider training and reporting, ransomware, classification and protection, malicious software and social networks.

STAFF

RISK

Ebusco's success depends, in part, on its continuing ability to identify, hire, attract, train, develop and retain highly skilled personnel, such as composite engineers, electrical engineers, industrial engineers, automotive engineers, production employees, and tender and sales personnel. Since Ebusco is one of the early producers of zero emission buses within Europe, the company has a number of experienced employees who have worked on the development of Ebusco's technology for several years. Furthermore, as the demand for zero emission vehicles like Ebusco's electric buses continues to increase, the competition for experienced employees with skill sets needed for the company's business increases. Furthermore, the international expansion of production capacity requires additional staffing. The success of this expansion depends on recruitment and availability of skilled staff.

RISK MITIGATION

Ebusco has put in place a retention programme for key personnel (e.g. share-based compensation plans) to ensure the possession of valuable knowledge about the company's processes and culture. In addition, Ebusco has talent management programmes in place. By recognising and rewarding top performers, providing career development opportunities, and offering competitive compensation and benefits, the company can reduce the risk of losing key talent to competitors. Finally, there is significant interest in employers that enable the green transition.





3. FINANCIAL AND REPORTING RISKS

LIQUIDITY RISK

RISK

Liquidity risk is the risk that Ebusco will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk poses a significant concern for Ebusco, especially as the company's liquidity position is sensitive to fluctuations in its bus and mobile energy container delivery schedule and subsequent customer payments. .In addition, external factors (e.g. economic downturns or disruptions in the financial markets) could lead to restricted access to credit or increased borrowing costs, thereby affecting our liquidity position and may impede our ability to meet short-term obligations. Furthermore, there is the associated risk due to economic uncertainties or unfavourable market conditions, which may result in higher borrowing costs and limited access to capital, putting more pressure on our liquidity level.

RISK MITIGATION

Ebusco forecasts its liquidity requirements based on a 13 weeks rolling cashflow forecast, in addition to a longer term cashflow forecast based on a financial forecast related to operational planning. These are used for assessing its short-term and longer-term capital requirements. Ongoing monitoring of both operational and financial metrics, stress testing, and scenario analysis are integral components of our risk management strategy to ensure proactive identification of potential liquidity challenges.

CURRENCIES

RISK

Foreign exchange risk arises due to Ebusco's exposure to foreign currencies. This exposure results from the company's involvement in foreign operations or trade in foreign currency (buy and sell).

RISK MITIGATION

Ebusco has risk management policies and procedures in place for managing its foreign exchange risk. The company is exposed to the Chinese renminbi (RMB), Norwegian krone (NOK), Swedish krone (SEK) and Danish krone (DKK). Ebusco, whenever possible, manages its foreign currency risk by hedging transactions with suitable financial instruments (predominantly currency forwards) that are expected to occur within a maximum 24-months period for hedges of forecasted purchases and sales.

CREDIT RISK

RISK

Credit risk describes the risk of financial loss resulting from a counterparty failing to meet its contractual payment obligations. Credit risk includes both the direct risk of default and the risk of a deterioration in creditworthiness. If several larger customers fail to meet its undertakings, Ebusco could suffer significant losses.

RISK MITIGATION

Ebusco performs credit assessments before it enters into contracts with customers. In addition, the most significant part of the company's customer base are (semi)-governmental organisations which have a relatively low probability of default.

REPORTING

RISK

Accurate reporting and disclosures provide internal and external stakeholders with significant information for a better understanding of Ebusco's business. Failures in reporting and/or disclosure notes, could create market uncertainty regarding the reliability of the information (including financial data) presented and could have a negative impact on the price of Ebusco shares. In addition, the reliability of revenue and expenditure data is key for steering the business and for managing top-line and bottom-line growth.

RISK MITIGATION

In order to mitigate the risk of incomplete or inaccurate reporting, Ebusco has developed and implemented company-specific accounting guidelines, which set the standard for proper accounting. Key components of our guidelines are our accounting principles and checklist, which are both IFRS compliant. Finally, Ebusco's financial statements are assessed by an external auditor.





4. COMPLIANCE RISKS

LEGAL & REGULATORY

RISK

Non-compliance due to violation of legislation and regulations and internal guidelines can result in damage (including to reputation). In recent years, Ebusco has grown significantly in terms of sales, operations, employees and our business infrastructure. Consequently, the complexity of complying with rules and regulations has increased. Changes in regulations that apply to our business can increase compliance costs and the risk of non-compliance. In case of non-compliance, this could result in significant penalties and reputational harm. Furthermore, additional regulations could impact or limit our ability to sell buses in specific jurisdictions.

RISK MITIGATION

The company employs legal and compliance professionals with significant experience in the automotive industry. These professionals provide ongoing advice, interpret complex regulations and help the company navigate through compliance challenges.

ESG

RISK

The importance of environmental, social and governance (ESG) to our overall strategic and operational objectives is rapidly increasing. We may however be unable to achieve our ESG objectives and targets, or unable to adapt, respond and comply timely with emerging ESG expectations, needs and regulations. Ebusco could be exposed to the risk of non-compliance with ESG reporting disclosure requirements. Failure to meet these requirements could adversely affect Ebusco's reputation and brand. Further, it could adversely impact Ebusco's financial position or operating result through lost revenue as a result of losing tenders or due to the additional cost of any required remedial actions, penalties or claims.

RISK MITIGATION

Ebusco is currently embedding the ESG requirements into its governance structures, (reporting) processes, corporate policies and practices. The company furthermore screens its supply on ESG criteria by conducting regular (supplier) audits. Next, internal and external assessments of its ESG performance are carried out to identify areas for improvement and ensure ongoing compliance with emerging ESG expectations and regulations. In addition, it actively engages with stakeholders, including investors, customers, employees, regulators, public authorities and communities, to understand their expectations regarding ESG practices.

TAX

RISK

Ebusco is exposed to tax risks which could result in double taxation, penalties and interest payments. The source of the risks could originate from local tax rules and regulations as well as international and EU regulatory frameworks. These include transfer pricing risks on internal cross-border deliveries of goods and services, as well as tax risks relating to changes in the transfer pricing model. The risks may have a significant impact on local financial tax results, which, in turn, could adversely affect Ebusco's financial condition and operating results.

RISK MITIGATION

Ebusco's tax policy, strategy and planning provides overarching governance. The corporate tax department designs and implements this and provides tax advice, ensures tax compliance, including accounting and reporting, and deploys our tax risk management and control framework to ensure adherence to up-to-date tax policies. The corporate tax department is in charge of establishing, maintaining and overseeing the tax policies.

MANAGEMENT STATEMENT

The Management Board is responsible for the design and effectiveness of the internal systems for risk management and control. The purpose of these systems is to identify and effectively manage significant risks to which the company is exposed. However, they can never provide an absolute guarantee that the company will achieve its objectives and cannot entirely prevent major errors or losses, incidents, fraud or actions in breach of laws and regulations.

The Management Board has assessed the strategic, operational, financial and reporting risks and compliance risks, as well as the design and effectiveness of the internal risk management and control systems as described in the section on 'Risk Management'. The effectiveness and functioning of the internal risk management and control systems have been discussed with the Audit Committee and the Supervisory Board. Taking into account the aforementioned risks and the measures designed to manage them, and in accordance with the best practice provision 1.4.3. of the Dutch Corporate Governance Code, the Management Board declares that to the best of its knowledge:

- the report provides sufficient insights in the effectiveness of the internal risk management and control systems and into any failings thereof, as further disclosed in the Risk Management and Internal Control section;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- the financial reporting is prepared on a going concern basis; and
- the section on risk management in the report, when read in conjunction with note 2.3 of the Financials Statements, state those material uncertainties and risks that are relevant to the expection of the company's continuity for the period of twelve months after the preparation of the report.

With reference to Section 5:25c paragraph 2, sub c of the Financial Markets Supervision Act (Wet op het financieel toezicht), the Management Board declares that to the best of its knowledge:

- The financial statements provide a fair view of the assets, liabilities, financial position and profit or loss of Ebusco and of the companies included in the consolidation taken as a whole.
- The Management Board Report provides a fair view of the situation on 31 December 2023 and of the developments during 2023 of Ebusco and of its affiliated companies whose information has been included in the consolidated financial statements;
- and that the Management Board Report describes the material risks and uncertainties that Ebusco faces.

Deurne, the Netherlands, 26 March 2024

Management Board

P.H.A.M. Bijvelds, *Chief Executive Officer*
J.I. Jongma, *Chief Financial Officer*
B.H.M.J. Fleuren, *Chief Operations Officer*

GOVERNANCE

CONTENT

CORPORATE GOVERNANCE

INTRODUCTION

Ebusco is a public limited liability company (naamloze vennootschap) under the laws of the Netherlands. The company is domiciled in the Netherlands and has its registered seat in Deurne, the Netherlands.

Ebusco is listed on the Euronext Amsterdam, ticker EBUS:AS. It has a two-tier board structure, with a Management Board and a Supervisory Board. The company's highest authority is the General Meeting of Shareholders, which is convened at least once a year.

As a responsible corporate citizen, Ebusco acknowledges the importance of good corporate governance and open and transparent communications with all its stakeholders.

CAPITAL STRUCTURE

The company's authorised share capital amounts to €2,200,000, divided into 220,000,000 ordinary shares with a nominal value of €0.01. On 18 December 2023 a capital increase via an accelerated bookbuild took place, consisting of 5,000,000 new ordinary shares. As a result, the company's issued share capital increased and amounted to €640,393.80 consisting of 64,039,380 ordinary shares on 31 December 2023.

Each ordinary share carries one vote. A shareholder may cast their vote in person, by proxy or at the General Meeting of Shareholders. Ebusco has not issued any shares to which special rights of control are attached and there are no restrictions on the voting rights attached to the shares in Ebusco.

All ordinary shares have equal entitlement to the profits and general reserves attributable to the shareholders.

Ebusco does not cooperate with the issuance of depository receipts for its shares, nor does the company apply any restrictions on the transfer of its shares. The company is to the best of its knowledge not aware of any agreement between shareholders of the company which could result in a possible restriction on the transfer of shares or voting rights.

All resolutions of the General Meeting of Shareholders are passed with an absolute majority of the votes cast, unless a larger majority is required by law or pursuant to the company's Articles of Association.

The articles of association of the company do not include specific provisions with respect to so-called protection measures in case of a take-over bid. The company has not entered into agreements pursuant to which a change of control would have an effect. All operational agreements have been concluded by a participating company, in most cases Ebusco B.V.

The shareholders of the company prior to IPO, each having an interest of 10% or more, entered into a cooperation agreement. Pursuant to this agreement, every single shareholder having at least 10% of the outstanding shares is entitled to nominate a candidate for the Supervisory Board which agreement is still valid.

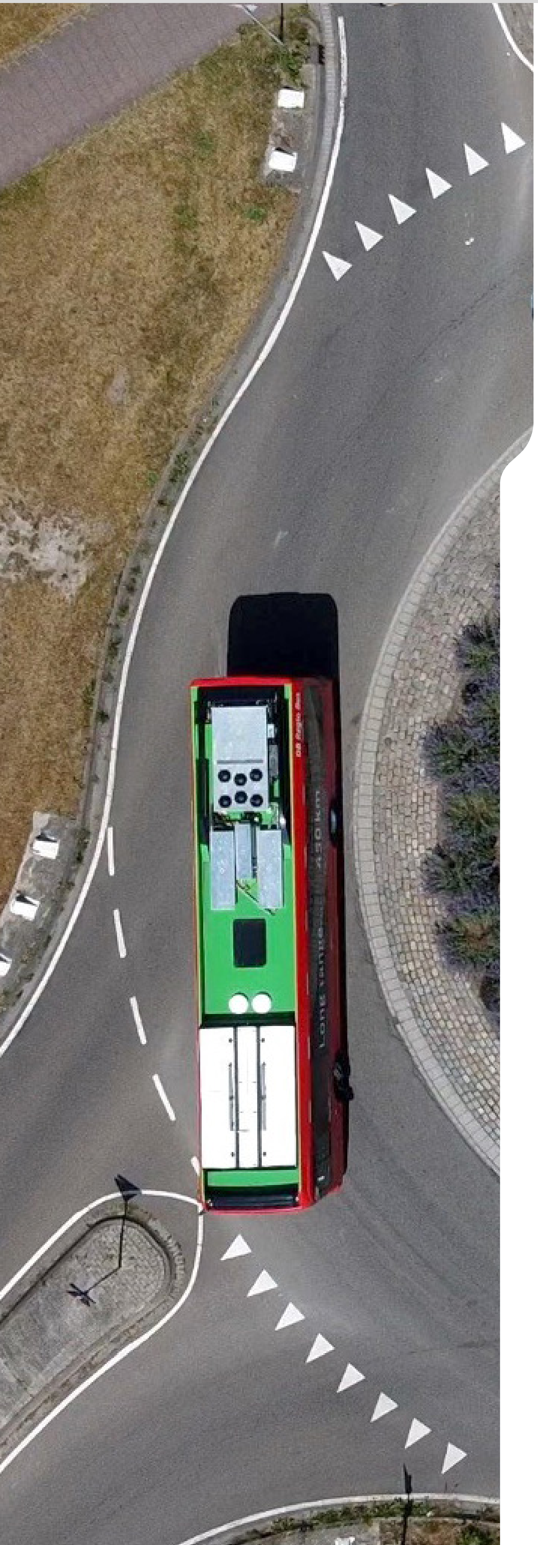
The management service agreements between Ebusco Holding N.V. and each of the members of the board do not provide for a payment, either in cash or otherwise, in the event of the conclusion of an offer on all or part of the shares in the company or a subsidiary.

ISSUANCE OR ACQUISITION OF SHARES

The company has a one-off appreciation and retention plan 2022 in place for a limited number of employees. Under this plan shares have been granted in February 2022 to the individuals and these will vest in February 2024, pending the employment of the individual at vesting date. The members of the Management Board are entitled to shares pursuant to the Long-Term Incentive (LTI) bonus scheme. The Supervisory Board sets the material terms which must be met for the respective members of the Management Board to receive these shares. For the financial year 2023, the members of the Management Board waived their rights to shares pursuant to the LTI given the performance of company. Furthermore, Mr. Jongma will be granted 5,000 shares annually over a period of five years provided that Mr. Jongma is still working for the Company in the role of CFO.

The company is entitled to acquire its own fully paid-up shares with due observance of the relevant legal and statutory provisions.

Acquisition of own shares is only permitted if the General Meeting of Shareholders has authorised the Management Board to do so. Such authorisation will be valid for a period not exceeding 18 months. This authorisation was provided during the General Meeting of Shareholders in May 2023. In the resolution the General Meeting of Shareholders must determine the number of shares that the Management Board may acquire for valuable consideration, the manner in which they may be acquired, and the limits within



which the price must be set. In addition, the approval of the Supervisory Board is required for any such acquisition. The company may, without authorisation by the General Meeting of Shareholders, acquire its own shares for the purpose of transferring such shares to employees of the company or of a group company under a scheme applicable to such employees.

SHAREHOLDERS' MEETINGS

General Meetings of Shareholders are convened by the Management Board and the Supervisory Board. A legal term of at least 42 calendar days applies between the convocation date and the actual date of the meeting. A meeting must be convened by posting the notice and relevant materials required for consideration and decisions by the shareholders on the company's website.

At least one General Meeting of Shareholders is to be held within six months following the close of the financial year of the company. In 2023, the General Meeting of Shareholders took place on 17 May. In 2024, the General Meeting of Shareholders is scheduled for 14 May.

Other General Meetings of Shareholders will be held whenever and as often as the Management Board or the Supervisory Board deems necessary. On 6 September 2023 an EGM took place to appoint Mr. Jongma as CFO.

General Meetings of Shareholders will also be held if the Management Board or Supervisory Board is requested to that effect in writing by one or more shareholders individually or jointly representing one-tenth or more of the company's issued capital, specifying in detail the subjects to be discussed, unless such a request is unreasonable. If neither the Management Board nor the Supervisory Board have taken the necessary steps to ensure that a General Meeting can be held within eight (8) weeks of receiving such a request, the requesting shareholder(s) may seek authorisation from a judge of the court to convene a General Meeting.

Each shareholder, either in person or by written proxy, is entitled to attend, speak and vote at a General Meeting of Shareholders. Those shareholders who individually or jointly represent at least three percent (3%) of the company's issued share capital may request items to be added to the agenda of the General Meeting of Shareholders. Such a request is granted if it is received in writing at least 60 days before the meeting, stating the reasons for said request.

Each share carries one vote. The company cannot vote on shares that it holds in its own capital.

The Management Board and Supervisory Board must ensure that the General Meeting of Shareholders is adequately provided with all information required for a shareholder to decide and vote on the subject matter presented.

The draft minutes of the (Extraordinary) General Meeting of Shareholders must be published on the company's website within three months of the date of the meeting. Shareholders are invited to submit comments to the draft minutes within this three-month period. After this period the Chairman and Secretary of the General Meeting of Shareholders will formally adopt and subsequently sign the minutes, taking into consideration any comments received.

MANAGEMENT BOARD

RESPONSIBILITIES AND REPORTING LINE

The Management Board is the executive body entrusted with the management of the company and responsible for ensuring its continuity under the supervision of the Supervisory Board. The Management Board's responsibilities include setting the company's management agenda, developing a view on long-term value creation, enhancing the performance of the company, developing a strategy, identifying, analysing, and managing the risks associated with the company's strategy and activities, and establishing and implementing internal procedures which safeguard that all relevant information is made known to the Management Board and the Supervisory Board in a timely manner.

In fulfilling their responsibilities, the members of the Management Board must act in the interest of the company and pay specific attention to the relevant interests of the company's employees, shareholders, lenders, customers, suppliers, and other stakeholders.

The Management Board reports to the Supervisory Board and the General Meeting of Shareholders.

COMPOSITION, DIVISION OF DUTIES AND REMUNERATION

The number of members of the Management Board is determined by the Supervisory Board in consultation with the Management Board. At the time of the initial public offering, the number of members of the Management Board was set at three, which is now still applicable.

The members of the Management Board are appointed by the General Meeting of Shareholders. The Supervisory Board will nominate one or more candidates for a vacant position for the approval of the General Meeting of Shareholders. In turn, the General Meeting of Shareholders may resolve to appoint someone other than the person(s) nominated by the Supervisory Board, provided an absolute majority of the votes cast representing at least one-third of the outstanding capital. If a proposal to appoint a person not nominated by the Supervisory Board is supported by an absolute majority of the votes cast, but this majority does not represent at least one-third of the outstanding capital of the company, a new meeting can be convened in which the resolution can be adopted by an absolute majority of the votes cast, irrespective of the percentage of the company's issued capital present or represented at that meeting.

Any new member of the Management Board is appointed for a maximum period of four years per term. Members of the Management Board may be reappointed for a term of no more than four years at a time, which reappointment should be arranged in a timely fashion. The company's diversity policy, as drawn up by the Supervisory Board, will be considered in the event of an appointment or reappointment.

Currently, Ebusco has an Executive Team, which consists of the Management Board and an Executive Committee. Within the Management Board, no seats are taken by women and three seats by men. At the end of 2023, the Executive Committee has 3 seats, one seat is taken by a woman, one seat by a man and one position is vacant. When setting the gender balance target for the Management Board as well as the Executive Committee, the technology environment Ebusco operates in, with a thinly populated engineering talent pool, making it challenging to recruit female talent is taken into consideration. Nonetheless, the Supervisory Board set a gender balance target for the Management Board to have at least one-third female in 2026. The plan to achieve these targets for the Management Board is currently implemented. The Management Board set a gender balance target for the Executive Committee to have at least one-third female and one-third male. Given the current composition of the Executive Committee this target is currently achieved.

The Articles of Association of the company stipulate that a member of the Management Board may be suspended or dismissed by the General Meeting of Shareholders. A resolution of the General Meeting of Shareholders to suspend or remove a member of the Management Board other than pursuant to a proposal by the Supervisory Board requires an absolute majority of the votes cast representing at least one-third of the company's issued capital. If a resolution as referred to in the previous sentence is supported by an absolute majority of the votes cast, but this majority does not represent at least one-third of the company's issued capital, a new meeting can be convened in which the resolution can be adopted by an absolute majority of the votes cast, irrespective of the percentage of the Company's issued capital represented at the meeting.

A member of the Management Board may be suspended by the Supervisory Board. A suspension by the Supervisory Board may be reversed by the General Meeting of Shareholders.

The Management Board is collectively responsible for all actions of each individual member of the Management Board. The division of duties within the Management Board as well as the Management Board's operating procedures are set out in the company's Articles of Association and the Management Board By-laws. The Articles of Association and the Management Board Bylaws are published on the company's website.

The Management Board comprises of the following individuals:

Name	Position	Nationality	Gender	End of Term
P.H.A.M. Bijvelds	CEO	Dutch	Male	2025 AGM
J.IJ. Jongma	CFO	Dutch	Male	2027 AGM
B.H.M.J. Fleuren*	COO	Dutch	Male	2024 AGM

* Mr. Fleuren has informed the Supervisory Board that he is not available for reappointment and will retire per the 2024 AGM, upon completion of his current term.

The Remuneration Policy and based thereon, the remuneration and terms and conditions of the members of the Management Board have been established by the General Meeting of Shareholders prior to the company being listed. Since the date of the initial public offering, the Supervisory Board has reviewed the remuneration and other terms and conditions for each member of the Managing Board. Any remuneration or amendment there to as established by the Supervisory Board will be in compliance with the company's Remuneration Policy. Any amendment thereto will require a resolution of the General Meeting of Shareholders by an absolute majority of the votes cast. At least every four (4) years, the Remuneration Policy will be submitted to the General Meeting of Shareholders for approval.

SUPERVISORY BOARD

RESPONSIBILITIES AND REPORTING LINE

The Supervisory Board supervises the Management Board's management of the company, the company's general course of affairs, and its affiliated business. The Supervisory Board is accountable for these matters to the General Meeting of Shareholders. The Supervisory Board also provides advice to the Management Board. In performing their duties, the members of the Supervisory Board are required to focus on the effectiveness of the company's internal risk management and control systems as well as the integrity and quality of the company's financial reporting. In the fulfilment of their duties, the members of the Supervisory Board must act in the interest of the company and pay specific attention to the relevant interests of the company's employees, shareholders, lenders, customers, suppliers, and other stakeholders.

The Supervisory Board monitors the internal control structure and procedures and the assessment of the risks faced by the company and its subsidiaries. The company acknowledges the need for an effective internal control framework (ICF) especially given the rapid growth it experienced after its IPO in 2021. Ebusco is currently still in its scale-up phase and is developing towards a more mature and established organisation. The company therefore initiated the design and implementation of the ICF in 2022. Due to the operational and financial challenges, the further design and implementation of the ICF has not obtained the required level of attention in 2023 and the company therefore believes the ICF is currently below par. Ebusco however established a blueprint for its ICF which is set for further enhancement and implementation during 2024.

In accordance with the Supervisory Board By-laws, the Supervisory Board is responsible for decision-making in dealing with transactions (1) that constitute an existing or potential conflicts of interest between an individual member of the Management Board, or an individual member of the Supervisory Board on one hand, and the company on

the other hand, or (2) which are between the company and a shareholder having at least one percent (1%) of the outstanding issued capital. Both types of transactions are qualified as related party transactions pursuant to the provisions of the Dutch Financial Supervision Act (Wet op het financieel toezicht) and EU-IFRS. Said regulations also state the requirement of market conformity of these transactions. In the course of the 2023 financial year two related party transactions occurred. One relates to the purchase of Ebusco shares of a relative by one of the Supervisory Board members (filed at the AFM). The other one relates to the normal course of business. The Group engaged in transactions with ING Bank N.V., including loan facilities and issuance of letters of credit. All transactions are carried out at arms-length.

The Supervisory Board reports to the General Meeting of Shareholders.

COMPOSITION, DIVISION OF DUTIES AND REMUNERATION

In accordance with the Company's Articles of Association, the Supervisory Board consists of at least three natural persons who are appointed by the General Meeting of Shareholders. The actual number of members is established by the Supervisory Board. On 26 October 2021, the date at which Ebusco became a public limited liability company, the Supervisory Board comprised five members. As of AGM 2023, this is six members.

The Supervisory Board is composed in such a way that its members can operate independently and be critical of each other, the Management Board, and any interest group, even if a member of the Supervisory Board is nominated by an individual shareholder who is authorised to nominate a member of the Supervisory Board without instruction or consultation. Three members of the Supervisory Board are qualified as independent within the meaning of best practice provision 2.1.8. of the Dutch Corporate Governance Code. Three members of the Supervisory Board were nominated by a respective shareholder authorised to nominate a candidate for appointment by the General Meeting of Shareholders. These three members are considered to not be independent within the meaning of the Dutch Corporate Governance Code. A pre-IPO shareholder holding at least ten percent (10%) of the outstanding issued capital has the right to nominate a candidate for the Supervisory Board. Any nomination should in itself qualify, taking into consideration the composition of the Supervisory Board and its committees, the company's diversity policy, the profile for a specific position within the Supervisory Board, and any other criteria deemed relevant by the Supervisory Board at any time.

The members of the Supervisory Board are appointed by the General Meeting of Shareholders. The Supervisory Board nominates one or more candidates for each vacant position. Each nomination for appointment or proposal for reappointment of a member must be supported on sufficient grounds, and in the event of a reappointment the performance and operation of the member up for reappointment must also be taken into consideration. The Articles of Association and Supervisory Board By-laws stipulate that a member can be appointed for a term not exceeding four years and reappointed once for a similar term. After this period a member can be reappointed once more, albeit for a term not exceeding two years, as well as for one subsequent term not exceeding two years.

A resolution of the General Meeting of Shareholders to appoint a Supervisory Board member other than in accordance with a nomination by the Supervisory Board requires a majority of the votes cast representing at least one-third of the company's issued capital. If a proposal to appoint a person not nominated by the Supervisory Board is supported by an absolute majority of the votes cast, but this majority does not represent at least one-third of the company's issued capital, a new meeting can be convened in which the resolution can be adopted by an absolute majority of the votes cast, irrespective of the percentage of the company's issued capital represented at the meeting.

Supervisory Board members may be suspended or removed by the General Meeting of Shareholders at any time. A resolution of the General Meeting of Shareholders to suspend or remove a Supervisory Board member other than pursuant to a proposal by the Supervisory Board requires an absolute majority of the votes cast representing at least one-third of the company's issued capital. If a resolution as referred to in the previous sentence is supported by an absolute majority of the votes cast, but this majority does not represent at least one-third of the company's issued capital, a new meeting can be convened in which the resolution can be adopted by an absolute majority of the votes cast, irrespective of the percentage of the company's issued capital represented. Any suspension may be extended one or more times but may not last longer than three months in the aggregate. If at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension is lifted.

The Supervisory Board members will retire their membership in accordance with a rotation plan drawn up by the Supervisory Board.

From the AGM in May 2023 up to now, the Supervisory Board comprised the following individuals:

Name	Position	Nationality	Gender	End of Term
Derk Haank	Chair	Dutch	male	2025 AGM
Jeroen Drost	Vice-chair/ Nomination Committee chair	Dutch	male	2024 AGM
Carin Gorter	Member/Audit Committee chair	Dutch	female	2024 AGM
Ruud Spoor	Member	Dutch	male	2025 AGM
Roelf de Boer	Member/ Remuneration Committee chair	Dutch	male	2024 AGM
Saskia Schatteman	Member	Belgium	female	2027 AGM

Saskia Schatteman has been appointed as member of the Supervisory Board, effective from the 2023 AGM. Her term of appointment will expire at the end of the Annual General Meeting of Shareholders to be held in 2027.

The members of the Supervisory Board are remunerated in accordance with the Remuneration Policy. The Remuneration Policy is published on the company's website.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board has established three committees, being

- the Audit Committee;
- the Nomination Committee; and
- the Remuneration Committee.

THE AUDIT COMMITTEE

The function of the Audit Committee is to assist in the decision-making of the Supervisory Board. According to its charter, the Audit Committee undertakes preparatory work for the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the company's financial reporting and the effectiveness of the Company's internal risk management and control systems.
The Audit Committee is specifically responsible for:

a monitoring the financial reporting process and drafting proposals to safeguard the integrity of the process;
b monitoring the effectiveness of the internal control system, the internal audit system (if applicable), and the risk management system in relation to the company's financial reporting;
c monitoring the statutory audit of the financial statements;
d reviewing and monitoring the independence of the external auditor or audit firm, in particular, the provision of additional services to the company;
e adopting a procedure for the selection of the external auditor and the nomination for appointment of the external auditor with respect to the statutory audit of the financial statements;
f performing preparatory work for the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the company's financial reporting and the effectiveness of the company's internal risk management and control systems;
g establishing the independence of the external auditor;
h and monitoring cashflow development and treasury.

THE NOMINATION COMMITTEE

The purpose of this committee is to assist in the decision-making of the Supervisory Board. According to its charter, the Nomination Committee undertakes preparatory work for the Supervisory Board's decision-making regarding the selection and appointment of members of the Management Board and Supervisory Board.

The Nomination Committee is specifically responsible for:

a drafting selection criteria and appointment procedures for members of the Management Board and Supervisory Board;
b assessing at least once a year the size and composition of the Management Board and Supervisory Board;
c making proposals for the Supervisory Board profile;
d assessing at least once a year the functioning of each individual member of the Management Board and Supervisory Board, and reporting their findings to the Supervisory Board;
e drafting a plan for the succession of members of the Management Board and Supervisory Board aimed at retaining a balance in the requisite expertise, experience, and diversity;
f making proposals for the appointment (and reappointment) of members of the Management Board and Supervisory Board;
g supervising the policy of the Management Board on the selection criteria and appointment procedures for senior management;
h and performing preparatory work for the Supervisory Board's decision-making regarding (i) the acceptance by a member of the Management Board of membership to the Supervisory Board or to the position of non-executive director of a listed company and (ii) with regard to any conflict of interest that may arise from Supervisory Board members accepting ancillary positions.

THE REMUNERATION COMMITTEE

The purpose of this committee is to assist in the decision-making of the Supervisory Board. According to the Remuneration Committee's charter, the Remuneration Committee undertakes preparatory work for the Supervisory Board's decision-making regarding the remuneration policy.

The Remuneration Committee is specifically responsible for:

a submitting a clear and understandable proposal to the Supervisory Board for the remuneration policy to be pursued for the members of the Management Board;
b making proposals concerning the remuneration of the individual members of the Management Board in accordance with the remuneration policy;
c preparing the company's remuneration report, and
d making proposals to the Supervisory Board for the remuneration of the individual members of the Supervisory Board.

CORPORATE GOVERNANCE

With respect to the 2023 financial year, Ebusco is reporting on compliance with the Governance Code. Ebusco fully endorses the core principles of the Governance Code and is committed to fully complying with the Governance Code's best practice provisions where possible within the organisation. However, in consideration of the company's own interests and the interests of its stakeholders, we deviate from a limited number of best practice provisions, as specified and explained below.

Best Practice Provision	Non-compliance	Measures to address non-compliance
1.6.3: assignment of external auditor by Supervisory Board	The external auditor was appointed by the shareholders prior to the establishment of the Supervisory Board on 26 October 2021.	With respect of the audit of the 2024 financial year, the company will act in accordance with best practice provision 1.6.3. On the AGM 2023, the General Meeting of shareholders appointed the external auditor for the financial years 2024-2026.
2.1.5 Policy on Diversity and Inclusion (D&I)	The Supervisory Board has adopted and published a Diversity & Inclusion Policy for the Supervisory Board and Management Board. The Management Board has set targets for the Executive Committee (sub-top). The Diversity & Inclusion Policy for the Executive Committee (sub-top) and other employees related to this is still under development.	The D&I policy for the Executive Committee, the sub-top and other employees is expected to be adopted by the Management Board in 2024 after prior approval by the Supervisory Board. This plan will also include gender targets for the sub top.
2.1.6: composition of Supervisory Board in compliance with the "Act on a more balanced ratio of men and women on management and supervisory boards" (*Wet evenwichtige verhouding man/vrouw in bestuur en raad van commissarissen*)	The composition of the Supervisory Board was in the beginning of fiscal year 2023 not in compliance with the Act on a more balanced ratio of men and women on management and supervisory board. With the appointment of Saskia Schatteman as member of the Supervisory Board, on the AGM 2023, Ebusco became compliant from the AGM 2023 onwards.	There are no further measures to be addressed.
2.1.7ii: majority of Supervisory Board is independent	The composition of the Supervisory Board is not in compliance with best practice provision 2.1.7. (ii) which requires that more than half of the Supervisory Board members are independent as defined in the Governance Code. Under the Existing Relationship Agreement, each of the current Shareholders holding ten percent (10%) or more in the total outstanding issued capital has the right to nominate a candidate for the Supervisory Board. Three shareholders qualify, each of whom has made use of the right to nominate, meaning that three of the six members of the Supervisory Board are not independent within the context of the Governance Code.	The nomination right of a shareholder having of at least 10% of the outstanding capital will cease once the shareholder's interest falls below that threshold. This is, however, outside the company's control.
2.3.4: Composition of the committees. More than half of the members of the committees should be independent within the meaning of best practice provision 2.1.8.	In 2023, best practice provision 2.3.4 was temporarily not complied with due to personal circumstances of a member of the audit committee. To ensure continuity, a third member was (temporarily) added to the audit committee, after which the audit committee consisted of one independent member and two dependent members.	This situation will be resolved when the backup scenario to ensure continuity is no longer needed.

DIVERSITY AND INCLUSION POLICY

Ebusco has a Diversity and Inclusion Policy (D&I Policy) in place, the purpose of which is to ensure that the composition of the Supervisory Board and Management Board is diverse within the meaning of the policy.

With respect to the Supervisory Board, the Act on a more balanced ratio of men and women on management and supervisory boards' (Wet evenwichtige verhouding man/vrouw in het bestuur en de raad van commissarissen), stipulates that any vacancy should be filled by a member of the sex not already equally represented.

The D&I Policy for the Executive Committee (sub-top) and other employees is still under development. The purpose of this Policy is to achieve that the composition of the employees of the company as a whole is as diverse as possible, taking into consideration a variety of non-discriminatory factors.

The Policy is aimed not only at achieving a balance in terms of gender but also in a more general sense in terms of skills, experience, background, nationality, age, ethnicity, sexual orientation, religious beliefs, physical ability, and other characteristics.

EXTERNAL AUDITOR

For the 2023 financial year, Ernst & Young Accountants LLP has been appointed as the company's external auditor by the General Meeting of Shareholders prior to the listing of the company and consequently the installation of the audit committee. The appointment of the auditor was done without a tender and selection process as is appropriate for listed companies.

At the AGM 2023, the General Meeting appointed Ernst & Young Accountants LLP as the company's external auditor for the financial years 2024 – 2026. The external auditor may be questioned by shareholders and people representing a shareholder at the General Meeting of Shareholders on matters regarding its independent auditor's report. The external auditor is therefore obliged to attend, and allowed to address, the General Meeting of Shareholders.

CORPORATE GOVERNANCE STATEMENT

The Governance Code requires companies to publish a statement concerning their approach to corporate governance and compliance with the Dutch Corporate Governance Code. This is referred to in Article 2a of the Decree on additional requirements for board reports ('Besluit inhoud bestuursverslag'), as last amended on 1 July 2022. The information required to be included in this Corporate Governance Statement as described in articles 3, 3a, 3b and 3d of the Decree can be found in this annual report under the Corporate Governance and Shareholder Information chapters.

Deurne, the Netherlands, 26 March 2024

P.H.A.M. Bijvelds, *Chief Executive Officer*
J.IJ. Jongma, *Chief Financial Officer*
B.H.M.J. Fleuren, *Chief Operations Officer*

COMPOSITION OF THE SUPERVISORY BOARD

DERK HAANK

Chair, member of the Nomination Committee, member of the Remuneration Committee

Derk Haank was CEO of Springer Nature, a worldwide publishing firm of scientific journals. Prior to that, he was CEO of academic publishing company Elsevier and a board member of Reed Elsevier (both predecessors of publicly listed RELX Group), and CEO of publishing company Misset. He currently is the chair of the supervisory board of navigation technology developer TomTom and a non-executive board member at online gaming and advertising company Azerion.

Derk Haank holds a bachelor's degree in Economics and a master's degree in Business Administration, both from the University of Amsterdam in the Netherlands.

JEROEN DROST

Vice-chair, chair of the Nomination Committee

Jeroen Drost is the CEO of Dutch trading company SHV Holdings, in which role he also sits on several boards of SHV-related companies. He started his career at ABN AMRO where he held various positions in the Netherlands and internationally. Subsequently he was CEO of Dutch commercial bank NIBC and CEO of investment firm NPM Capital. He currently is a member of the general management of VNO-NCW, the largest employers' organisation in the Netherlands.

Jeroen Drost holds a bachelor's degree in Economics and a master's degree in Business Economics, both from the Erasmus University in Rotterdam in the Netherlands.

CARIN GORTER

Member, chair of the Audit Committee

Carin Gorter started her career at a predecessor of accountancy firm EY Nederland. Subsequently, she held various management positions at Rabobank and ABN AMRO. She currently holds various supervisory board positions including, technology fi rm TKH Group, gym chain Basic-Fit (both Dutch listed companies), legal and financial services provider DAS Holding and Dutch insurance company TVM Verzekeringen.

Carin Gorter holds a master's degree in Business Economics and a postgraduate degree in Accountancy, both from the University of Groningen in the Netherlands. Furthermore, she is external Audit Committee member of the Ministry of Justice and Security and Supervisory Board member of Nederlandse Transplantatie Stichting.

RUUD SPOOR

Member, member of the Audit Committee

Ruud Spoor is CEO of Trackwise Investment Management, a Dutch investment management, and consultancy firm. His 40 years of experience in banking and finance include ten years in private equity. He started his career at ABN AMRO and subsequently held positions at various investment and consultancy firms.

Ruud Spoor holds a Bachelor of Commerce degree from the HES Rotterdam in the Netherlands.

ROELF DE BOER

Member, chair of the Remuneration Committee, member of the Audit Committee

Roelf de Boer started his career as an officer in the Royal Netherlands Marine Reserve Corps, and subsequently held various positions in the port and transport industry, amongst others at Royal Nedlloyd Group. Furthermore, he held various public and semi-public positions including as minister of Transport, Public Works and Water Management of the Netherlands and president of the Rotterdam Chamber of Commerce.

SASKIA SCHATTEMAN

Member

Saskia Schatteman is an independent consultant with broad experience in various sectors and geographical regions. She has extensive experience in both the public and private sector, amongst others at Microsoft, Telenet and Procter & Gamble.

In her role as a member of the Supervisory Board at Ebusco, she builds on extensive knowledge of the public transport market (at De Lijn and NMBS).

REPORT OF THE SUPERVISORY BOARD

MESSAGE FROM CHAIR OF THE SUPERVISORY BOARD

2023 was a very challenging year for Ebusco. The ongoing impact of the supply chain disruptions and the scarcity of skilled labour affected the company's ability to deliver to its customers. Unfortunately, the ramp up of production of the Ebusco 3.0 in Deurne was much slower than expected. Late deliveries and additional costs led to disappointing results. Ebusco was not able to deliver on its promises.

After careful deliberation, management has taken key actions to improve the performance of Ebusco with the aim to structurally improve financial and operational performance and increase predictability in 2024 and beyond. A new leadership has been installed, the assembly strategy has been adapted and actions are taken to improve operational expenditures and working capital It is encouraging to see that the new strategy is tentatively bearing fruit, also thanks to the commitment and dedication of all people at Ebusco, and our partners. The serial production of the 3.0 in Deurne, combined with the first serial produced 3.0 buses assembled at our assembly partners in China and Portugal, are early signs of a successful implementation. My fellow board members and I are proud of the resilience shown by all people in Deurne, Venray and Rouen.

To reinforce Ebusco's financial position to roll out the adjusted assembly strategy and cover our working capital requirements, a capital increase through an equity issue and a convertible bond was successfully launched in December. I am grateful to our cornerstone investors who supported the equity issue.

The composition of the Management Board including a broad and diversified representation of skills and expertise to deliver on our ambitions, has the ongoing attention of the Supervisory Board. After Paul van Beers stepped down as CFO of the company, Björn Krook, Ebusco's Investor Relations Manager, stepped in as interim CFO as per the 2023 AGM to ensure continuity. We thank him for taking up that responsibility. Meanwhile the search process for a new CFO was ongoing, which resulted in the appointment of Jurjen Jongma in September 2023. We are glad to have him onboard, his extensive experience is very valuable.

Towards the end of the year, our COO, Bob Fleuren, informed us he would not stand for re-election at the 2024 AGM. We want to thank Bob for his contribution to Ebusco and especially to the success of the Ebusco 3.0. We are pleased we can nominate Roald Dogge as his successor as of 1 June 2024. His experience in managing multiple production sites within the automotive and OEM industries will be of great value in the adjusted production set-up.

Moreover, with the aim to increase efficiency and sharing the workload in the company, the position of Co-CEO was created. Mr. Frank Meurs, who already acted as advisor to the Board, has been appointed an ad interim basis, while searching for a permanent solution. Frank Meurs has substantial experience in business development, operations and supply chain, which will be his main responsibilities in the new Management Board set up. This will allow Peter Bijvelds to fully focus on corporate strategy as well as product and commercial development.

With these management changes, the company has installed a new leadership team that will focus on accelerating and implementing the adapted assembly strategy.

I would like to thank my fellow board members for the constructive dialogues and cooperation in this past intensive year, in which all members have shown their continued dedication in supporting the Management Board and the company as a whole.

Although last year was a perfect storm, our path to recovery as set out by management is clear and will lead to an improved performance in 2024.

"Although last year was a perfect storm, our path to recovery as set out by management is clear and will lead to an improved performance in 2024."

DERK HAANK
CHAIR

GENERAL

This report provides an overview of the approach and activities undertaken by the Supervisory Board in the year under review.

In carrying out its duties, the Supervisory Board is guided by the Dutch Civil Code, the Dutch Corporate Governance Code, the company's Articles of Association, the Management Board By-laws, insofar specific tasks and duties are designated to the Supervisory Board, the Supervisory Board By-laws, the charters of the respective committees of the Supervisory Board, the various company policies and the overall interests of the entire Ebusco group, the enterprises associated with it and its various stakeholders.

COMPOSITION, INDEPENDENCE AND EDUCATION

The Supervisory Board consists of knowledgeable individuals with outstanding reputations and experience in supervisory roles. The Supervisory Board profile is aligned with the profile and strategy of Ebusco, with a balanced distribution of specific expertise in relation to its business activities, strategy and long-term goals. Ebusco aims to have a balanced Supervisory Board.

In 2022 the Dutch law provided a mandatory gender quota, requiring that at least one-third of the Supervisory Board members are women and at least one-third are men, came into effect. The quota is applicable to the appointment of new Supervisory Board members. The quota is not applicable to the re-appointment of acting board members within eight years following their initial appointment. Diversity, including in terms of gender, is an important consideration in the selection process for the appointment and reappointment of members of the Supervisory Board going forward. Following the appointment of Saskia Schatteman in the AGM of 2023, Ebusco's Supervisory Board currently consists of 33% female and 67% male members. If and when another vacancy arises in the coming years, the Supervisory Board will take the gender quota into account, next to the Supervisory Board profile, Dutch law and the Governance Code.

New members of the Supervisory Board attended induction sessions aimed at informing them about Ebusco's strategy, financial reporting, risk and audit, HR, marketing, legal and governance-related affairs. All members of the Supervisory Board visited the operational site in Deurne to gain a deeper knowledge and understanding of the company's operations, opportunities and challenges.

The Supervisory Board strongly believes the overriding principle for its composition that its members make a valuable contribution in terms of experience and expertise. In the opinion of the Supervisory Board, its size and composition meet the specifications laid down in the Supervisory Board profile. The Supervisory Board profile forms an integral part of the Supervisory Board by- laws.

SUPERVISORY BOARD COMPOSITION

Name	Nationality	Gender	Financial expertise	Number of supervisory board* positions held
Derk Haank (1953)	Dutch	Male		2
Jeroen Drost (1961)	Dutch	Male	yes	3
Carin Gorter (1963)	Dutch	Female	yes	5
Ruud Spoor (1958)	Dutch	Male	yes	1
Roelf de Boer (1949)	Dutch	Male		2
Saskia Schatteman	Belgium	Female		1

* Number of current supervisory board positions at listed and large entities, including Ebusco.

Name	First appointment	Term expiration	Independent	Ebusco Supervisory Board Committee
Derk Haank	26 October 2021	AGM 2025	X	Nomination Committee, Remuneration Committee
Jeroen Drost	26 October 2021	AGM 2024		Nomination Committee (chair)
Carin Gorter	26 October 2021	AGM 2024	X	Audit Committee (chair)
Ruud Spoor	26 October 2021	AGM 2025		Audit Committee
Roelf de Boer	26 October 2021	AGM 2024		Remuneration Committee (chair) , audit committee
Saskia Schatteman	17 May 2023	AGM 2027	X	

During the 2023 AGM, the shareholders appointed Saskia Schatteman and reappointed Roelf de Boer as members of the Supervisory Board, effective from the 2023 AGM, for the duration of respectively four and one year. Mr. De Boer is available for reappointment and the Supervisory Board intends to nominate Mr. De Boer for reappointment as members of the Supervisory Board for another year, until the AGM of 2025. Following the ongoing expansion of the company and the shift in assembly strategy, the role of co-CEO was created with the aim to increase efficiency and sharing the workload in the company. The Supervisory Board appointed Mr. Frank Meurs for this new co-CEO role on an ad interim basis, given his extensive experience in the fields of business development, operations and supply chain and the fact that he was already acting as advisor to the Management Board.

The current term of Carin Gorter and Jeroen Drost, both Supervisory Board members, will end per the 2024 AGM. The Supervisory Board intends to nominate Carin Gorter and Jeroen Drost for reappointment as members of the Supervisory Board, effective from the 2024 AGM for the duration of four years, until the AGM 2028.

EVALUATION

The Supervisory Board conducted a self-assessment in December 2023 to evaluate its own performance as well as the performance of its committees and individual members, including the interaction with the Management Board. This self-evaluation took place in a separate meeting at Ebusco's head quarters in Deurne.

The overall outcome from the evaluation was positive. The composition of the Supervisory Board provided sufficient expertise and experience and continues to be a well-functioning team. The Supervisory Board reviewed its relationship with the Management Board, and it concluded that the relationship allows for open, in-depth discussions. The Supervisory Board noted the importance of a continued focus on strategy and sees diversity in the Management Board and Executive Committee (together the Executive Team), as a key area of attention in 2024. The Remuneration Committee evaluated the performance of the Management Board collectively, and the functioning of the individual Board Members, focusing on the role, responsibilities and performance of each Board Member. Finding a successor for Bob Fleuren (COO) is a key focus, as well as filling the vacancies within the complete Executive Team.

SUPERVISORY BOARD ENGAGEMENT 2023

The Supervisory Board met officially 13 times in 2023. Except for a limited number of occasions, and for valid reasons, Supervisory Board members attended all Supervisory Board meetings in 2023. The entire Management Board was present during (part of) these meetings. Six meetings were held in Deurne, The Netherlands, whereas seven meetings were held online. In addition, the chairman of the Supervisory Board was in regular and informal contact with the CEO and the chairman of the Audit Committee stayed in regular, informal, contact with the CFO.

The meetings addressed routine commercial, financial and operational matters. The Supervisory Board devoted considerable time and dedicated meetings to discussing and assessing the company's strategy and mid-term objectives. In addition, the company's performance was an important topic in many meetings, as well as developments in the company's production capacity and the adaption in the production strategy. Furthermore, the capital increase by means of an equity offering and convertible bond and the constructive and advanced discussions with lenders to extend and increase the current arrangements were extensively discussed.

Besides the regular business and financial updates, the following topics were discussed during the meetings throughout the year:

- Budget 2023 and 2024
- Cyber security and GDPR
- Corporate Governance Code 2022
- ESG strategy and reporting
- Self-assessment and capability matrix Supervisory Board
- Annual report 2022 and planning annual report 2023
- Auditors report 2022
- AGM 2023
- Risk management and internal control
- Speak-up policy
- Legal and compliance update
- Forecasts
- Safety update

ATTENDANCE 2023

Except for a limited number of occasions, and for valid reasons, Supervisory Board members attended all Supervisory Board meetings in 2023. All Supervisory Board members made adequate time available to give sufficient attention to matters concerning the Company.

Board attendance	Held	Attended	%
Derk Haank	14	14	100%
Jeroen Drost	14	12	86%
Carin Gorter	14	14	100%
Ruud Spoor	14	14	100%
Roelf de Boer	14	14	100%
Saskia Schatteman	9	7	78%

ACTIVITIES OF THE SUPERVISORY BOARD COMMITTEES

There are three committees that support the Supervisory Board: the Audit Committee, the Nomination Committee and the Remuneration Committee. Each committee addresses relevant topics, and the chairman of the committee reports to the Supervisory Board on the discussions held within the committee and its main recommendations to the Supervisory Board as a whole.

For all committee meetings, the supervisory Board members, not being members of the committee, received a standing invitation. For some occasions, supervisory board members made use of the invitation to participate as guests in these committee meetings.

AUDIT COMMITTEE

The Audit Committee consists of three members, Carin Gorter (chair), Roelf de Boer and Ruud Spoor. The Audit Committee has the appropriate level of knowledge and experience in terms of financial administration and accounting for listed companies. The committee's main role is to assist the Supervisory Board in monitoring the systems of internal control, the quality and integrity of the financial reporting process, and the content of the financial statements and reports; as well as in assessing and mitigating the company's business and financial risks.

The charter of the Audit Committee is available on the company's corporate website.

The Audit Committee met 11 times in 2023. The Audit Committee members attended all Audit Committee meetings in 2023. Six meetings were held in Deurne and five meetings were held online. All these meetings were (partly) attended by the external auditor. In addition to the official meetings, the members of the Audit Committee received updates frequently and there were regular contacts with the CFO and members of his team, mainly in order to prepare for the Audit Committee meeting and to monitor urgent developments.

Major topics discussed at the meetings included:

- 2023 budget
- Annual report 2022, including financial statements 2022
- External audit, including evaluation audit 2022 and audit fees
- Interim report 2023
- External audit plan 2023, including audit fees
- Medium- and long-term financing plan, cashflow development and treasury
- The capital increase in December 2023
- 2024 budget
- Internal audit and the audit plan [2023/2024]
- Internal risk management and control framework
- IT and cybersecurity
- Legal and compliance
- Tax
- Key audit matters

The Supervisory Board oversees management's monitoring of compliance using the company's risk management policies and procedures and reviews the adequacy of the risk management framework in terms of risks faced by the company. The further strengthening and development of the internal risk framework is a key point on the agenda of the Audit Committee. The Audit Committee has been involved in the implementation and consequent monitoring of the outsourced internal audit function.

Following the tender process finalised in 2022, Ernst & Young Accountants LLP was reappointed as external auditor for the financial years 2024-2026 in the AGM 2023.

NOMINATION COMMITTEE

The Nomination Committee consists of two members: Jeroen Drost (chairman), and Derk Haank. The main responsibility of the committee is to assist the Supervisory Board and Management Board with the selection and appointment (and reappointment) procedures for members of the Supervisory Board and the Management Board. The charter of the Nomination Committee is available on the company's corporate website.

The Nomination Committee met four times in 2023. The Nomination Committee members attended all meetings in 2023. All meetings were held online.

Per the 2023 AGM, the appointment term of Paul van Beers, CFO, expired. Mr. Van Beers was not available for reappointment and left Ebusco prior to the AGM due to personal circumstances.

To ensure continuity, Bjorn Krook, Investor Relations Manager, was appointed as ad interim CFO during the 2023 AGM, while the Nomination Committee undertook a careful search process for a successor. The Committee proposed to the Supervisory Board to nominate Mr. Jurjen Jongma on the basis of his qualifications, ambitions and cultural fit with Ebusco. Despite Ebusco's intention to arrive at a gender-balanced Management Board, no female candidates were available for the position of CFO. On 6 September 2023, an Extraordinary General Meeting (EGM) took place, that appointed Jurjen Jongma as a member of the Management Board (CFO) for a term of approximately 3.5 years. The appointment will end at the Annual General Meeting to be held in 2027. With the appointment of Mr. Jongma, the present composition of the Management Board is not in compliance with the gender balance target set for 2026.

Per the 2024 AGM, the appointment term of Bob Fleuren, COO, will expire. Mr. Fleuren has informed the Supervisory Board that he is not available for reappointment and will retire per the 2024 AGM, upon completion of his current term. We have aligned the profile with the adjusted production strategy. Based on this profile the Nomination Committee started the search for his successor, resulting in the nomination of Roald Dogge as COO and member of the Management

Board for a term of four years, at the AGM to be held on 14 May 2024. This nomination is based on his extensive experience and expertise as well as the cultural fit with Ebusco. Subject to shareholder approval Roald Dogge will start per 1 June 2024.

Other topics discussed included the self-assessment of the Supervisory Board, including training requirements for the Supervisory Board members and the succession planning of the Supervisory Board. Furthermore, the Nomination Committee prepared the evaluation of the composition, performance and succession planning of the Management Board.

REMUNERATION COMMITTEE

The Remuneration Committee consists of two members: Roelf de Boer (chairman) and Derk Haank.

The main responsibility of the committee is to assist the Supervisory Board and Management Board in the establishment of an appropriate remuneration scheme for members of the Supervisory Board, members of the Management Board and, if so desired by the Management Board, members of the Management Team or other key figures within the organisation. The charter of the Remuneration Committee is available on the company's corporate website.

The Remuneration Committee met three times in 2023. The Remuneration Committee members attended all meetings in 2023. One meeting was held in Deurne and two meetings were held online. The Committee reviewed and approved the remuneration report as included in the annual report 2023 and prepared the proposal for the Management Board remuneration for 2024.

An addition to the remuneration policy was proposed for the remuneration of Mr. Jongma. Mr. Jongma will be granted 5,000 shares annually over a period of five years provided that Mr. Jongma is still working for the Company in the role of CFO. A lockup period of one year applies after each share award. The exception only applies to Mr. Jongma and does not affect the remuneration of the other members of the Management Board. During the EGM in September 2023 this addition to the current remuneration policy was approved.

INDEPENDENCE

The Supervisory Board confirms that, during 2023, as well as on the date of publication of this report, three Supervisory Board members were independent and three Supervisory Board members were considered not to be independent referring to best practice provision 2.1.8 vi of the Dutch Corporate Governance Code.

Ruud Spoor has been nominated by the current CEO, as pre-IPO shareholder. Jeroen Drost has been nominated by ING, as pre-IPO shareholder. Roelf de Boer has been nominated by VDVI, as pre-IPO shareholder.

The Supervisory Board is of the opinion that the Board complies with the following articles of the best practice provisions of the Corporate Governance Code:

- 2.1.7 except for 2.1.7 ii
- 2.1.9

In 2023, best practice provision 2.3.4 was temporarily not complied with due to personal circumstances of a member of the audit committee. To ensure continuity, a third member was (temporarily) added to the audit committee, after which the audit committee consisted of one independent member and two dependent members.

2023 FINANCIAL STATEMENTS

The Audit Committee reviewed and discussed the Management Board report and financial statements for the 2023 financial year. The financial statements for 2023 were audited and provided with an unqualified independent auditor's report by Ernst & Young Accountants LLP (see the independent auditor's report in other information pursuant to 2:392 Dutch Civil Code) and were extensively discussed by the Audit Committee in the presence of the Management Board and the independent auditor in March 2024. Following this discussion, the entire Supervisory Board discussed the financial statements with the Management Board in the presence of the auditors. The Supervisory Board is of the opinion that the 2023 financial statements meet all requirements for correctness and transparency. The 2023 financial statements are endorsed by all Management Board and Supervisory Board members and are included in this Annual Report. The Supervisory Board recommends that the General Meeting of Shareholders, to be held on 14 May 2024, adopt the 2023 financial statements. In addition, it recommends that the members of the Management Board and Supervisory Board be discharged from liability for their respective management and supervisory activities performed in 2023.

Deurne, the Netherlands, 26 March 2024

Derk Haank
on behalf of the Supervisory Board

REMUNERATION REPORT

This report describes how the Remuneration Policies of the Management Board and Supervisory Board were implemented in 2023.

This report was prepared by the Management Board and the Remuneration Committee of the Supervisory Board. The Remuneration Committee makes recommendations to the Supervisory Board regarding the remuneration policy, as adopted by the General Meeting, for the Management Board and how to apply this policy to the remuneration of the individual Management Board members.

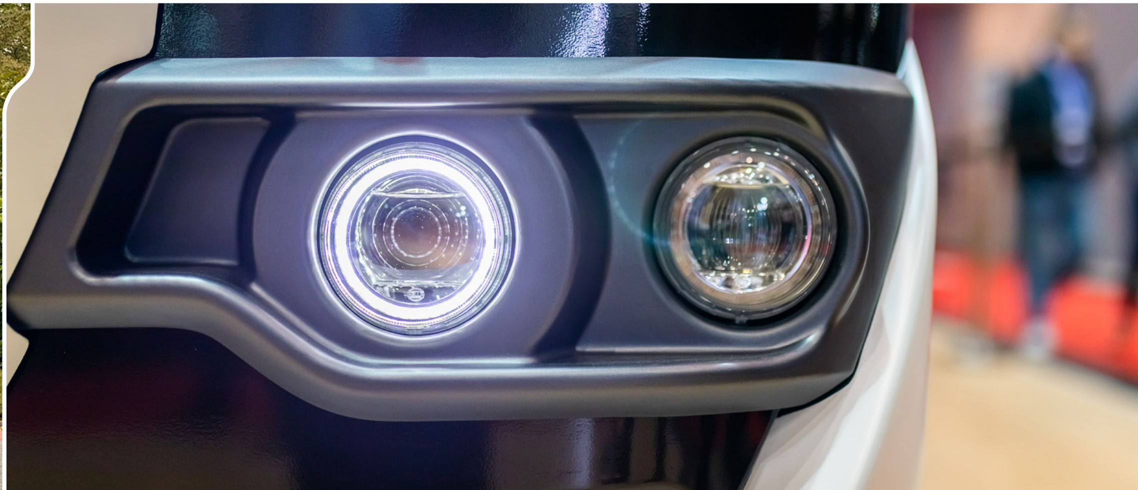
This remuneration report combines the requirements that the Remuneration Committee must adhere to when preparing a remuneration report in line with the best practice provisions of the Dutch Corporate Governance Code (the 'Code') with the requirements as contained in Article 2:135b of the Dutch Civil Code. This remuneration report is published on the company's corporate website as part of the annual report and will be submitted to the Annual General Meeting of Shareholders (AGM) on 14 May 2024 for an advisory vote. During the AGM held on 17 May 2023, the advisory vote on the 2022 Remuneration Report received 99.81% of the votes cast in favour.

This remuneration report is based on the current remuneration policy that was approved by and became effective following the General Meeting on 17 October 2021, prior to the company's public listing on Euronext. Any subsequent changes to the remuneration policy are subject to the approval of the General Meeting of Shareholders.

Consistent with the best practice principles of the Code, the first part of this remuneration report describes the remuneration policy for the members of the Management Board, while the second part sets out how the remuneration policy was implemented in 2023. The report concludes with the details of the remuneration policy of the Supervisory Board and how this remuneration policy was implemented in 2023.

REMUNERATION POLICY

The remuneration policy aims to attract, retain and reward highly qualified executives with the required background, skills, and experience needed for a company the size and complexity of Ebusco. The policy is transparent and aligns with the interests of the company's shareholders and other stakeholders. Pursuant to the remuneration policy, the remuneration packages of the members of the Management Board consist of fixed and variable components. The variable remuneration is linked to predetermined, assessable, and influenceable targets, which are predominantly of a long-term nature. The remuneration policy is in keeping with the entrepreneurial culture of Ebusco and aims to achieve a good balance between fixed and variable income, whereby the base compensation is relatively low and the variable compensation, provided that targets have been achieved, relatively high. The rationale behind this balance is that the company is focused on achieving growth, which should be compensated fairly. In this context, the members of the Board are incentivized and motivated to focus on and achieve the projected growth of the company. Account was taken of scenario analyses in drafting the remuneration policy.



PEER GROUP

In 2021, in anticipation of the listing, the company commissioned an independent remuneration consulting firm to provide advice on the remuneration of the Management Board and Supervisory Board within the framework of the proposed remuneration policy. Based on this external advice Ebusco decided to set a base salary level around the median figure of the base salaries of the companies comprising the AScX Index whilst the annual cash bonus (STI) and performance share bonus (LTI) would be based upon the upper 25 percentile of the AScX Index companies. These compensation levels were consistent with the characteristics of Ebusco as well as in line with Ebusco's growth perspective.

The remuneration of the Management Board consists of five elements:

- Fixed compensation - annual base salary
- Short-term incentive - annual cash bonus plan
- Long-term incentive - annual performance share plan
- Pension allowance and other benefits (e.g. expense reimbursements)
- Severance payments

FIXED REMUNERATION

The annual base salary of the Management Board members is a fixed compensation set by the Supervisory Board that considers a variety of factors. Based on the peer group benchmark, the fixed compensation of the members of the Management Board was adjusted on 17 October 2021.

In determining the remuneration of the Management Board, the Supervisory Board also considers the impact of the overall remuneration of the Management Board on the pay differential within Ebusco. In line with the Code Ebusco considered the internal pay ratios within the organisation when formulating the remuneration policy and when determining the remuneration of individual members of the Management Board.

The Supervisory Board can make discretionary adjustments to the outcome of variable remuneration, if the outcome is deemed unfair. In that case, the Supervisory Board can deviate from the policies set out above, when the members of the Supervisory Board consider this necessary or desirable in specific individual cases.

SHORT-TERM INCENTIVE (STI)

The STI is an annual cash bonus. The objective is to incentivize strong financial and personal performance, in line with Ebusco's strategy and annually defined targets.

The bonus for the members of the Management Board may vary from 0% to 50% of the annual fixed base salary, with 30% being applicable when targets are achieved, for both financial and non-financial personal targets. The payout at the threshold level is 15%, and 50% in the event of outperformance, to be determined for each separate target. These bonus percentages are at the high end of the upper 25 percentile of the AScX companies. The underlying rationale is to reward the growth of Ebusco.

Targets are set annually by the Supervisory Board based on the budget and with a view to the company's strategic ambitions. Financial targets are linked to the Ebusco 3.0 international roll-out plan and comprise 70% of the bonus, while non-financial or individual targets make up the remaining 30%. These individual targets are related to the definition and implementation of new strategic projects or products within the company, with a focus on sustainable long-term growth.

A performance zone is set for each of the financial targets, with no bonus below the threshold level and the maximum bonus when the performance exceeds the upper end of the performance zone, in accordance with the following parameters:

Financial target		Payout (% of annual base salary)
Threshold	80% achievement of Roll-Out Plan target	15%
At Target	100% achievement of Roll-Out Plan target	30%
Out performance	120% achievement of Roll-Out Plan target	50%

The Supervisory Board may change the percentages and targets from time to time.

LONG TERM INCENTIVE (LTI)

The purpose of the long-term incentive plan is to align the interests of the company, shareholders and the Management Board for the medium and long term, to foster and reward sustainable performance and to provide an incentive for long-term commitment, thus promoting Management Board retention. Under the company's long-term incentive plan members of the Management Board may be awarded conditional performance share units from the 2023 financial year onwards. The LTI is related to the performance on the company goals, which are defined on the following metrics; revenues, EBITDA margin and development and implementation of ESG strategy. The overall PSU vesting is subject to meeting the ESG target. In case the ESG target will not be met, no PSU's will vest irrespective of financial performance.

For all members of the Management Board the at-target value of the award may amount to 100% of their annual fixed base salary in the respective year. When considered appropriate, the Remuneration Committee may apply at its discretion a performance incentive zone between 0% and 150% of the at-target value of the award depending on the long-term and sustainable performance achieved during the performance period. Furthermore, the Remuneration Committee has the discretion to introduce a non-financial target as an underpin to ensure sustained long-term performance (e.g. relating to ESG).

Performance conditions measured over the 3 year performance period	PSU Vesting percentage
Threshold: <80% achievement of the company goals	**0%**
Between 80 - 100% achievement of the company goals	Between 1% and 100% on a straight-line basis
At target: 100% achievement of the company goals related to the Roll-Out Plan	**100%**
Between 100 -120 achievement of the company goals	Between 100% and 150% on a straight-line basis
Out performance: 120% achievement of the company goals related to the Roll-Out Plan	**150%**

Awards of performance share units will vest at the end of a three-year performance period subject to (i) the achievement of predetermined revenue growth targets consistent with the creation of long-term company value; and (ii) the continued service as a Management Board member with the company. The performance shares are subject to a holding period of two more years after vesting date.

Where required to ensure an appropriate reflection of performance, the Supervisory Board may at its discretion amend the level of vesting of performance share units, with the understanding that the award may not be increased in excess of the performance incentive zone. Any such discretionary amendment which would result in an increase in pay-out of more than 25% is subject to prior approval by the General Meeting of Shareholders.

During the financial year 2023 the Remuneration Committee decided to increase the threshold from 60 to 80% based on a benchmark study.

PENSION ALLOWANCE AND OTHER BENEFITS

The members of the board have been granted a pension allowance of an amount that is equal to approximately 16% of their base salary, excluding any allowances and bonus payments.

Other benefits include 25 days of paid vacation per calendar year. Furthermore, the members of the Management Board receive a car allowance or company car in accordance with the company's car policy. Apart from these benefits, no other benefits are granted.

SEVERANCE PAYMENT

The service agreements with the Management Board stipulate a notice period of six months and include a severance payment of six months of fixed base salary in the event of involuntary termination. No severance payment will be made in the event of serious imputable or negligent behaviour. This is compliant with the best practice provision of the Dutch Corporate Governance Code on severance pay.

CLAW-BACK AND ULTIMUM REMEDIUM

Variable remuneration may be adjusted or recovered from a member of the Management Board, in accordance with the relevant provisions in the Dutch Civil Code, as amended from time to time.

ADJUSTMENT REMUNERATION POLICY

On 6 September 2023, the Supervisory Board, following the advice of the Remuneration Committee, requested the approval of the EGM regarding an aforementioned individual change to the current remuneration policy. 97.72% of votes cast in favour of the advisory vote on this adjustment.

This adjustment was required to align the policy with the remuneration package of Mr J. Jongma, who was appointed CFO on 6 September 2023. The deviating element means that Mr Jongma will be granted 5,000 shares annually over a period of five years provided that Mr Jongma is still working for the Company in the role of CFO. Mr Jongma will receive these shares for the first time in September 2024. A lockup period of one year applies after each share award. The exception only applies to Mr Jongma and does not affect the remuneration of the other members of the Executive Board. The other features of the remuneration package are in line with the policy.

MANAGEMENT BOARD REMUNERATION 2023

The total remuneration of each individual member of the Management Board recognised and paid by the company in 2023 is as follows:

	Fixed base salary	Pension allowance	STI	LTI	Other	Total	Fixed compensation as % of total	Variable compensation as % of total
CEO	€ 410,220	€ 65,635	€ 0	€ 0	€ 16,256	€ 492,112	100%	0%
CFO*	€ 292,063	€ 31,666	€ 0	€ 0	€ 40,933	€ 364,662	100%	0%
COO	€ 291,500	€ 46,640	€ 0	€ 0	€ 18,058	€ 356,198	100%	0%
Total	**€ 993,783**	**€ 143,942**	**€ 0**	**€ 0**	€ 75,248	**€ 1,212,972**	**100%**	**0%**

* The remuneration of the CFO includes the remuneration of Paul van Beers (resigned as CFO on 31 March 2023), Bjorn Krook (ad interim CFO between 1 April 2023 and 6 September 2023) and Jurjen Jongma (CFO and member of the management board as from 7 September 2023).

The total remuneration of each individual member of the Management Board recognized and paid by the company in 2022 is as follows:

	Fixed Base Salary	Pension Allowance	STI	LTI	Other	TOTAL	Fixed compensation as % of Total	Variable compensation As % of Total
CEO	€387,000	€63,000	€0	€0	€9,996	€459,996	100.00%	0.0%
CFO	€275,000	€45,000	€0	€0	€18,000	€338,000	100.00%	0.0%
COO	€275,000	€45,000	€0	€0	€16,260	€336,260	100.00%	0.0%
TOTAL	**€937,000**	**€153,000**	**€0**	**€0**	**€44,256**	**€1,134,256**	**100.00%**	**0.0%**

FIXED COMPENSATION

For the financial year 2023, these annual base salaries have been increased by 6% for the 2023 financial year, which is in line with the salary development within the company. The Remuneration Committee also reviewed whether the remuneration policy is still suitable for the level and size of the company, and more specifically, if the remuneration level is in line with the market. In 2023, the Remuneration Committee concluded that the remuneration of the members of the Management Board was in line with market practices and within the boundaries of the remuneration policy.

SHORT-TERM INCENTIVE (STI)

For the 2023 short-term incentive the supervisory board set the targets based on the following elements:

The financial targets (70%, equal weighting for each target) relate to:

- Orderbook (# of buses): The orderbook is defined as all orders for which a signed contract is in place, an option for another order within an existing contract and call-off contracts.
- Deliveries (# of buses): Deliveries are defined as delivery to and acceptance by the customer.
- EBITDA

The non-financial and personal targets (30%) relate to:

- Execution of the roll-out plan (20%)
- Continuous cost price reduction (20%)
- People, processes and procedures (40%)
- Personal targets (20%)

As the financial targets were not sufficiently met, no STI was granted for 2023.

LONG-TERM INCENTIVE: PERFORMANCE SHARE PLAN

Similar to the STI, no shares were granted under the performance share plan in 2023.

PAY RATIO

With a view to transparency and clarity, Ebusco calculated the internal pay ratios based on the remuneration included in the consolidated financial statements. Ebusco's CEO pay ratio is calculated as the total CEO remuneration divided by the average remuneration of all employees, excluding the remuneration of Management Board members. For the purposes of this calculation, all remuneration elements are included in the total remuneration for the CEO based on the information provided in note 7.1 - Remuneration Key Management. Average employee remuneration is based on total employee benefit expenses excluding temporary employees and excluding benefit expenses of the Management Board and Supervisory Board as disclosed in note 7 - Employee benefits expense, and the total average number of employees in FTEs as also disclosed in note 7, Employee benefits expense.

Ebusco's calculated CEO pay ratio in 2023 was 6.6 (2022: 7.2). These internal pay ratios are closely monitored by the Remuneration Committee. Apart from the absence of STIs and LTIs in 2023, an important observation is that the company has a relatively young workforce, resulting in a relatively low median employee remuneration level.

HISTORIC PERSPECTIVE

The following table summarises the remuneration of the members of the Management Board and accompanying pay ratios in previous years and the change from 2022 to 2023 (in absolute numbers and in percentages):

	2023	2022	Change YoY		2021	2020	2019
			in EUR	in %			
Remuneration Management Board (in EUR)							
Total remuneration CEO	492,112	459,996	32,116	7.0%	286,602	281,689	240,000
Total remuneration CFO	364,662	338,000	26,662	7.9%	5,315,497	316,477	215,000
Total remuneration COO	356,198	336,260	19,938	5.9%	212,546	0	0
Ebusco performance (all in EUR millions)							
Revenue	102.4	111.6	(9.2)	(8.2%)	24.3	100.0	48.9
Underlying EBITDA	(95.7)	(34.8)	(60.9)	175.1%	(20.5)	27.1	8.8
Free Cash Flow	(123.5)	(107.5)	(16.0)	14.8%	(25.6)	(15.9)	(5.5)
Pay ratio							
Pay ratio CEO	6.6	7.2	(0.6)	(7.8%)	4.7	4.6	3,9
Average total remuneration Ebusco employees	74,144	63,720	10,396	16.4%	60,452	60,868	61,072

REMUNERATION MANAGEMENT BOARD IN 2024

The base salary remuneration of the members of the Management Board will be increased by 2% for the 2024 financial year, which is in line with the salary development within the company. With regard to the variable remuneration components, targets will be set for the STI as well as the LTI which may be granted in 2024 pending performance.

SUPERVISORY BOARD REMUNERATION 2023

The remuneration of Supervisory Board members consists of fixed annual fees for their role as Supervisory Board members. In addition, the chair and members of the Nomination Committee, Audit Committee and Remuneration Committee receive a fixed annual fee for these roles. Ebusco does not grant variable remuneration, shares or options to members of the Supervisory Board. Ebusco pays company-related travel and accommodation expenses related to meetings. The remuneration policy of Supervisory Board members is considered market conform.

ANNUAL FEES PER FUNCTION IN THE SUPERVISORY BOARD

Function	Remuneration
Chair	€50,000
Member	€40,000

ANNUAL FEES PER FUNCTION IN SUPERVISORY BOARD COMMITTEES

Function	Remuneration
Audit Committee - Chairman	€10,000
Audit Committee - Member	€7,000
Nomination Committee - Chairman	€7,000
Nomination Committee - Member	€4,000
Remuneration Committee - Chairman	€7,000
Remuneration Committee - Member	€4,000

FEES OF SUPERVISORY BOARD MEMBERS IN 2023

Function	2023	2022
Derk Haank	€58,000	€58,000
Roelf de Boer	€55,750	€47.000
Carin Gorter	€50,000	€50,000
Jeroen Drost	€47,000	€47,000
Ruud Spoor	€47,000	€47,000
Saskia Schatteman	€40,000	€ 0
TOTAL	**€297,750**	**€249,000**

OTHER INFORMATION

TOTAL REMUNERATION

The total annual remuneration for the members of the Management Board and Supervisory Board as recognised by the company during 2023 amounts to €1,510,722 (2022: €1,383,056).

OTHER ARRANGEMENTS

No remuneration has been granted and allocated by subsidiaries or other companies whose financials are consolidated by Ebusco, since all members of the Management Board and Supervisory Board are paid directly by Ebusco Holding N.V.

No (personal) loans have been granted to the members of the Management Board and the Supervisory Board and no advance payments or guarantees have been provided to any of the members of the Management Board and Supervisory Board.

No severance payments were granted to members of the Management Board and the Supervisory Board in 2023 and no variable remuneration has been clawed-back.

FINANCIAL STATEMENTS

CONTENT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euro, unless stated otherwise

	Notes	2023	2022
Revenue	5.1	102,440	111,617
Cost of materials	5.2	(109,288)	(95,984)
Employee benefit expenses	6	(63,163)	(35,525)
Amortisation and depreciation expenses	12, 13, 21	(8,136)	(5,627)
Other operating expenses	7	(25,722)	(14,916)
Operating expenses		**(206,309)**	**(152,052)**
Operating result		**(103,869)**	**(40,435)**
Finance expenses, net	8	(932)	(1,060)
Share of result of an associate	13	(871)	(432)
Result before tax		**(105,672)**	**(41,927)**
Income tax credit/(expense)	9	(14,474)	9,734
Result for the year		**(120,146)**	**(32,193)**
Result for the year attributable to:			
Equity holders of the Group		(119,159)	(31,717)
Non-controlling interests		(987)	(476)

	Notes	2023	2022
Result for the year		**(120,146)**	**(32,193)**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		(4)	20
Net gain/(loss) on cash flow hedges		3,679	1,158
Tax effect of changes in cash flow hedges		332	(299)
Net change in costs of hedging		-	-
Tax effect of changes in cost of hedging		-	-
Other comprehensive income/(loss)		**4,007**	**879**
Total comprehensive income/(loss) for the year		**(116,139)**	**(31,314)**
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Group		(115,152)	(30,838)
Non-controlling interests		(987)	(476)
Basic earnings per share (in euros) for result attributable to shareholders of the Group	10	**(2.01)**	**(0.54)**
Diluted earnings per share (in euros) for result attributable to shareholders of the Group	10	**(2.01)**	**(0.54)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euro

	Notes	As at 31 December 2023	As at 31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	11	22,398	10,454
Right-of-use assets	21	15,902	7,255
Intangible assets	12	49,888	47,595
Deferred tax assets	9	-	16,365
Investments in associates	4, 13	2,547	1,068
Non-current financial assets		614	9
		91,349	**82,746**
Current assets			
Inventories	14	106,541	47,442
Trade receivables	15	19,285	25,913
Contract assets	5	67,640	62,971
Other current assets	16	7,098	6,332
Cash and cash equivalents	17	27,918	95,212
		228,482	**237,870**
Total assets		**319,831**	**320,616**

	Notes	As at 31 December 2023	As at 31 December 2022
Equity			
Share capital		640	590
Share premium		337,379	315,324
Reserves		23,085	16,334
Retained earnings		(181,281)	(58,251)
Equity attributable to equity holders of the Group	18.1	**179,823**	**273,997**
Non-controlling interests	18.2	**(1,526)**	**(539)**
Total Equity	18	**178,297**	**273,458**
Liabilities			
Non-current liabilities			
Provisions	22	1,133	147
Non-current lease liabilities	20, 21	14,216	6,298
Other non-current liabilities		491	-
		15,840	**6,445**
Current liabilities			
Loans and borrowings	20	1,348	486
Convertible bond – debt	19, 20	28,161	-
Convertible bond – embedded derivative	19, 20	4,965	-
Provisions	22	8,654	777
Trade payables	23	30,518	21,115
Contract liabilities	5	18,939	8,912
Other current liabilities	23	30,602	7,955
Current lease liabilities	20, 21	2,382	1,463
Income tax payable	9	125	5
		125,694	**40,713**
Total liabilities		**141,534**	**47,158**
Total equity and liabilities		**319,831**	**320,616**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euro

	Equity attributable to Equity holders of the Group									Non-controlling interests	Total Equity
	Notes	Share capital	Share premium	Translation reserve	Cash flow hedge reserve	Cost of hedging reserve	Other reserve	Retained Earnings	Total Equity attributable to Equity holders of the Group		
Balance as at 1 January 2022		**590**	**314,767**	**(6)**	**-**	**6**	**9,207**	**(20,553)**	**304,011**	**(63)**	**303,948**
Result for the year		-	-	-	-	-	-	(31,717)	(31,717)	(476)	(32,193)
Other comprehensive income	18	-	-	20	859	-	-	-	879	-	879
Total comprehensive income for the year	**18**	**-**	**-**	**20**	**859**	**-**	**-**	**(31,717)**	**(30,838)**	**(476)**	**(31,314)**
Share issuance expenses	9, 18	-	557	-	-	-	-	-	557	-	557
Share based payment expenses	6	-	-	-	-	-	166	-	166	-	166
Transfer to/from legal reserve	18	-	-	-	-	-	5,981	(5,981)	-	-	-
Transfer of cash flow hedge reserve		-	-	-	107	(6)	-	-	101	-	101
Balance as at 31 December 2022		**590**	**315,324**	**14**	**966**	**-**	**15,354**	**(58,251)**	**273,997**	**(539)**	**273,458**
Balance as at 1 January 2023		**590**	**315,324**	**14**	**966**	**-**	**15,354**	**(58,251)**	**273,997**	**(539)**	**273,458**
Result for the year		-	-	-	-	-	-	(119,159)	(119,159)	(987)	(120,146)
Other comprehensive income	18	-	-	(4)	4,011	-	-	-	4,007	-	4,007
Total comprehensive income for the year	**18**	**-**	**-**	**(4)**	**4,011**	**-**	**-**	**(119,159)**	**(115,152)**	**(987)**	**(116,139)**
Shares issued	18	50	24,950	-	-	-	-	-	25,000	-	25,000
Share issuance expenses	9, 18	-	(2,895)	-	-	-	-	-	(2,895)	-	(2,895)
Share based payment expenses	6	-	-	-	-	-	185	-	185	-	185
Transfer to/from legal reserve	18	-	-	-	-	-	3,871	(3,871)	-	-	-
Transfer of cash flow hedge reserve		-	-	-	(1,313)	-	-	-	(1,313)	-	(1,313)
Balance as at 31 December 2023		**640**	**337,379**	**10**	**3,664**	**-**	**19,411**	**(181,281)**	**179,823**	**(1,526)**	**178,297**

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euro

	Notes	2023	2022
Cash flows from operating activities			
Profit/(Loss) before tax		(105,672)	(41,927)
Non-cash adjustments:			
Depreciation of property, plant and equipment and right-of-use assets	11, 21	5,736	3,770
Amortisation of intangible assets	12	2,325	1,857
Gain/(Loss) on disposal of property, plant and equipment	11	75	-
Share based payment expenses	6	185	166
Net loss on derivative instruments at fair value through profit or loss	27	-	394
Additions to/(release from) provisions	22	9,519	697
Finance expenses, net	8	974	1,060
Share of results of an associate	13	871	432
Movements in working capital:			
Inventories	14	(59,099)	(25,112)
Receivables and other financial assets	15, 16, 17	8,376	(10,695)
Contract assets/liabilities	5	5,358	(40,783)
Payables and other current liabilities	23	28,277	12,014
Cash generated from operations		**(103,075)**	**(98,127)**
Payment from provisions	22	(656)	(903)
Income tax paid	9	(69)	(28)
Net cash flows from operating activities		**(103,799)**	**(99,058)**

	Notes	2023	2022
Cash flows from investment activities			
Investments in property, plant and equipment	11	(15,018)	(5,513)
Investments in intangible assets	12	(2,102)	(1,483)
Investment in financial assets		(601)	-
Investment in associates	13	(2,350)	(1,500)
Net cash flows from investment activities		**(20,071)**	**(8,496)**
Cash flows from financing activities			
Net proceeds from issuance of share capital	18	24,602	(2,136)
Proceeds from borrowings	19, 20	54,961	-
Repayments of borrowings	20	(20,000)	(748)
Payment of principal portion of lease liabilities	21	(1,932)	(1,472)
Interest received	8	276	241
Interest and similar expenses paid	8	(1,331)	(1,057)
Net cash flows from financing activities		**56,576**	**(5,172)**
(Decrease)/Increase in cash and cash equivalents		**(67,293)**	**(112,726)**
Exchange losses/gains on cash, cash equivalents and bank overdrafts	8	(1)	15
Cash and cash equivalents at 1 January	17	95,212	207,923
Cash and cash equivalents at 31 December	17	**27,918**	**95,212**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Ebusco Holding N.V. is a public limited Company under Dutch law, incorporated and domiciled in the Netherlands and registered at the Chamber of Commerce in the Netherlands under number 75407922. Ebusco Holding N.V. is the ultimate parent company of the group of legal entities (together, "the Group") and is listed on Euronext Amsterdam. The Group is a developer, manufacturer and distributor of zero emission buses and charging systems, as well as a supplier of ancillary services to the electric vehicle ecosystem and manufacturer and supplier of Energy Storage Systems (ESS) and Mobile Energy Containers (MECs).

The Group has its headquarters and registered office located at Vuurijzer 23, 5753 SV Deurne, The Netherlands.

2. MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries (or 'group companies') as at 31 December 2023 with comparative information for the year ended 31 December 2022.

Subsidiaries are fully consolidated from the date the Group acquires control and ceases when the Group loses control of the subsidiary. The Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. All intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. When the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, and other components of equity, while any resulting gain or loss is recognised in profit or loss.

The following table provides an overview of the consolidated subsidiaries which the Parent controls:

Entity	Registered office	Date of incorporation	Ownership interest (%) 31 December 2023	Ownership interest (%) 31 December 2022
Ebusco B.V.	Deurne, Netherlands	3 September 2012	100%	100%
Ebusco Energy B.V.	Deurne, Netherlands	18 July 2019	100%	100%
Ebusco Manufacturing B.V.	Deurne, Netherlands	15 July 2020	100%	100%
Pondus Operations B.V.	Deurne, Netherlands	16 March 2017	90%	90%
Ebusco Deutschland GmbH	Emmerich am Rhein, Germany	13 June 2016	100%	100%
Ebusco Norway A/S	Dal, Norway	2 February 2017	100%	100%
Ebusco Australia Pty Ltd	Tasmania, Australia	18 July 2019	100%	100%
Ebusco France Manufacturing SAS	Paris, France	9 November 2020	100%	100%
Ebusco France Sales SAS*	Paris, France	11 October 2023	100%	-
Ebusco North America LLC	Delaware, United States	19 August 2021	100%	100%
Ebusco New Energy (Xiamen) Co Ltd	Xiamen, China	17 September 2021	100%	100%
Ebusco Canada Inc.	Toronto, Canada	February 9, 2022	100%	100%
Ebusco Sweden AB	Göteborg, Sweden	March 8, 2022	100%	100%
Ebusco Denmark ApS	Kopenhagen, Denmark	April 7, 2022	100%	100%
Ebusco Italy S.r.l.	Turin, Italy	June 20, 2022	100%	100%
Ebusco Spain SL	Barcelona, Spain	August 18, 2022	100%	100%

*Ebusco France Sales SAS was incorporated during 2023.

2.2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU) and with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code.

The financial statements were signed and authorised for issuance by the Supervisory Board and Management Board on 26 March 2024 and will be submitted for adoption to the General Meeting of Shareholders on 14 May 2024.

The consolidated financial statements have been prepared on a historical cost basis, except when otherwise indicated.

All amounts are stated in thousands of EUR, unless otherwise stated.

2.3 GOING CONCERN

Overall, and as indicated in the management board report, the year 2023 was a challenging, but above all, a disappointing year. Ebusco has not achieved the production output in 2023 that it was aiming for. The year continued to be impacted by supply chain disruptions. Buses that were almost completely finished could not be delivered due to parts that were not available. In addition, we faced a shortage of skilled personnel, which hampered the scaling up of our production. Moreover, the ramp-up of our production capacity in Deurne proved to be more difficult and progressed slower than anticipated. This negatively impacted the financial result of 2023 and subsequently put a strain on the Group's cashflow.

For the year-ended 31 December 2023 the Group incurred a net loss before tax of EUR 105.7 million (2022: EUR 41.9 million), resulting in net cash outflow from operating activities of EUR 103.8 million (2022: EUR 98.1 million). As of 31 December 2023, the Group had negative retained earnings of EUR 181.3 million and a net equity position of EUR 178.3 million, in 2022 negative EUR 58.3 and EUR 273.5 million respectively.

The Group has prepared the 2023 consolidated financial statements on a going concern basis. However, the Group identified uncertainties that predominantly relate to accelerating production with special attention for completing buses in the final production stages, meeting the related delivery schedule, adherence to the milestone planning of the Group's mobile energy containers (MECs), and the timely implementation of the Group's revised production strategy and relating cost structure. This while maintaining sufficient liquidity to address unplanned setbacks, late delivery penalties or disputes. These uncertain events collectively create a material uncertainty regarding the Group's ability to continue as going concern.

Given the above, the management board adapted the Group's production strategy in the second half of 2023. In order to structurally increase output, improve delivery reliability and increase the flexibility of the Group's cost base, the management board decided to scale-up the Group's production with the use of third-party assembly partners. The production of the proprietary composite body parts, the Group's competitive edge, remains entirely in-house and key components are sourced in Europe.

Regarding the outlook, the primary focus will be on production and delivery of the existing order book in combination with right sizing the cost base of the organization. The Group implemented cost measures which are expected to result in lower operational expenditures for 2024.

The Group has assessed these factors in granular detail and prepared a going concern assessment, including, but not limited to, a worst case scenario.

The Group has a monthly mid-term plan up to 31 March 2025, which contains a base-case and worst-case scenario. The Group also forecasts its short-term liquidity requirements based on a 13 weeks rolling cashflow forecast. Although the Group has a current ratio* of 2.5 per year-end, the Group identified circumstances which could impact its near- and long-term liquidity requirements. The worst case scenario forecasts a minimum liquidity that management believes to be sufficient to meet its obligations. The company's forecasts are based on the following assumptions:

- Management is of the view that the scale-up of the company's delivery output by approximately 150% is reasonable due to the effective use of third-party assembly partners. This confidence is based on the recent successful and on-time completion of the first 3.0 buses by the third-party assembly partners.
- Cash inflows only from committed orders, including contractual penalties for late deliveries or disputes and a delayed cash collection of a month. However, any potential order cancellations or delays in cash collection could have a significant impact on the company's ability to meet its obligations.
- A decrease of the employee benefit expenses and other operating expenses between 15 to 20% in 2024. This is mainly driven by downscaling the production activities in the Netherlands.
- The Group has an uncommitted bank guarantee credit facility of EUR 50 million. While in the worst case scenario no additional utilization of this commitment is considered, management assessed to have sufficient liquidity for the coming 12 months.

The Group will continue to closely monitor the liquidity as this is vital for its ability to continue as a going concern. Successful up-scaling and timely delivery of the updated production planning as communicated with its customer and right sizing the cost base is crucial to avoid further late delivery penalties or disputes and potential order cancellation.

2.4 VOLUNTARY CHANGE IN ACCOUNTING POLICY

2.4.1 THE NATURE OF THE CHANGE IN ACCOUNTING POLICY

In previous years, the Group has valued its inventory using the weighted average purchase price method. The Group concluded in the course of 2023 that applying the first-in, first-out method would improve the relevance of the financial information. A voluntary change in accounting policy has therefore been applied.

2.4.2 RATIONALE FOR CHANGING THE ACCOUNTING POLICY

The Group concluded that applying the first-in, first-out method to determine the cost price of its inventories provides reliable and more relevant information on the financial performance of the Group as the method more closely matches the costs with its revenues than the weighted average cost price method. This is mostly due to the significant inventory growth of the Group over the last few years. Furthermore, the Group performed a peer assessment based on which it concluded that the first-in, first-out method is applied frequently within the industry, thereby increasing comparability between electric vehicle market participants.

* The current ratio is calculated by dividing the total current assets by the total current liabilities (excluding the convertible bond -debt and convertible bond – embedded derivative).

2.4.3 FINANCIAL IMPACT

The Group has assessed the impact of the change in accounting policy on its financial statements. The change has an impact on the following financial statement accounts: inventories, cost of materials and equity. It furthermore has an impact on the earnings per share. The Group concluded that the financial impact of applying the first-in, first-out method on both the current and previous period for the above financial statement accounts is not materially different from applying the weighted average purchase price method. Therefore, the Group has not quantitatively disclosed the impact on the current period. Furthermore, no retrospective adjustment was processed for the previous period.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

FUNCTIONAL AND PRESENTATION CURRENCY

The Group's consolidated financial statements are presented in euros, which is also the Parent's functional currency.

The financial statements of entities that have a functional currency different from that of the Parent ("foreign operations") are translated into euros as follows:

Group companies:

- Foreign currency differences resulting from translation of subsidiaries are recognised in other comprehensive income.

Transactions and balances:

- Assets, equity and liabilities - at the closing rate at the date of the statement of financial position.
- Income and expenses - at the average rate of the period (as this is considered a reasonable approximation of the actual rates prevailing at the transaction dates).

CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least
- twelve months after the reporting period

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

FINANCIAL INSTRUMENTS AND FAIR VALUE

This section relates to all financial assets and financial liabilities of the Group, including financial instruments associated with the Group's hedge accounting.

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Derivatives held by the Group are classified and recorded at fair value. All other financial instruments on the balance sheet are classified and recorded at (amortised) cost. Other financial assets are initially measured at fair value plus transaction costs and subsequently at amortised cost less impairments based on the expected credit loss ("ECL") approach. Fair value of trade receivables and cash and cash equivalents approximates the carrying amount due to the short duration. Other financial liabilities are initially measured at fair value less transaction costs and subsequently at amortised cost. Fair value of current financial liabilities approximates the carrying amount due to the short duration.

CLASSIFICATION

The Group classifies its financial instruments either at:

- Fair value through profit or loss ("FVPL"); or
- Amortised cost.

The classification of financial assets is dependent on the business model of the contractual terms of the cash flows and the terms and conditions of the financial assets. Gains and losses on financial assets classified and subsequently measured at FVPL shall be recorded in the profit or loss.

MEASUREMENT

The Group measures financial assets at initial recognition at fair value plus transaction costs. The transaction costs of financial assets classified at FVPL are expensed in profit or loss at initial recognition.

DEBT INSTRUMENTS

Subsequent measurement of debt instruments depends on the classification of the debt instruments by the Group. The Group measures its debt instruments as follows:

- Amortised cost: Interest income from these financial assets is included in finance income using the effective interest method.
- FVPL: A gain or loss is subsequently measured at FVPL and gains or losses are recognised in profit or loss and presented net within other gains and losses for the period in which it arises.

FINANCIAL LIABILITIES – EMBEDDED DERIVATIVES

The Group measures its embedded derivatives at FVPL.

FINANCIAL LIABILITIES – NOT DERIVATIVES

The Group measures its financial liabilities at amortised cost using the effective interest method.

IMPAIRMENT

The Group assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost. The Group implements one ECL approach for financial assets (the simplified ECL approach).

The Group applies the simplified ECL approach to qualifying trade receivables and IFRS 15 contract assets.

The Group determines its expected credit losses on trade receivables based on the historical weighted average credit losses on trade receivables that the Group holds, while incorporating any known information which could affect credit losses in the future. These weights are based on the duration of the trade receivables (current number of days outstanding). The Group will use the historical default information of trade debtors in order to attempt to have an unbiased probability weighted amount of the expected credit losses. Expected credit losses are calculated by multiplying the probability of default based on historical data, loss given default and the current lifetime of the trade receivable. This leads to a weighted ECL based on debtors with an outstanding receivable of:

- 0-30 days
- 31-60 days
- 61-90 days
- Longer than 90 days

This practical application of the lifetime ECL on trade receivables is labeled as the provision matrix by the Group. The provision matrix is used to form the provision for bad debtors and thus impair trade receivables.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

REVENUE

REVENUE FROM CONTRACTS WITH CUSTOMERS

In determination of its recognition of revenue, the Group applies the 5-step model in line with IFRS 15. Revenue is recognised if the Group has entered into a contract with a customer in which the performance obligations can be identified, the terms of the transaction are clear, and it is probable that the customer will pay. Revenue is recognised for each contract.

If a contract involves several performance obligations, revenue is separately attributed to the performance obligations based on relative stand-alone selling prices. Revenue is recognised over time if the customer simultaneously receives and consumes the benefit of the Group's performance or if the Group produces an asset without alternative use which it is contractually obligated to deliver to the customer and for which the Group has an enforceable right to payment. Revenue is recognised at a point in time if it does not meet the criteria to be satisfied over time.

If a contract contains a significant financing component, the Group adjusts the revenue accordingly. This is not done if the time between the fulfilment of the performance obligation and the payment of the consideration is less than one year.

If the results from a contract cannot be determined reliably, contract revenue is only recognised to the extent of costs incurred.

Expected contract losses are recognised immediately in the statement of profit or loss. In measuring the amount of provisions for losses, the Group proceeds on the basis of the economic benefits expected to be received compared with the unavoidable costs of the contract.

The Group has three main types of revenue from contracts:

1 Contracts for the sale of zero emission buses: the Group sells zero emission buses and related charging systems customised for each customer. The Group negotiates with each customer according to the needs of the customer and charges a transaction price based on the type and number of buses ordered. Contracts are fulfilled, on average, within six to twelve months. Revenue for sales of zero emission buses is recognised over time as the Group produces a bus without an alternate use which the Group is contractually obligated to deliver and for which the Group has an enforceable right to payment. The revenue relating to work in progress is recognised in the statement of profit or loss based on percentage of completion of the project. The stage of completion is assessed by reference to the proportion of costs recorded in relation to the total expected costs to the extent that the costs incurred are representative of the progress made in the transfer of goods/services to the client. Inefficiencies are disregarded in determining the stage of completion. In-progress contracts are recorded as contract assets.

2 Contracts for charging systems and ancillary services and goods: the Group also sells items and services in addition to its zero emission buses. These goods and services consist of additional parts for the Group's buses or represent services, including repair and maintenance services, and service type warranty, which support the customer's use of zero emission buses sold by the Group. Revenue is recognised either at a point in time or over time based on the nature of the good or service in accordance with the Group's revenue recognition policy. Typically, spare parts and charging systems are recognised at a point in time whilst services are recognised over time. If applicable, service-type warranties are accounted for as separate performance obligations in accordance with IFRS 15 and are recorded as contract liabilities (as appropriate) and recognised as the Group performs its obligation.

3 Contracts from the sale of energy storage systems: as part of the Group's vision of a complete EV ecosystem from start to finish, it has developed both Energy Storage Systems (ESS) and Mobile Energy Containers (MEC). Whereas the ESS can be used for grid alignment, the MECs can be used for hybrid electric barges. Revenue is recognised at a point in time for both the ESS as the MEC. For financial year 2023, revenue is recognised solely for the sale of ESS.

The accounting policies regarding trade receivables, contract assets, and contract liabilities are set out in the corresponding notes (refer to Note 15 for trade receivables and below for contract assets and liabilities).

TRANSACTION PRICE AND STAND-ALONE SELLING PRICES

Transaction prices are determined per individual contract, based on goods and services ordered by each customer. Payment terms vary per contract. The performance obligation that significantly affects the determination of the transaction price is the supply of zero-emission buses. Progress is measured using an input method. The Group measures the progress for the projects based on the input costs consisting of the cost of materials and other costs. The Group assessed that the input method used based on costs incurred to measure its progress towards completion reflects proportionately the Group's progress in satisfying the performance obligation and is a fair reflection of the Group's performance.

CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group recognises a contract asset for services or goods transferred to a customer to which the Group has a right to receive consideration. The Group reclassifies contract assets to trade receivables when performance obligations are satisfied and the right to consideration becomes unconditional.

The Group recognises a contract liability when a payment is received from a customer or is due before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs its obligations.

Contract assets and receivables generally have a term of less than 12 months.

SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. The operating results of each segment are regularly reviewed by the entity's Chief Operating Decision Maker ("CODM") in order to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Group reports separate information about an operating segment if the reported revenue, profit or loss or assets exceed 10 per cent of the total of the Group, or if the Management Board believes that information about the segment would be useful to the users of the financial statements.

EMPLOYEE BENEFIT EXPENSES

Employee benefits are all forms of consideration given by the Group in exchange for services rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees rendered the related service.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to assets, it shall be presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

SHARE-BASED PAYMENTS

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value is included in employee benefit expenses in the vesting period during which the expected employee services are received. The same amount is credited to shareholders' equity. The cumulative expenses recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

Ebusco has opted to recognise the increase in equity as a result of the equity-settled share-based payment transactions in other capital reserves.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. No expenses are recognised for awards that ultimately do not vest because service conditions have not been met.

PENSIONS

The Group has a defined contribution plan (which is capped at an annual pensionable salary of €115). For the defined contribution plan, the group pays contributions to a public or privately administered pension insurance plan on a mandatory or contractual basis. The Group has no legal or constructive obligations to pay additional contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee service in the current and prior periods. The contribution is recognised as employee benefit expense when it is due. Prepaid contribution is recognised as an asset to the extent that a cash refund or a reduction in the future payments is available and can be contractually enforced.

OTHER OPERATING EXPENSES

Other operating expenses are recorded on a historical basis and allocated to the reporting period when they occur.

FINANCE (INCOME)/EXPENSE

The costs are determined on a historical basis and allocated to the reporting period to which they relate.

INCOME TAX

CURRENT INCOME TAX

Current tax is the expected tax payable/receivable on the taxable income or loss for the year, using applicable tax rates at the end of the reporting period, and any adjustment to tax payable/receivable in respect of previous years.

DEFERRED INCOME TAX

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. The calculation for the earnings per share is as follows:

- Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.
- Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment ("PPE") are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Items of PPE are depreciated over their useful life on a straight-line basis. Any change in the useful life and depreciation period shall be accounted for as a change in accounting estimates. PPE is tested for impairment whenever events or changes in circumstances occur indicating that the carrying amount may not be recoverable.

PPE includes equipment and office inventory, transportation and assets under construction. The estimated useful life of the aforementioned PPE is between 3 and 5 years. Assets under construction refer to assets which are not available for use yet and therefore not depreciated.

For right-of-use assets reference is made to the accounting policy of Leases.

INTANGIBLE ASSETS

The intangible assets for the Group consist of goodwill, development assets, software and assets under construction.

BUSINESS COMBINATIONS AND GOODWILL

Goodwill represents amounts arising on acquisition of subsidiaries. All business combinations are accounted for by applying the acquisition method as at the acquisition date.

Goodwill is measured as the difference between:

- the aggregate of the (a) the value of the consideration transferred (generally at fair value), (b) the amount of any non-controlling interest and (c) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, and
- the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment.

DEVELOPMENT ASSETS

Development assets are internally generated intangible assets. The costs capitalised consist of salaries, materials and services directly attributable to the development activities.

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually. Impairment assessments have been performed and no indications of impairment have been identified.

Research costs are expensed as incurred.

AMORTISATION AND IMPAIRMENT TESTING

Goodwill is subject to annual impairment testing, irrespective of whether indications of impairment exist. Goodwill allocated to a cash-generating unit ("CGU) is impaired when its carrying amount of the cash-generating unit exceeds the recoverable amount. The recoverable amount is, in turn, defined as the higher of the fair value less cost of disposal and the value in use; where the value in use is the present value of the future cash flows. In the value in use model estimates of future cash flows shall only include projections of cash inflows from the continuing use of the asset. The fair value less cost of disposal shall be determined in accordance with the fair value accounting policy.

Any intangible asset not yet available for use must be tested annually because its ability to generate sufficient future economic benefits to recover its carrying amount is usually subject to greater uncertainty before the asset is available for use than after it is available for use. For intangible assets which form part of the assets within a CGU the procedures relevant to testing a CGU as set out above apply.

Intangible assets with finite lives are amortised over the useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The intangible assets are amortised over a period of 3-5 years.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

INVESTMENT IN ASSOCIATES

ASSOCIATES

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting (see below), after initially being recognised at cost.

On acquisition of the investment, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

a Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment.
b Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

EQUITY METHOD

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group. The carrying amount of equity-accounted investments is subject to impairment testing. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

NON-CURRENT FINANCIAL ASSETS

Financial assets are initially recognised at fair value and subsequently measured at amortised cost less impairments based on the general expected credit loss approach. The Group's financial assets consist of long-term deposits.

INVENTORIES

Inventories are assets sold in the ordinary course of business. Inventories are measured at the lower of cost and net realisable value. The cost price of the inventory is determined based on the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

TRADE RECEIVABLES

Trade receivables are classified at amortised cost, initially recognised at transaction price and subsequently measured at amortised cost less impairments based on the simplified expected credit loss (ECL) approach for trade receivables that do not contain a significant financing component.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits which are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly reviewed.

The Group applies the simplified expected credit loss approach using a provision matrix based on historic inputs to determine the expected losses. This approach takes into account forward looking information that might have an impact on the way the trade receivables will be settled in the future. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and which are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, given its customers profile.

OTHER CURRENT FINANCIAL ASSETS

Other receivables and accrued assets are initially recognised at fair value and subsequently measured at amortised cost less impairments based on the simplified expected credit loss approach.

CASH AND CASH EQUIVALENTS

The Group considers cash and cash equivalents the cash at bank and in hand, bank balances and deposits with terms of less than three months. Due to the short term and the fundamentally lower credit risk of the financial instrument, it is assumed that their fair values are equal to the carrying amounts.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Further disclosures relating to impairment of non-financial assets are also provided in the following accounting policies:

- Property, plant and equipment
- Intangible assets, including goodwill
- Right-of-use-assets
- Significant accounting judgements, estimates and assumptions (note 3)

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

The Group assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. Although the introduction of such legislation would also result in a higher demand for the Group, these risks in relation to climate-related matters would be included as key assumptions where they materially impact the measure of recoverable amount. These assumptions have been included in the cash flow forecasts in assessing value-in-use amounts.

EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of the ordinary shares are netted, net of tax, from the proceeds.

The Group evaluates its equity instruments, including its preferred shares. Certain instruments contain aspects which would require their classification as either liabilities or compound instruments which would contain both equity and liability components, including whether or not the Group has a contractual obligation to deliver cash or financial asset to another party. Equity classification is only appropriate if the Group has an unconditional right to avoid delivering cash or other financial instruments.

NON-CURRENT FINANCIAL LIABILITIES (NON-DERIVATIVES)

Financial liabilities (non-derivatives) are initially measured at fair value less transaction costs and subsequently measured at amortised cost.

LEASES (THE GROUP AS A LESSEE)

The Group assesses whether a contract is or contains a lease at the inception of the contract to determine whether an asset is identifiable, and the lessee has control to direct its use, and receives all economic benefits related to the asset.

The Group recognises a right-of-use asset ("ROU asset") and a corresponding lease liability with respect to all lease arrangements in which it is a lessee. The lease liability is initially measured by calculating the present value of all future lease payments, discounted by the incremental borrowing rate. All future lease payments are fixed in nature with exception of yearly indexations. The interest on the lease liability for each period from the discount rate is recognised in the profit or loss statement for the year. At initial recognition, the ROU asset amounts to the initial lease liability adjusted for any initial direct costs or the expected costs for dismantling.

In case of changes in the lease term or other conditions, the Group will reassess the discount rate and the remaining lease payments. The Group shall remeasure the carrying amount of the lease liability to reflect a reassessment or lease modification, using a revised discount rate, if any.

ROU assets are depreciated on a straight-line basis over the shorter of the lease term and useful life and tested for impairment whenever events or changes in circumstances indicates that the carrying amount may not be recoverable. The main lease concerns a contract for office and manufacturing space in Deurne, the Netherlands with a lease term ending 30 September 2028. The Group also has lease contracts which consist of cars for company personnel with a lease term between 4 and 5 years.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. By nature, provisions include uncertainty and if the actual outcome differs from the assumptions, the estimated provision will be revised, and this could have an effect on the financial position and results of the Group.

Provision for warranties

Provisions for warranties are recognised when: (a) the Group has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) the amount can be reliably estimated.

Assurance-type warranties are not distinct within customer contracts. Service-type warranties are accounted for as separate performance obligations in accordance with IFRS 15 and are recorded as contract liabilities (as appropriate) and recognised as the Group performs its obligation.

Provisions related to assurance-type warranties are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

PROVISION FOR ONEROUS CONTRACTS

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

CURRENT FINANCIAL LIABILITIES (NON-DERIVATIVES)

The financial liabilities (non-derivatives) are initially measured at fair value and subsequently at amortised cost. The fair value of the current financial liabilities approximates the book value due to its short-term nature.

CURRENT FINANCIAL LIABILITIES (DERIVATIVES)

The financial liabilities (derivatives) are initially measured at fair value and subsequently through profit or loss.

RELATED PARTY TRANSACTIONS

A related party is a person or an entity that is related to the reporting entity:

- A person or a close member of that person's family is related to the Group if that person has control, joint control, or significant influence over the Group or is a member of its key management personnel.
- An entity is related to the Group if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the Group, or it is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

The Group discloses the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for understanding of the potential effect of the relationship on the financial statements. These disclosures are made separately for each category of related parties.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly, including any directors (whether executive or otherwise) of the Group.

COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities and assets do not meet the recognition criteria.

The Group discloses a contingent liability if there is a possible obligation that arises from past evens and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of the Group. The liability is not recognised because it is not probable that an outflow of resources will take place to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. When the possibility of an outflow of resources is remote, no contingent liability is disclosed.

The Group discloses a contingent asset if there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. The asset is only disclosed when the possibility of an inflow of resources is probably.

2.6 AMENDED IFRS ACCOUNTING STANDARDS THAT ARE EFFECTIVE FOR THE CURRENT YEAR

The Group concluded that the amendments effective per 1 January 2023 to the following existing IFRS standards do not have an impact:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date;
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates;

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2: Making Materiality Judgements;
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- The IFRS 17 Insurance Contracts standard, is not relevant to the Group and therefore will not be detailed further in these financial statements.

The Group has adopted these standards on their respective dates.

2.7 NEW AND REVISED IFRS ACCOUNTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

The Group has not applied the following new and revised IFRS's that have been issued, but are not yet effective:

- Amendments to IFRS 16: Lease liability in a sale and leaseback transaction
- Amendments to IAS 1: Classification of liabilities as current or non-current
- Supplier Finance Arrangements: Amendments to IAS 7 and IFRS 7

The impact of the adoption of the above standards is still being determined, but not expected to be material on the consolidated financial statements. The Group plans to adopt these standards on their respective dates.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Below is a summary of the Group's significant accounting judgements, estimates, and assumptions.

REVENUE FROM CUSTOMER CONTRACTS
In determining the stage of completion, the Group makes a critical estimate of the remaining cost. This estimation requires a consistent judgment (forecast) of the final outcome of the project, including costs to come and variance analyses of divergences compared with earlier assessment dates. Estimates are an inherent part of this assessment and actual future outcome may deviate from the estimated outcome. Historical experience has also shown that estimates are, on the whole, sufficiently reliable. Estimates and judgements are made relating to a number of factors when assessing contracts. These primarily include the program of work throughout the contract period and an assessment of future costs after considering any changes in the scope of work. The Group reviews its estimates for its contracts with customers for buses, which are recorded under the percentage of completion method and, based on the data available to the Group, may record adjustments to its calculations as appropriate.

Additionally, a significant estimate is applied in the determination of revenue relates to variable considerations inherent in certain customer contracts. Variable considerations mainly refers to maintenance and repair contracts and penalties arising from late deliveries which may impact the transaction price. The estimation of variable consideration requires judgment based on the assessment of expected outcomes, including consideration of historical experience, current contractual terms, and future events that may affect the amount of consideration to which the Group expects to be entitled. Changes in the estimate of variable consideration are recognised as adjustments to revenue in the period in which the estimate changes. Such adjustments may result from changes in circumstances, including changes in the Groups's expectations regarding the likelihood or amount of variable consideration or changes in the underlying assumptions used in the estimation process. Reference is made to Note 5.1 for further details.

VALUATION DEFERRED TAX ASSET
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details on taxes are disclosed in Note 9.

IMPAIRMENT OF GOODWILL
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on the fair value hierarchy that categorises the inputs of valuation techniques used to measure fair value into three levels. Level 3 input is a Discounted Cash Flow ("DCF") model in which the cash flows are derived from the forecast for the next five years and includes the cash flows of the future investments that will enhance the performance of the assets of the CGU being tested. As the Group continues to invest significantly in the future growth of the Company, the fair value less costs of disposal model is considered the most reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount, including a sensitivity analysis, are disclosed and further explained in Note 12.

ESTIMATION USEFUL LIFE OF INTANGIBLE ASSETS
The Group has made a significant estimate of the useful life of Development assets and Software. Uncertainty about this estimate could result in significant changes in the reported amount of amortisation expenses and, subsequently, in result for the year. The estimated useful life of intangible assets is between 3 - 5 years. Reference is made to Note 12.

PROVISION FOR WARRANTIES

Typically the Group provides a 2 year assurance-type warranty on the buses that it sells to customers. The Group generally bears the risk that products/components will bear any manufacturing defect and/or defect in material. Back-to-back warranty from suppliers may only apply as additional assurance in case the Group can, for whatever reason, not fulfil their liabilities of the battery warranty to the customer. In addition, the Company generally has back-to-back guarantees in place for key spare parts.

The production of zero emission buses is based on new technology for a relatively small customer base for which relatively limited historical information regarding warranty expenses is available, whether from the Group's experience or based on similar publicly available information from industry peers. A warranty provision is recognised for the products sold to which the warranty period has not yet expired. The Group included the best estimate of the projected costs to repair or replace items under warranties and recalls if identified. These estimates are based on actual historical warranty claims incurred to date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain given the relatively short history of sales and products and the lack of historical data for the full warranty period and for all products. Changes to the historical or projected warranty experience may cause material changes to the warranty provision in the future. Further details are disclosed in Note 22.

CONVERTIBLE BOND

Determining the fair value of the embedded derivative within the convertible bond, both at inception and at the reporting date, is considered a significant estimate. For further elaboration the Group refers to Note 19 in the financial statements.

4. ACQUISITIONS AND MERGERS

CAPITAL CONTRIBUTION IN ZERO EMISSION SERVICES (ZES) B.V.

On 28 January 2022, Ebusco Energy B.V. acquired 40% of the voting shares of Zero Emission Services B.V. (ZES), a provider of all-in concepts for emission-free inland shipping in the Netherlands. The consideration paid amounts to one euro. ZES and Ebusco share their commitment to zero-emission transportation. As their solutions are highly complementary, together Ebusco and ZES can significantly increase their joint impact in the maritime sector.

ZES was founded in May 2020 and offers a complete range of products and services, based on interchangeable battery containers charged with renewable power, charging stations, technical support and an innovative pay per use concept for ship owners. In September 2021 the first emission-free inland shipping vessel, with energy containers from ZES, commenced operation. ZES was founded by ING bank, energy and technical service provider ENGIE, maritime technology company Wärtsilä and the Port of Rotterdam Authority. Ebusco took over its 40% stake from ENGIE, one of the founding shareholders of ZES. All shareholders provide equity, expertise and staff to support ZES in its development.

On 8 November 2022 and 21 February 2023 the shareholders of ZES were granted the option to subscribe to an additional share issuance. As a result the Group acquired an additional 8.57% (in 2022) and 0.82% (in 2023) of the voting shares of ZES. The consideration paid amounts to an additional €1,500 and €2,350 respectively. The Group accounts for this as an investment in an associate over which the Group has significant influence. The investment in ZES is accounted for using the equity method in the consolidated financial statements. At acquisition date, the investment of 49,39% is accounted for at costs. Reference is made to Note 13 for subsequent measurement.

5. REVENUE, COST OF MATERIALS AND SEGMENT REPORTING

The activities of the Group primarily consist of the sale of zero emission buses and ancillary services and goods, including charging systems, related to the electric vehicle ecosystem.

5.1 REVENUE

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group earns the majority of its revenue from its single performance obligation of the sale and supply of zero emission buses. The other primary performance obligations include a sale and supply of zero emission bus chargers, a guarantee to provide a complete change of batteries, repair and maintenance services and extended warranty. Performance obligations for other services and goods, including supply of bus charging systems, are ancillary and supportive of the performance obligation of the sale and supply of zero emission buses. In addition, the Group earns revenue from its sale of energy storage systems.

The breakdown of the revenue based on type is presented below:

Revenue type	2023	2022
Revenue from zero emission buses	92,115	105,026
Revenue from charging systems and ancillary services and goods	10,127	6,591
Revenue from energy storage systems	198	-
Total	**102,440**	**111,617**

Revenue recognised over time relates to contracts regarding the sale of zero emission buses and support services. Revenue recognised at a point in time relates to contracts for the sale of charging systems and parts and the sale of energy storage systems.

Revenue recognition	2023	2022
Revenue recognised over time	96,456	107,814
Revenue recognised at point in time	5,984	3,803
Total	**102,440**	**111,617**

As at 31 December 2023 the remaining performance obligations amount to €72.2 million (2022: €42.0 million). The Group estimates 70% (2022: 70%) of these anticipated revenues are expected to be recognised during the next 12 months. This revenue relates primarily to customer contracts for zero emission buses.

For multiple sales contracts, the company is exposed to penalty clauses for late delivery of the buses. These penalties are generally capped at a percentage of the contractual selling price. As the Group experienced material shortages, combined with ongoing labour shortages which resulted in delay in its delivery schedule, it could face penalty charges for late delivery. At 31 December 2023, the Group concluded that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Reference is made to Note 22 for further details of the provision recorded for assurance-type warranties under customer contracts.

CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets / (liabilities) – 31 December	2023	2022
Contract assets (positive balance of work in progress)	67,640	62,971
Contract liabilities (negative balance of work in progress)	(18,939)	(8,912)
Balance of contract assets and liabilities	**48,701**	**54,059**

The contract assets balance as per 31 December 2023 is €67.7 million (2022: €63.0 million). Contract assets are measured taking account of expected credit losses in a way similar to the method used for trade and other receivables; no material expected credit losses haves been recorded for contract assets for the periods presented.

Revenue received in advance (contract liability) as per 31 December 2023 amounts to €18.9 (2022: €8.9 million). The increase in the contract liabilities in 2023 is mostly explained by the upfront payment of two customers.

5.2 COST OF MATERIALS

Cost of materials are recognised and presented in the statement of profit or loss. These costs include amounts paid to the supplier for zero emission bus contracts, costs for parts included in zero emission bus contracts, transportation costs, import duties and warranty expenses.

5.3 SEGMENT REPORTING

The Group has identified the Management Board, which consists of the CEO, CFO and COO, as the chief operating decision makers (CODM). The operating results and performance of the total Group are regularly reviewed by the entity's CODM in order to make decisions about resources to be allocated to the Group. Discrete financial information is available for the total Group. The total business of selling zero emission buses and ancillary revenue streams from these buses has been identified as a single operating segment.

The following table summarises the Group's geographical breakdown of its revenue, based on the location of the external customers for the periods indicated:

Revenue – Geographical breakdown	2023	2022
DACH *1	48,959	59,812
Nordics *2	31,936	27,468
Benelux	17,186	16,946
Spain	1,427	7,389
France	2,932	-
Rest of the World (RoW)	-	2
Total	**102,440**	**111,617**

*1: DACH is an acronym for Germany (D), Austria (A) and Switzerland (CH).
*2: Nordics is an acronym for Denmark, Sweden, Norway and Finland.

In 2023, the revenues from external customers attributed to the entity's country of domicile (the Netherlands) amounted to €15.8 million (31 December 2022: €16.5 million).

At 31 December 2023 €77.7 million of the non-current assets were in the Netherlands (the country of domicile for the Group) (31 December 2022: €82.5 million).

LARGE CUSTOMERS

In 2023, one customer generated 12% of the Group's total revenue. In 2022, one customer (a different one) generated 40% of total revenue.

6. EMPLOYEE BENEFIT EXPENSES AND REMUNERATION KEY MANAGEMENT

EMPLOYEE BENEFIT EXPENSES AND PENSIONS

The table below gives a breakdown of the employee benefit expenses recognised in respect of short-term employee benefits and post-employment benefits:

Employee benefit expenses	2023	2022
Wages and salaries	27,711	17,742
Temporary employees	24,696	11,162
Social security charges	4,586	2,892
Other staff expenses	3,811	2,253
Pension costs	1,573	961
Car expenses	601	349
Share based payments expenses	185	166
Total	**63,163**	**35,525**

Wages and salaries includes a research and development grant for the 3.0 bus for an amount of €374 (2022: €337) and various other grants of €188.

The increase in wages and salaries is mainly driven by the increase in average number of full-time employees (see table below).

Car expenses relate to short-term rental expenses, fuel, insurance and repairs costs. Long-term car lease contracts for employees are included in Note 21 – Leases.

Other staff expenses include employee costs that are not directly related to salaries and social security charges, including travel and related expenses.

The average number of full-time employees for the period active within, respectively outside the Netherlands is as follows:

Full-time employees	2023	2022
Active within the Netherlands	476	310
Active outside the Netherlands	27	11
Total	**503**	**321**

SHARE BASED PAYMENTS

The Group initiated one share-based compensation plan that will be settled in ordinary shares: a 'One-off Appreciation and Retention Plan'. For the share-based compensation plan of the management board reference is made to Note 6.1.

Under the One-off Appreciation and Retention Plan, certain senior employees have been granted Restricted Share Units (RSU's) on 11 February 2022, which will vest on 11 February 2024 only when the employees are still employed by the Group on that date.

The fair value of these share-based compensations, calculated on grant date, is based on Ebusco's share price (observable input). Details of the share-based compensation plan during the year are as follows:

	2023		2022	
Restricted Share Units (RSU's)	Number of shares	Fair value	Number of shares	Fair value
Outstanding at the beginning of the year	17,000	22,10	-	-
Released during the year	1,250	-	-	-
Granted during the year	-	-	17,000	22,10
Outstanding at the end of the year	**15,750**	**22,10**	**17,000**	**22,10**

The expected realisation of the service conditions is set at (rounded) 93%. Dividends declared on the underlying shares while the RSU is unvested are expected to be nil, subsequently no amount is deducted from the grant-date price of the company's share in estimating the fair value.

6.1 REMUNERATION KEY MANAGEMENT

The Group's key management consists of the CEO, CFO, COO, CTO, CPO and HR Director per 31 December 2023. Total remuneration for the Group's key management amounted to €1,638 for 2023 (2022: €1,654). Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the entity (directly or indirectly) including any directors.

The table below provides the remuneration of the Management Board for the years ended 31 December 2023 and 2022. The overview includes statutory Management Board members.

	2023					2022				
	Base salary	Pension costs	Other compensation	Other	Total	Base salary	Pension costs	Other compensation	Other	Total
Peter Bijvelds (CEO)	410	66	-	16	**492**	387	63	-	10	**460**
Paul van Beers (CFO)[1]	73	12	-	5	**90**	275	45	-	18	**338**
Björn Krook (CFO)[2]	126	5	-	6	**137**	-	-	-	-	**-**
Jurjen Jongma (CFO)[3]	93	15	25	6	**138**	-	-	-	-	**-**
Bob Fleuren (COO)	292	47	-	18	**356**	275	45	-	16	**336**
Total	**994**	**144**	**25**	**50**	**1,213**	**937**	**153**	**-**	**44**	**1,134**

1 Resigned as CFO on 31 March 2023
2 Appointed as CFO a.i. between 1 April 2023 and 6 September 2023
3 Appointed as CFO and member of the Management Board as from 7 September 2023

BASE SALARY

The base salary consists solely of the annual fixed salary.

PENSIONS

The members of the Management Board have been granted a pension allowance equal to an amount of approximately 16% of their fixed base salary, excluding any allowances and bonus payments. Other benefits include 25 days of paid vacation leave per calendar year. Furthermore, the members of the Management Board receive a car allowance or company car in accordance with the company's car policy. No other benefits are granted.

OTHER COMPENSATION

Upon his installment, the Group's current CFO was granted a signing bonus in the form of a share package. The package consists of 5.000 shares per year for a total period of five years, with a lock-up period of one year after each grant. The fair value of the signing bonus, calculated on grant date, is based on Ebusco's share price (observable input) and is set at €6.87 per share. The initially granted package was issued on 7 September 2023 and will vest on 7 September 2024, only if the CFO is still in service of the Group on that particular date. The expected realisation is set at 100%. No amount has been deducted from the grant-date price of the company's share price in estimating the fair value.

6.2 SUPERVISORY BOARD REMUNERATION EXPENSES

In euro	Fixed		Other compensation		Total	
	2023	2022	2023	2022	2023	2022
Derk Haank[1]	58,000	58,000	-	450	58,000	58,450
Carin Gorter[2]	50,000	50,000	1,650	1,350	51,650	51,350
Jeroen Drost[3]	47,000	47,000	600	600	47,600	47,600
Ruud Spoor[4]	47,000	47,000	1,800	1,200	48,800	48,200
Roelf de Boer[5]	55,750	47,000	2,400	750	58,150	47,750
Saskia Schatteman[6]	40,000	-	900	-	40,900	-
Total	**297,750**	**249,000**	**7,350**	**4,350**	**305,100**	**253,350**

1 Derk Haank has been appointed as Chair of the Supervisory Board and member of the Nomination and Remuneration Committee
2 Carin Gorter has been appointed as Chair of the Audit Committee and member of the Supervisory Board
3 Jeroen Drost has been appointed as Chair of the Nomination Committee and member of the Supervisory Board
4 Ruud Spoor has been appointed as member of the Audit Committee and member of the Supervisory Board
5 Roelf de Boer has been appointed as Chair of the Remuneration Committee, member of the Audit Committee and member of the Supervisory Board
6 Saskia Schatteman has been appointed as member of the Supervisory Board

7. OTHER OPERATING EXPENSES

Other operating expenses comprise general, distribution, marketing and other expenses.

Other operating expenses	2023	2022
General expenses	7,599	5,416
Distribution expenses	5,247	2,687
IT expenses	3,584	2,541
Marketing expenses	1,156	1,156
Facility expenses	4,088	996
Office expenses	384	264
Other expenses	3,664	1,856
Total other operating expenses	**25,722**	**14,916**

General expenses mainly include audit, advisory and insurance fees. In addition, general expenses include changes to the provision for doubtful debts. Marketing expenses are costs which include marketing and promotional costs and costs associated with making products available for delivery to customers. Facility expenses include costs for short-term rent, utilities, and other non-rent related expenses associated with the Group's facilities. Office expenses include telecom expenses, office supplies, and subscriptions. IT expenses include software maintenance costs and license costs, as well as other IT services. Other expenses mainly consist of various expenses that are incurred as part of the Group's daily operations. The Group has R&D expenditures of €148 recognised as an expense during the reporting periods (2022: €456).

8. FINANCE EXPENSES, NET

Finance costs	2023	2022
Foreign currency exchange rate results, including (gains)/losses on derivatives	(220)	127
Interest and similar expenses on loans and borrowings	1,697	989
Interest income	(276)	(241)
Revaluation of embedded derivative	(594)	-
Interest on lease liabilities	325	185
Total	**932**	**1,060**

9. INCOME TAX

The major components of income tax expense for the years ended 31 December 2023 and 31 December 2022 are presented below.

Income tax expense	2023	2022
Current tax (expense)/benefit:		
Relating to current year	(136)	(20)
Adjustment prior year	-	-
	(136)	**(20)**
Deferred tax (expense)/benefit:		
Relating to origination and reversal of temporary differences	927	100
Relating to tax losses	26,200	9,725
Relating to limitation interest deduction	-	(94)
Relating to unrecognition of earlier recognised DTA	(41,480)	-
Adjustment prior year and others	14	23
	(14,339)	**9,754**
Income tax (expense)/benefit reported in the statement of profit or loss	**(14,474)**	**9,734**

Deferred tax (expense)/benefit related to items recognised in equity during the year	2023	2022
Derivatives (OCI)	332	(299)
Share issuance expenses (equity)	(2,359)	-
Deferred tax charged through equity	**(2,027)**	**(299)**

The operations of the Group are subject to income taxes in the Netherlands and in the other countries where the Group is conducting a business.

Ebusco Holding N.V. is the head of the Dutch fiscal unity for both income tax and VAT; all Dutch subsidiaries are part of the fiscal unity except for Pondus Operations B.V. as the Group's shareholding in this entity is only 90% and ZES (49.39%).

A reconciliation of the statutory income tax rate of the Netherlands to the effective income tax rate is as follows:

Effective tax rate	2023	2022
Accounting profit before tax	(105,659)	(41,927)
Domestic income tax rate	25.8%	25.8%
Theoretical income tax (expense)/benefit	**27,260**	**10,817**
Tax effect of:		
Deviating rates	10	(4)
Share of results of an associate	-	(111)
Non-deductible expenses, tax exempt income and other permanent differences	-	(59)
Benefit from previously unrecognised and unused tax losses	-	295
Effect of (de)recognition DTA	(41,480)	-
Effect of unrecognised and unused tax losses	-	(1,223)
Effect of permanent differences	(256)	-
Other effects including adjustments prior year	(8)	19
Total income tax (expense)/benefit	**(14,474)**	**9,734**
Effective tax rate	**(13.7%)**	**23.2%**

The enacted income tax rate in the Netherlands is set at 25.8%, similar as last year.

As the Group has a history of losses, the previously recognised deferred tax assets are fully expensed to EUR 0 as per year-end 2023 as far as the reversal of relevant taxable temporary differences available is insufficient to recognize a deferred tax asset in full.

Non-deductible expenses, tax exempt income and other permanent differences in 2023 and 2022 mainly include the tax effect of tax exempt income from associates, non-deductible employee benefit expenses related share based payments, non-deductible advisory fees related to the acquisition of Zero Emission Services B.V. and interest deduction limitations for the convertible bond including changes in the accompanied embedded derivatives.

The balances and movements for current tax and deferred tax for the years ended 31 December 2023 and 31 December 2022 are presented below:

Current income tax liabilities	As at 31 December 2023	As at 31 December 2022
Income tax payable	125	5

The deferred tax position of the Group as per 31 December 2023 and 31 December 2022 mainly relates to tax losses carried forward, limitation of interest deduction, right-of-use assets and lease liability positions resulting from the application of IFRS 16, the depreciation and the convertible bond. However, as a result of the Group's history of losses the (net) deferred tax position have been written-off to EUR 0.

Deferred tax assets	As at 31 December 2023	As at 31 December 2022
Property, plant and equipment	58	112
Right-of-use assets	(4,004)	(1,871)
Derivatives	110	(313)
Lease liabilities	4,136	2,002
Tax losses carried forward	44,722	18,341
Limitation of interest deduction	173	173
Convertible bond (embedded derivative)	1,281	-
Convertible bond (debt)	(1,335)	-
Write-off deferred tax positions	(45,141)	(2,079)
Total net deferred tax asset	**-**	**16,365**

Changes in deferred tax assets and (liabilities), net	2023	2022
Carrying amount as at 1 January	16,365	7,139
Changes:		
Recognised in income statement	(14,339)	9,754
Recognised in other comprehensive income	332	(299)
Recognised in share premium	(2,359)	(194)
Other	1	(35)
Balance as at 31 December	**-**	**16,365**

The changes in deferred tax positions reflected in other comprehensive income are linked to the derivative balances resulting from the application of hedge accounting, whilst the one recognised in the income statement mainly refer to the recognition of tax losses carried forward and (the reversal of (net) deferred tax positions related to) the depreciation pattern of tangible assets. The change in the deferred tax position recognised against share premium relates to share issuance expenses directly charged against equity (reference is made to Note 18: Equity).

Tax losses carried forward available as at 31 December 2023 amount to €173.5 million (31 December 2022: €71.2 million) which can be carried forward indefinitely.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

10. EARNINGS PER SHARE

The Group's equity structure as per 31 December consists of 64,039,380 ordinary shares with a nominal value of €0.01.

Earnings per share can be specified as follows:

Share information	2023	2022
Net profit attributable to ordinary shareholders (in euro thousands)	(119,159)	(31,717)
Weighted average number of ordinary shares for the period	59,217,462	59,039,380
Dilutive number of shares	-	-
Total number of dilutive ordinary shares	59,217,462	59,039,380
Basic earnings per share (in euro's)	(2.01)	(0.54)
Dilutive earnings per share (in euro's)	(2.01)	(0.54)

Under the One-off Appreciation and Retention Plan (Note 6), certain senior employees have been granted 17,000 Restricted Share Units (RSU's), which will vest on 11 February 2024 when the employees are still employed by Ebusco on that date. The expected realisation of the service conditions for both plans is set at 93% and the effect of the expected exercise of stock and the increasing number of 15,750 outstanding shares on vesting date has not been included in the dilutive earnings per share, as the earning per share are loss-making.

Upon his installment, the Group's current CFO was granted a signing bonus in the form of a share package. The package consists of 5.000 shares per year for a total period of five years, with a lock-up period of one year after each. The initial batch will vest on 7 September 2024 when he is still in service of the Group on that date. The expected realisation is set at 100% and the effect of the expected exercise of stock and the increasing number of 5,000 outstanding shares on vesting date has not been included in the dilutive earnings per share, as the earning per share are loss-making.

At 31 December 2023, 5,888,000 dilutive number of shares relating to the convertible bond (2022: nil) have been excluded from the dilutive number of shares calculation as, due to the loss for the period, their effect would have been anti-dilutive. Further details on the convertible bond are set out in Note 19.

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	Equipment and office inventory	Trans-portation	Assets under construction	Total
Balance as of 1 January 2023				
Cost	9,848	4,668	2,280	16,796
Accumulated depreciation	(3,144)	(3,198)	-	(6,342)
Net book value	**6,704**	**1,470**	**2,280**	**10,454**
Change in net book value:				
Additions	11,351	946	4,079	16,376
Disposals	(60)	(15)	-	(75)
Transfer to inventory	-	(148)	(191)	(339)
Transfer from assets under construction	321	398	(719)	-
Depreciation	(2,996)	(874)	-	(3,870)
Impairment	-	-	(145)	(145)
Translation differences	-	(2)	-	(2)
Total changes	**8,616**	**305**	**3,024**	**11,945**
Balance as of 31 December 2023				
Cost	21,460	5,849	5,304	32,613
Accumulated depreciation	(6,140)	(4,074)	-	(10,215)
Net book value	**15,320**	**1,775**	**5,304**	**22,398**
Balance as of 1 January 2022				
Cost	6,578	3,968	520	11,066
Accumulated depreciation	(1,471)	(2,617)	-	(4,088)
Net book value	**5,107**	**1,351**	**520**	**6,978**
Change in net book value:				
Additions	2,812	424	2,611	5,847
Transfer from assets under construction	458	393	(851)	-
Other transfer at cost	-	(116)	-	(116)
Accumulated depreciation other transfer	-	93	-	93
Depreciation	(1,673)	(674)	-	(2,347)
Translation differences	-	(1)	-	(1)
Total changes	**1,597**	**119**	**1,760**	**3,476**
Balance as of 31 December 2022				
Cost	9,848	4,668	2,280	16,796
Accumulated depreciation	(3,144)	(3,198)	-	(6,342)
Net book value	**6,704**	**1,470**	**2,280**	**10,454**

The Group has performed an impairment assessment with regard to its property, plant and equipment assets, based on which the Group recorded an impairment of one of its demobuses.

12. INTANGIBLE ASSETS

Intangible assets	Goodwill	Development assets	Software	Assets under construction	Total
Balance as of 1 January 2023					
Cost	39,258	14,793	1,843	3,267	59,161
Accumulated amortisation	-	(10,324)	(1,242)	-	(11,566)
Net book value	**39,258**	**4,469**	**601**	**3,267**	**47,595**
Change in net book value:					
Additions	-	236	-	4,697	4,933
Transfer to inventory	-	-	-	(314)	(314)
Amortisation	-	(1,195)	(353)	-	(1,548)
Impairment	-	-	-	(778)	(778)
Total changes	**-**	**(959)**	**(353)**	**3,605**	**2,293**
Balance as of 31 December 2023					
Cost	39,258	15,029	1,843	6,872	63,002
Accumulated amortisation	-	(11,519)	(1,595)	-	(13,114)
Net book value	**39,258**	**3,510**	**248**	**6,872**	**49,888**
Balance as of 1 January 2022					
Cost	39,258	14,783	1,673	194	55,908
Accumulated amortisation	-	(9,072)	(637)	-	(9,709)
Net book value	**39,258**	**5,711**	**1,036**	**194**	**46,199**
Change in net book value:					
Additions	-	10	122	3,746	3,878
Transfer from assets under construction	-	-	48	(48)	-
Transfer to inventory	-	-	-	(625)	(625)
Amortisation	-	(1,252)	(605)	-	(1,857)
Total changes	**-**	**(1,242)**	**(435)**	**3,073**	**1,396**
Balance as of 31 December 2022					
Cost	39,258	14,793	1,843	3,267	59,161
Accumulated amortisation	-	(10,324)	(1,242)	-	(11,566)
Net book value	**39,258**	**4,469**	**601**	**3,267**	**47,595**

12.1 GOODWILL

The goodwill recognised is related to the Pondus acquisition in 2021. The Group assessed the recoverable amount of the cash-generating unit (CGU) for annual goodwill impairment testing purposes. The CGU is the Ebusco business in total. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a Discounted Cash Flow (DCF) model that does not include significant future investments that will enhance the performance of the assets of the CGU being tested. The fair value less cost of disposal model includes the cash flows related to future investments. As the Group continues to invest significantly in the future growth of the Company, this model is considered the most reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. If either of the fair value less cost of disposal and the value in use amounts exceeds the asset's carrying amount, the asset is not impaired and it is not necessary to estimate the other value.

The fair value less costs of disposal calculation is based on a fair value hierarchy that categorises the inputs of valuation techniques used to measure fair value into three levels. For the annual goodwill impairment analysis of 2023, level 3 data was used to determine the recoverable amount of the CGU. Level 3 input is a DCF model in which the cash flows are derived from forecasts for the next five years.

The recoverable amount at 31 December 2023 based on the level 3 Discounted Cash Flow model significantly exceeds the carrying amount of €205 million and no impairment loss has been recognised in 2023. The carrying amount does not include intangible assets with indefinite useful lives. Key assumptions applied in the DCF model is the pre-tax WACC (weighted average cost of capital) of 12.26%. This corresponds to a discount rate of 9.74%. The period used for discounting cash flows is infinite. External sources of information were applied to determine the future cash flows of the Group for which a period of 5 years is applied. Cash flows after 5 years are extrapolated with an estimated future inflation of 2%.

12.2 DEVELOPMENT ASSETS

Development assets mainly refer to the design, construction and testing of a chosen alternative for the new low floor bus which is 100% electrically powered. This project was taken into use in 2021.

12.3 SOFTWARE

Software mainly refers to the Group's after sales and inventory management system, acquired from and developed by third party suppliers.

12.4 ASSETS UNDER CONSTRUCTION

Assets under construction relate mainly to the third-party supplier and internal staff expenses incurred to implement a new ERP system and Product Lifecycle Management (PLM) system for a total amount of €5.2 million (2022: €1.2 million). Both systems are not yet live at 31 December 2023. Next to this, the Group is developing energy containers. The asset under construction is a Mobile Energy Container (MEC). These containers can be used in hybrid electric barges, providing a fully green alternative requiring significantly less fuel and emitting significantly less CO_2 than conventional diesel-powered barges. It contributes for €900 to the assets under construction, which is less than prior year (2022: €1 million) due to a reclassification to inventory as the MEC contained a number of batteries which could be applied for either production or sales transactions. After finalisation, the asset will be transferred to the development assets.

The intangible assets which are not yet in use were tested for impairment. Due to the Group's revised production strategy which subsequently impacts the set-up and scope of the ERP system, it identified an impairment of €778.

13. INVESTMENT IN AN ASSOCIATE

The Group had a 48.57% interest in Zero Emission Services (ZES) B.V. per 31 December 2022. On 21 February 2023 a capital contribution of €2.35 million was approved and paid, subsequently the interest in the associate increased to 49.39%.

ZES offers a complete range of products and services, based on interchangeable battery containers charged with renewable power, charging stations, technical support and an innovative pay per use concept for ship owners.

The Group's interest in ZES is accounted for using the equity method in the consolidated financial statements. At acquisition date, the investment is accounted for at costs, which is equal to the fair value of the Group's investment in ZES. The following table illustrates the summarised financial information of the Group's investment in ZES:

Investment in an associate	2023	2022
Current assets	26,964	15,769
Non-current assets	6,938	949
Current liabilities	(28,733)	(15,111)
Non-current liabilities	(13)	-
Equity	5,156	2,199
Group's carrying amount of the investment (49.39%)[1]	**2,547**	**1,068**
Revenue from contracts with customers	106	163
Cost of sales	(249)	(309)
Administrative expenses	(1,977)	(1,069)
Finance income	225	-
Profit/(loss) before tax	**(1,895)**	**(1,215)**
Income tax expense	-	-
Profit/(loss) for the year (continuing operations)	**(1,895)**	**(1,215)**
Other comprehensive income/loss	-	-
Total comprehensive income for the year (continuing operations)	**(1,895)**	**(1,215)**
Group's share of the loss	(871)	(432)

1 In 2022 the Group had a 48.57% share in ZES.

14. INVENTORIES

Inventories relate to (raw) materials for production, trade goods ready for sale and spare parts to service zero emission electric buses sold by the Group.

Inventories	As at 31 December 2023	As at 31 December 2022
Trade goods for sale and spare parts	109,395	47,976
Inventories, gross	**109,395**	**47,976**
Allowance for obsolescence	(2,854)	(534)
Inventories, net	**106,541**	**47,442**

The amount of write down of inventories recognised as an expense during 2023 amounts to €2.3 million (2022: €11).

15. TRADE RECEIVABLES

Trade receivables	As at 31 December 2023	As at 31 December 2022
Trade receivables	19,737	26,487
Doubtful debtor provision	(452)	(574)
Net trade debtors	**19,285**	**25,913**

The doubtful debtor provision consists of a provision for individual debtors with objective evidence of impairment of €392 (2022: €402) and the allowance for expected credit losses €60 (2022: €172). In total €145 (2022: €167) has been added to the doubtful debtor provision in 2023 and the usage to the allowance amounts to €267 (2022: €107).

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Due to the short duration of the receivables (average less than 3 months) the fair value approximates the carrying value. Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using the provision matrix:

	31 December 2023					
	Contract assets	Trade receivables - Days past due				
		<30 days	30-60 days	60-90 days	>91 days	Total
Expected credit loss rate	0.05%	0.1%	0.2%	7.7%	0.2%	
Estimated total gross carrying amount at default	67,640	15,099	2,536	106	1,995	**19,737**
Expected credit loss	30	12	5	8	5	**60**

	31 December 2022					
	Contract assets	Trade receivables - Days past due				
		<30 days	30-60 days	60-90 days	>91 days	Total
Expected credit loss rate	0%	0.1%	2.7%	0.4%	6.1%	
Estimated total gross carrying amount at default	62,971	20,512	212	3,684	2,079	**26,487**
Expected credit loss	-	25	6	14	127	**172**

16. OTHER CURRENT ASSETS

Other current assets	As at 31 December 2023	As at 31 December 2022
Taxes and social securities	4,301	3,884
Derivatives	94	1,248
Other accrued assets	2,685	1,195
Income tax receivable	18	5
Total other current financial assets	**7,098**	**6,332**

Due to the short duration of the non-derivative current financial assets the fair value approximates the carrying value.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	As at 31 December 2023	As at 31 December 2022
Cash at hand	0	1
Cash at bank	27,918	95,211
Total cash and cash equivalents	**27,918**	**95,212**

The majority of commercial banks where cash and cash equivalents are held have a credit rating in the A categories of Moody's/S&P. No defaults occurred during the year and management does not expect any losses from non-performance by these counterparties. The risk of default of the counterparty is assessed to be low taking into account the credit rating. The resulting expected credit loss is estimated to be insignificant. Ebusco is maintaining bank guarantee credit facilities for a total of €50 million with ING Bank N.V. (€20 million), Coöperatieve Rabobank U.A. (€20 million) and ABN Amro N.V. (€10 million) which have been established during 2022.

At 31 December 2023 an amount of €18,125 of the bank guarantee credit facilities has been utilised at ING Bank N.V. related to outstanding letter of credit amounts (€9,304) and outstanding bank guarantees (€8,821). In addition an amount of €19,181 has been utilised at Coöperatieve Rabobank U.A. for outstanding letter of credit amounts.

At 31 December 2022 an amount of €5,395 has been utilised by means of a rental guarantee, advance payment guarantee, bid bonds and a performance bond guarantee at the credit facility of ING Bank N.V., whereas €981 has been utilised at the credit facility of ABN Amro N.V. by means of a advanced payment guarantee.

18. EQUITY

18.1 EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE GROUP

CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to safeguard the ability to continue as going concern and to provide return for shareholders and benefits to other stakeholders.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants, if applicable. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

EQUITY AND CAPITAL MANAGEMENT

ISSUED AND PAID IN ORDINARY SHARE CAPITAL

The issued and paid in ordinary share capital amounts to €640 as at 31 December 2023 (31 December 2022: €590) based on 64,039,380 ordinary shares with a nominal value of €0.01 (2022: 59,039,380 ordinary shares with a nominal value of €0.01).

The Group issued 5,000,000 ordinary shares with a nominal amount of €0.01 and gross proceeds of €5 million in December 2023. As a result, issued and paid in ordinary share capital increased by €50 and share premium by €24,552 (net of share issuance costs in the amount of €398 net of tax (tax rate: 25.8%). For other movements in share premium reference is made to Income Tax, Note 9.

LEGAL RESERVES

The Group has recorded cash flow reserve as a result of application of hedge accounting, linked to its foreign currency risk management policy as at 31 December 2023 of €3.7 million (2022: €966).

In addition, the Group has recorded a legal (non-distributable) reserve as required by Dutch law in respect of:

- capitalised development assets excluding development assets acquired through business combinations (classified as Other reserve) as at 31 December 2023 of €11,609 (2022: €7,738) as required by Dutch law.
- the remeasurement gain of €7,450 in 2021 as a result of remeasuring the carrying amount of its 20% investment in Pondus associates' at fair value.

The share-based payment reserve of €351 (2022: €166) is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 6 for further details of these plans.

18.2 NON-CONTROLLING INTERESTS

The non-controlling interest as at 31 December 2023 of €1,526 (2022: €539) includes the carrying value of 10% of Pondus Operations B.V. held by minority shareholders.

No transactions with non-controlling interests occurred in financial year 2023.

19. CONVERTIBLE BOND

In December 2023, the Group issued convertible bonds ('the Bonds') of €36.8 million to an entity managed by Heights Capital Management LLC, a global equity and equity-linked focused investor. The Bonds were issued at 93% par value with total net proceeds of €34.2 million and accrue interest at an annual rate of 5% payable quarterly in arrears.

The bonds contain various conversion and redemption features. The Bonds have a maturity of three years, and are repayable in 12 quarterly amortisation repayments, of principal and interest over the three-year term, in either cash or in new ordinary shares at the Group's option. If in shares, the repayment is at the lower of the conversion price (EUR 6.25 per share) or a 10% discount to the volume weighted average price (VWAP) in the six-day trading period prior to election date.

The bond agreement contains embedded derivatives in conjunction with an ordinary host debt facility. As a result, the convertible bonds are shown in the Consolidated Statement of Financial Position in two separate components, being 'Convertible bond – debt' and 'Convertible bond – derivative'. At issuance, the total inception value was €36.8 million, being the principal amount of the Bonds, with the initial carrying amount of the debt liability element being the difference between the inception value of the convertible bond and the fair value at inception of the derivative element. Given the option of the bondholder to convert the bond at all times at their discretion for the conversion price, the debt and derivative liability elements have been classified as current liabilities.

The derivative element has been measured at fair value using a Black-Scholes option pricing model, which estimates the fair value based on the underlying asset's price, volatility, time to expiration, risk-free interest rate, and dividend yield. This therefore falls under Level 3 of the fair value hierarchy. At inception, the fair value of the derivative component was measured at €5.6 million. The fair value at year-end was measured to be €5 million, resulting in a revaluation gain of the derivative being recognised of €594. The amount is recorded in the revaluation of the embedded derivative within the Finance expenses, net (Note 8).

Significant assumptions used in the fair value analysis include the Group's share price, volatility rate, risk-free rate and expected dividend yield (which was set at 0%). A share price of €4.79 per share per 31 December 2023 was used in determination of the fair value of the derivative element, an increase of 10% would have resulted in an increase in fair value by €814, while a reduction of 10% would have resulted in a decrease in fair value of €1.8 million. A volatility of 53.3% was used in the determination of the fair value of the derivative element per 31 December 2023, an increase of 5% would have resulted in an increase in the fair value by €243, while a reduction of 5% would have resulted in a decrease in the fair value by €945.

Transaction costs of €890 have been apportioned between the derivative and debt liability components according to the relative inception values. This has resulted in €145 of transaction costs being recognised at acquisition, with €745 adjusted for the carrying amount of the debt liability at acquisition.

The Group considers the determination of the fair value of the embedded derivative within the convertible bond, both at inception and at the reporting date, as a significant estimate.

Convertible bond	Convertible bond - debt	Convertible bond – embedded derivative
At inception	27,920	5,560
Interest expense	241	-
Revaluation of embedded derivative	-	(594)
Balance per 31 December 2023	**28,161**	**4,965**

20. LOANS AND BORROWINGS (LONG-TERM AND SHORT-TERM)

FINANCIAL LIABILITIES

Loans and borrowings consist of the following:

	As at 31 December 2023			As at 31 December 2022		
Loans and borrowings	Non-current	Current	Total	Non-current	Current	Total
Debt to credit institutions	-	1,348	1,348	-	-	-
Debt to a third party	-	33,126	33,126	-	486	486
Debts to related parties	-	-	-	-	-	-
Total	**-**	**34,474**	**34,474**	**-**	**486**	**486**

DEBT TO CREDIT INSTITUTIONS

The outstanding balance of €1,348 at 31 December 2023 includes letter of credits entered into with Rabobank.

DEBTS TO RELATED PARTIES

On 8 August 2023, the Group secured a two-year financing facility of €41.5 million with its shareholder ING Bank N.V. The Group has drawn €20 million during the second half of 2023, however refinanced the facility by means of the capital increase of €25 million and the proceeds from the convertible bond. €20 million was therefore repaid in December 2023.

The following table sets out the reconciliation from the net cash flows from financing activities (excluding the convertible bond) with the financing positions of loans and borrowings as at 31 December 2023 and 2022.

	Debt to credit institutions	Debt to a third party	Debt to shareholders	Debts to other related parties	Leases	Total
Balance as at 1 January 2023	-	**486**	-	-	**7,761**	**8,247**
Changes from financing cash flows	**-**	**-**	**-**	**-**	**-**	**-**
Proceeds from loans and borrowings	1,348	34,099	20,000	-	-	55,447
Repayment of loans & borrowings	-	(486)	(20,000)	-	-	(20,486)
Payment of lease liabilities	-	-	-	-	(1,932)	(1,932)
Interest and similar expenses paid	-	-	(1,076)	-	-	(1,076)
Total changes from financing cash flows	**1,348**	**33,613**	**(1,076)**	**-**	**(1,932)**	**31,953**
Other changes						
Additions and remeasurements	-	(620)	-	-	10,463	10,463
Disposals	-	-	-	-	(20)	(20)
Finance expense/(income)	-	(594)	800	-	-	800
Interest and similar expense	-	241	276	-	325	601
Total liability-related other changes	**-**	**(973)**	**1,076**	**-**	**10,769**	**10,872**
Balance as at 31 December 2023	**1,348**	**33,126**	**-**	**-**	**16,598**	**51,072**

	Debt to credit institutions	Debt to a third party	Debt to shareholders	Debts to other related parties	Leases	Total
Balance as at 1 January 2022	**215**	**-**	-	**463**	**8,382**	**9,060**
Changes from financing cash flows	**-**	**-**	**-**	**-**	**-**	**-**
Repayment of loans & borrowings	(215)	-	-	-	-	(215)
Payment of lease liabilities	-	-	-	-	(1,472)	(1, 472)
Transfer to credit institutions	-	486		(486)	-	-
Total changes from financing cash flows	**(215)**	**486**	-	**(486)**	**(1,472)**	**(1,687)**
Other changes						
Additions and remeasurements	-	-	-	-	816	816
Disposals	-	-	-	-	(150)	(150)
Interest and similar expense	-	-	-	23	185	208
Total liability-related other changes	**-**	**-**	**-**	**23**	**851**	**874**
Balance as at 31 December 2022	**-**	**486**	**-**	**-**	**7,761**	**8,247**

21. LEASES

Lease liability	As at 31 December 2023	As at 31 December 2022
Lease liability (non-current)	14,216	6,298
Lease liability (current)	2,382	1,463
Total	**16,598**	**7,761**

The Group has several lease agreements in which it acts as a lessee. The main lease concern a contract for office and manufacturing space in Deurne (the Netherlands) with a lease term of 5 years ending 30 September 2028 and a contract for the production facility in Rouen (France) with a lease term of 10 years ending 28 August 2033.

The Group also has lease contracts which consist of cars for company personnel. The lease term for the aforementioned lease contracts is between 4 and 5 years. No lease contracts for the personnel cars contain an extension option. New car lease contracts and remeasurements resulted in an increase of both the ROU asset and lease liabilities by €218 (2022: €236) and €207 (2022: €273) respectively.

All lease contracts have fixed lease payments and are only adjusted for indexation. None of the lease agreements contain a termination option.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right-of-use assets	Land and buildings	Cars	Total
Balance as of 1 January 2023	**6,902**	**353**	**7,255**
Change in net book value:			
Additions and remeasurements	10,245	218	10,462
Disposals	-	(19)	(19)
Depreciation	(1,624)	(172)	(1,796)
Total changes	**8,621**	**27**	**8,647**
Balance as of 31 December 2023	**15,523**	**380**	**15,902**
Balance as of 1 January 2022	**7,573**	**473**	**8,046**
Change in net book value:			
Additions and remeasurements	543	236	779
Disposals	-	(147)	(147)
Depreciation	(1,214)	(209)	(1,423)
Total changes	**671**	**(120)**	**(791)**
Balance as of 31 December 2022	**6,902**	**353**	**7,255**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

Lease liabilities	2023	2022
As at 1 January	**7,761**	**8,382**
Additions and remeasurements	10,463	816
Accretion of interest	325	185
Payments	(1,932)	(1,472)
Disposal	(20)	(150)
As at 31 December	**16,598**	**7,761**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (less than 12 months) and low-value assets. Short-term (less than 12 months) and small value lease contracts are expensed in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. The amount of expense incurred in 2023 is €2.8 million in total (2022: €604). The significant increase is mostly related to the short-term lease for the Group's production facility in Venray.

The future cash outflows relating to leases that have not yet commenced are disclosed in Note 25: Commitments and contingencies (if applicable). For interest expenses on leases where the Group is a lessee, we refer to Note 8: Finance expenses, net.

22. PROVISIONS

Details of the provisions are presented in the table below:

	As at 31 December 2023			As at 31 December 2022		
Provisions	Non-current	Current	Total	Non-current	Current	Total
Provision for disputes	-	-	-	-	253	253
Provision for warranties	1,133	2,710	3,843	147	524	671
Provision for contractual claims	-	3,369	3,369	-	-	-
Provision for onerous contracts	-	2,575	2,575	-	-	-
Total	**1,133**	**8,654**	**9,787**	**147**	**777**	**924**

As per below the movement schedule per provision is presented as well:

Provision movement schedule	Provision for disputes	Provision for warranties	Provision for contractual claims	Provision for onerous contracts	Total
As at 1 January	-	671	-	-	671
Additions and remeasurements	-	3,625	3,369	2,575	9,569
Usage	-	(453)	-	-	(453)
As at 31 December	-	**3,843**	**3,369**	**2,575**	**9,787**

PROVISION FOR DISPUTES

After complaints of a customer, the Group held the supplier of climate systems liable for the delivery of a non-conforming climate system. Following a court verdict in April 2021 the Group complaints were confirmed by the court and the supplier was determined liable for this issue.

Subsequently, the supplier started a temporary injunction opposing to the execution of the verdict. The verdict in the temporary injunction was that the supplier was not dismissed from the original verdict and was ordered to comply within two months.

A settlement agreement was reached on 30 July 2021 and subsequently the Group started replacing climate systems on all buses delivered. The Group recognised a provision of €3,939 in total in 2021 which was fully used by the Group per 31 December 2023 (31 December 2022: €3,686).

Although the Group has a strong legal case which is supported by court it is unclear whether and what amount the supplier has to pay towards the Group. Due to the uncertainty, no receivable as per 31 December 2023 has been recognised in the balance sheet.

PROVISION FOR ASSURANCE-TYPE WARRANTIES

The Group issues diverse assurance-type warranties, wherein it typically assures the performance of delivered buses and bus-related products and rendered services for a specified period. The estimated provision for these warranties encompasses anticipated expenses for contractual warranty claims, as well as anticipated costs for goodwill concessions and recall campaigns. These estimates are based on actual historical warranty claims incurred to date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain given the relatively short history of sales and products and the lack of historical data for the full warranty period and for different type of buses. Changes to the historical or projected warranty experience may cause material changes to the warranty provision in the future. The utilisation period of these warranties is contingent on the occurrence of warranty claims and may extend throughout the entire duration of the product warranties and the goodwill period.

The main assumption is the expected warranty claims as a percentage of sales, which is based on the historical warranty claims for buses of which the warranty period expired at 31 December 2023. A change of the claims as percentage of revenue by 0.25% would result in a change in the provision of €198. The effect of discounting is immaterial.

In addition to the above, the Group recognises additional provisions for warranty claims necessitating repairs on multiple buses across its driving fleet.

PROVISION FOR CONTRACTUAL CLAIMS

The provision for contractual claims mainly refers to direct damages resulting from late deliveries and product quality claims. Late deliveries may lead to reimbursement of costs to customers, when specified in customer contracts. Product defect claims may involve costs associated with replacing or repairing defective products, reimbursing customers for damages, or legal expenses related to resolving disputes. The provision is based on the contractual obligations and the amounts claimed by third parties.

PROVISION FOR ONEROUS CONTRACTS

Based on the Group's assessment, it has been determined that the unavoidable costs of meeting the obligations under two customer contracts related to the supply of its zero emission buses exceed the economic benefits expected to be received from them. As a result, provisions for onerous contracts have been recognised. The provision for onerous contracts is measured based on the estimated unavoidable costs of fulfilling the contractual obligations, including manufacturing costs, delivery expenses, and contractual penalties. The economic benefits expected to be derived from the contracts are assessed based on the contractual revenue and consideration receivable under the contracts. The expected future cash outflows associated with fulfilling the obligations under the onerous contracts amount to €2.6 million. These cash outflows are anticipated to occur during the course of 2024.

23. TRADE PAYABLES AND OTHER CURRENT FINANCIAL LIABILITIES

The breakdown of the trade creditors and other current liabilities is as follows:

Trade payables and other current liabilities	As at 31 December 2023	As at 31 December 2022
Trade payables	30,518	21,115
Pension funds liabilities	3	-
Taxes and social securities	1,144	3,064
Derivates	81	37
Other current liabilities	29,374	4,854
Total	**61,120**	**29,070**

Trade payables are non-interest bearing and are on average settled on a 45-days term. Due to the short duration of the payables, the fair value approximates the carrying value. The other current liabilities mostly consists of accrued liabilities for the procedures performed by the Group's assembly partners. Other current liabilities are non-interest bearing.

24. RELATED PARTY TRANSACTIONS

The Group identifies a related party as a person or entity that is related to the Group. These include both people and entities that have, or are subject to, the influence or control of the Group. Note 2 provides information about the Group's structure, including details of the subsidiaries and the holding company.

The Group engages with its shareholders in certain related party transactions disclosed in this and other notes in these financial statements. The Group holds receivables and payables from its shareholders who represent related parties.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

Transactions and balances with related parties can be specified as follows:

Entity / person with significant influence	Year	Purchases from related party	Interest owed by/(to) related party	Amounts owed by related parties	Amounts owed to related parties
Bijvelds Car Trading B.V.	2023	-	-	-	-
	2022	2	-	-	-
BaBoDiDa Ltd.	2023	-	-	-	-
	2022	-	(23)	-	-
VDVI B.V.	2023	-	-	-	-
	2022	29	-	-	-
ING Bank N.V.	2023	-	(947)	-	-
	2022	-	(390)	-	-

SALES AND PURCHASES TO RELATED PARTIES

Zero Emission Services B.V. became a related party on 28 January 2022 when 40% of the shares were acquired for a consideration of 1 euro. On 8 November 2022 an additional 8.57% of the shares were acquired in exchange for a cash contribution of €1,500. In addition, on 21 February 2023 0.82% of the shares were acquired in exchange for a cash contribution of €2,350. At year-end all investments were settled and no amounts were outstanding to Zero Emission Services B.V. For more background reference is made to Note 4.

Other purchases from related parties are within the normal course of the business.

INTEREST OWED TO RELATED PARTIES

During the normal course of business, the Group engages in transactions with ING Bank N.V., including loan facilities and issuance of letters of credit. All transactions are carried out at arms-length. The interest and similar expenses incurred and paid in 2023 amounts to €947 (2022: €390) and is mainly related to the finance facility that was both entered into and repaid during 2023. Reference is made to Note 20: Loans and borrowings.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

For compensation of key management personnel of the Group reference is made to Note 6.

OTHER RELATED PARTY TRANSACTIONS

In the course of the 2023 financial year a relative of one of the Supervisory Board members purchased shares from Ebusco. This was appropriately filed at the Dutch Authority for the Financial Markets (AFM).

25. COMMITMENTS AND CONTINGENCIES

PURCHASE COMMITMENTS

The Group made commitments for the purchasing of electric buses for an amount of €26.2 million at 31 December 2023 (2022: €3.0 million).

OTHER DISPUTES

During December 2020, the Group delivered four buses to a customer, generating €2.0 million of revenues. After the transfer of control of the buses, the customer's facility experienced fire damage and the buses were destroyed. The Group asserts that control and ownership of the buses was transferred before the event and the amounts receivable for the delivered buses are owed to the Group. The customer disputes the Group's assertion and disputes the amount payable to the Group for the buses. The matter is still under dispute and the Group plans to pursue collection of the amount receivable. The outcome is neither probable nor estimable and no provision is recorded.

CONTINGENT ASSET

In 2021 the Group held a supplier of climate systems liable for the delivery of a non-conforming climate system. Due uncertainty no receivable as per 31 December 2023 is recognised in the balance sheet. Reference is made to Note 22: Provisions.

26. RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group expose the Group to various financial risks, including liquidity risk, market risk, and credit risk. The risk management is the responsibility of the Management Board of the Group. The main financial risks are described below together with the approach taken to assess and mitigate the relevant financial risk. For a broader and more extensive description of all risks the Group faces it refers to the Risk Management and Internal Control section in its board report.

Risk type	Risk description	Risk assessment and mitigation	Remaining risk
Liquidity risk	*Liquidity risk* is the risk that the Group is not able to pay its short-term liabilities.	Immediate liquidity risks for the Group could arise from: • Delay in the Group's delivery schedule for both its bus and container business which could impact its cash receipt • Short-term payments on long-term liabilities • Short-term lease payables • Trade and other payables • Other current liabilities The duration of the financial liabilities of the Group is shown in the table below (as at 31 December 2023 and 31 December 2022). Approximately 73% of the liabilities of the Group are short-term (this amounts to €95.6 million); the Group's current assets (maturity shorter than 1 year) amount €228.5 million, including cash and cash equivalents of €27.9 million. The Group refers to Note 2.3 for further elaboration on its liquidity risk.	**High**
Market risks	Foreign exchange risk is the part of the market risk that arises due to exposure of the Group to foreign currencies. This exposure arises from the Group's involvement in foreign operations or trade in foreign currency (buy and sell).	The Group has risk management policies and procedures in place for managing its foreign exchange risk. The foreign currencies the Group has exposure to are the Chinese Yuan (Renminbi) (RMB), Norwegian Krone (NOK), Swedish Krone (SEK) and Danish Krone (DKK) based on: • Sales in NOK, RMB, SEK and DKK • Trade and other receivables denominated in NOK,, SEK, RMB and DKK • Purchases in RMB, SEK, NOK and DKK • Trade and other payables denominated in RMB, SEK, NOK and DKK For its RMB and NOK transactions the Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted purchases. The Group's DKK sales are immaterial. The Group accepts the limited remaining risk.	**Limited**
	Inflation risk is the part of the market risk that arises due to (unexpected) price increased of goods and services purchased by the Group.	The ongoing inflation is resulting in an increase in cost levels for the Group. The Group is continuously monitoring the development or purchase prices for goods and services required on the short, medium and long-term basis. Based on expected price development the Group engages in purchase contracts and/or strategic inventory purchases in order to mitigate the risk of unexpected price increases as much as possible. On the other hand, the Group is also able to recharge (a part of) the increase in cost levels to its customers via increased sales prices.	**Medium**
	Interest rate risk is the part of the market risk that arises due to movements in interest rates.	The Group is exposed to changes in interest rates resulting from the following: • Long term liabilities • The interest rate implicit in the lease However, no long-term liabilities have variable interest rates and outstanding amounts are limited in size. The Group's cash position, due to its short-term nature, has limited exposure to interest rate risk. The resulting residual interest rate risk is considered to be limited.	**Limited**
Credit risk	Credit risk for the Group mainly consists of the default of trade debtors and contract assets.	The Group reflects on the credit risks of trade debtors on a forward-looking basis, based on the simplified ECL approach. Furthermore, the Group determined that the customers (municipalities) of the Group, based on historic performance and entity nature, have a low default probability. The credit risk on other financial assets is considered to be low. Therefore, the Group accepts the residual remaining credit risks.	**Limited**

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including interest and dividend on cumulative preference shares.

As at 31 December 2023	Carrying amount	Total Cash flows	0 to 3 months	3 to 12 months	1 - 5 years	More than 5 years
Debt to a credit facility	1,348	1,348	-	1,348	-	-
Convertible bond (assuming no conversion)	33,126	36,800	3,067	9,200	24,533	-
Lease liabilities	16,598	19,247	740	2,220	11,887	4,400
Trade creditors	30,518	30,518	28,777	762	979	-
Contract liabilities	18,939	18,939	-	18,939	-	-
Other non-current liabilities	491	491	-	-	491	-
Other current liabilities	30,602	30,602	28,034	2,468	100	-
Total	**131,622**	**137,945**	**60,618**	**34,937**	**37,990**	**4,400**
Derivatives	(13)	(13)	5	(18)	-	-

As at 31 December 2022	Carrying amount	Total Cash flows	0 to 3 months	3 to 12 months	1 - 5 years	More than 5 years
Debt to a third party	486	486	486	-	-	-
Lease liabilities	7,761	8,277	454	1,170	6,653	-
Trade creditors	21,115	21,115	21,115	-	-	-
Contract liabilities	8,912	8,912	-	8,912	-	-
Other current liabilities	7,918	7,918	6,176	1,663	80	-
Total	**46,192**	**46,708**	**28,231**	**11,745**	**6,733**	**-**
Derivatives	(1,210)	(1,210)	37	(1,247)	-	-

27. FINANCIAL INSTRUMENTS - HEDGE ACCOUNTING

The Group applies hedge accounting. At the moment of entering into a hedge relationship, this is documented by the Group. By means of a test, the company periodically assesses the effectiveness of the hedge relationship. This may be achieved by comparing the critical characteristics of the hedge instrument with those of the covered position or by comparing the change in fair value of the hedge instrument and the covered position. If applicable, the ineffective share of the value adjustment of the currency futures contracts is accounted for in the profit and loss account under financial income and expenses.

USE OF DERIVATIVES

The Group is exposed to financial market risk in the normal course of its business operations. The Group uses derivatives for economic hedging purposes to manage its foreign currency risk. The primary objective of the Group's hedging activities is to manage the potential year-on-year volatility caused by foreign-currency movements on its net earnings by hedging the anticipated net exposure of foreign currencies resulting from foreign-currency purchases. The objective of economic hedging is to enter into positions with an opposite risk profile to an identified risk exposure to reduce that exposure. The single risk which is being hedged is foreign currency exchange rate risk. This risk is primarily hedged with foreign exchange forwards/swaps. The Group's hedging activities do not have an effect on timing or amount of forecasted transactions.

CASH FLOW HEDGE ACCOUNTING

Derivatives that qualify for hedge accounting under IFRS are classified and accounted for in accordance with the nature of the hedged exposure and the type of IFRS hedge accounting model that is applicable. The three models applicable under IFRS are: fair value hedge accounting, cash flow hedge accounting, and hedge accounting of a net investment in a foreign operation. The Group applies cash flow hedge accounting to highly probably future cash flows, namely forecasted purchases in a currency other than the Group's functional currency (€).

The Group enters into foreign exchange forwards and swaps to protect against volatility caused by foreign-currency movements on its net earnings by hedging the anticipated net exposure of foreign currencies resulting from foreign-currency purchases. The Group hedges the net anticipated exposures up to the date on which the forecasted transaction is expected to occur. The amounts and timing of future cash flows are projected based on contractual terms. These projected cash flows form the basis for identifying the notional amount subject to foreign currency exchange rate risk that is designated under cash flow hedge accounting. From the derivatives, the Group decides on a contract basis to either allocate the instrument its entirety or to split the spot and the forward element and only designate the spot element as a hedge instrument.

The Group determines an economic relationship between the cash flows of the hedged item and the hedging instrument based on an evaluation of the qualitative characteristics of these items and the hedged risk. The Group considers whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. The Group evaluates whether the cash flows of the hedged item and the hedging instrument respond similarly to the hedged risk, such as changes in the foreign exchange rates.

At the moment of entering into a hedge relationship, this is documented by the Group. The Group periodically assesses the effectiveness of the hedge relationship and analysis the identified potential sources of ineffectiveness. The Group has identified the following potential sources of ineffectiveness:

- Differences in timing of cash flows of the hedged item(s) and hedging instrument(s);
- Incidental notional over-hedging;
- The lack of collateralisation of the derivatives, and the resulting counterparty credit risk;
- Difference between hedged on-shore and hedging off-shore foreign currency exchange rate;
- The Group assumes that the fair value of the hedging instrument is nil at inception of the hedge. Should the
- fair value of the hedging instrument not be zero at the inception of the hedge, ineffectiveness may arise.

The ineffectiveness portion is accounted for in the consolidated statement of profit or loss under Finance expenses, net.

The hedge ratio is the ratio between the amount of hedged item and the amount of hedging instrument. The Group has established a hedge ratio of 1:1 (100%).

The Group uses the following derivative financial instruments in a cash flow hedge accounting relationship:

	As at 31 December 2023	As at 31 December 2022
Carrying amount hedging instruments	13	1,210
Notional amount hedging instruments	28,622	42,397

As at 31 December 2023, the carrying amount of the derivatives includes no derivatives without a hedge designation. The notional amount of the hedging instruments represents the euro value of the hedged exposure.

The derivatives used for cash flow hedge accounting are included in the statement of financial position line-item Other current financial assets respectively liabilities.

Derivatives	2023	2022
Other current financial assets	94	1,247
Other current financial liabilities	(81)	(37)
As at 31 December	**13**	**1,210**

The average currency exchange rate used in cash flow hedge accounting is for 2023:
€/RMB 7.6848 (2022: 7.1118).
€/NOK N/A (2022: 10.2475).

The following table shows the cash flow hedge accounting impact on profit or loss and comprehensive income, excluding tax impact:

Cash flow hedging – impact of hedging instruments on the statement of profit or loss and other comprehensive income	Hedging gains (+) or losses (-) (OCI)	Hedge ineffectiveness recognised in the statement of profit or loss, gain (+) / loss (-)	Amount reclassified from cash flow hedge reserve
As at 31 December 2023			
FX	13	3	(43)
As at 31 December 2022			
FX	1,161	93	144

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

		Fair value measurement using			
Fair value measurement hierarchy for assets as at 31 December 2023 and 2022	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Foreign exchange forward/swaps contracts	31 December 2023	13	-	13	-
Foreign exchange forward/swaps contracts	31 December 2022	1,210	-	1,210	-

There were no transfers between Level 1 and Level 2 during 2023 and 2022.

The valuation technique used in the measurement of the Level 2 securities is based on observable market data. The inputs used in the measurement represent FX and interest rate curves.

		Fair value measurement using			
Fair value measurement hierarchy for liabilities as at 31 December 2023 and 2022	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Embedded derivative	31 December 2023	4,965	-	-	4,965
Embedded derivative	31 December 2022	-	-	-	-

There were no transfers between Level 1 and Level 2 during 2023 and 2022.

The valuation technique used in the measurement of the Level 3 is based upon unobservable inputs. The inputs used in the measurement represent the Group's share price, volatility, time to expiration, risk-free interest rate, and dividend yield.

28. EVENTS AFTER THE BALANCE SHEET DATE

ORGANISATIONAL UPDATE

Following the ongoing expansion of the company and the shift in assembly strategy, the Supervisory Board has appointed Mr. Frank Meurs as co-CEO on an ad interim basis on 29 January 2024, while it searches for a permanent solution. Frank Meurs is already acting as advisor to the Board and has substantial experience in business development, operations and supply chain which will be his main responsibilities in the new Management Board set up. In addition, Roald Dogge has been nominated as new COO. His expertise and extensive experience in the automotive and OEM industry perfectly suits the role of COO in the Group's new production setup.

ACQUISITION OF REMAINING 10% OF THE VOTING SHARES OF PONDUS OPERATIONS B.V.

On 22 February 2024, the Group acquired the remaining 10% of the shares in Pondus Operations B.V. for an amount of approximately €150 from its minority shareholders. The Group plans to merge Pondus Operations B.V. with Ebusco B.V.

COMPANY FINANCIAL STATEMENTS

CONTENT

COMPANY STATEMENT OF PROFIT OR LOSS

In thousands of euro

	Notes	2023	2022
Other operating income	B	789	878
Total operating income		**789**	**878**
Employee benefit expenses	C	(1,620)	(1,651)
Amortisation and depreciation expenses		(31)	(26)
Other operating expenses	D	(3,643)	(3,066)
Total operating expenses		**(5,294)**	**(4,743)**
Operating result		**(4,505)**	**(3,865)**
Finance income/(expenses), net	E	528	1,063
Result before income tax		**(3,977)**	**(2,802)**
Income tax credit/(expense)	F	(2,713)	704
Share of result of an associate		-	-
Result from group companies	G	(112,469)	(29,619)
Result after income tax		**(119,159)**	**(31,717)**

COMPANY STATEMENT OF FINANCIAL POSITION

Before appropriation of profit, in thousands of euro

	Notes	As at 31 December 2023	As at 31 December 2022
Assets			
Right-of-use assets		71	26
Intangible assets		41	47
Investments in group companies	G	128,184	237,968
Loans to group companies associates	H	4,946	4,613
Deferred tax assets	F	-	5,072
Non-current assets		**133,242**	**247,726**
Receivables from group companies	I	81,756	26,628
Other current assets	J	174	554
Cash and cash equivalents	K	-	-
Current assets		**81,930**	**27,182**
Total assets		**215,172**	**274,908**

	Notes	As at 31 December 2023	As at 31 December 2022
Equity			
Share capital		640	590
Share premium		337,379	315,324
Legal reserves		22,733	16,168
Other reserves		351	166
Retained earnings		(62,121)	(26,534)
Net result		(119,159)	(31,717)
Total Equity	L	**179,823**	**273,997**
Lease liabilities		63	12
Non-current liabilities		**63**	**12**
Convertible bond – debt		28,161	-
Convertible bond – embedded derivative		4,965	-
Trade payables		577	493
Other current liabilities	M	1,571	391
Current lease liabilities		12	15
Current liabilities		**35,286**	**899**
Total liabilities		**35,349**	**911**
Total equity and liabilities		**215,172**	**274,908**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

A. ACCOUNTING POLICIES FOR THE COMPANY FINANCIAL STATEMENTS

The Company financial statements of Ebusco Holding N.V. (hereafter 'the Company') have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with article 362 (8), Book 2 of the Dutch Civil Code, the Company's financial statements have been prepared on the basis of the accounting principles for recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

The ordinary shares of Ebusco Holding N.V. are (partly) listed on Euronext Amsterdam.
All amounts are stated in thousands of EUR, unless otherwise stated.

The accounting policies used in the preparation of the Company Financial Statements are the same as those used in the preparation of the Consolidated Financial Statements (in accordance with article 362 (8), Part 9 of Book 2 of the Dutch Civil Code). See the notes to the Consolidated Financial Statements.

In addition to these accounting policies, the following accounting policy applies to the Company financial statements:

Investments in group companies are presented using the equity method. Goodwill paid upon acquisition of investments in group companies is included in the net equity value of the investment and is not shown separately on the face of the balance sheet. The Company recognises a provision which makes use of the option to eliminate intercompany expected credit losses against the book value of loans and receivables to group companies, instead of elimination against the investments in group companies

Loans provided to group companies are stated at amortised cost, less impairment.

B. OTHER OPERATING INCOME

Other operating income relates to the recharge of the remuneration expenses of the Management Board members to Ebusco B.V.

C. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses can be specified as follows:

Employee benefit expenses	2023	2022
Wages and salaries	1,189	1,249
Pension costs	142	153
Share based payments expenses	185	166
Temporary staff	77	58
Car expenses	24	21
Other staff expenses	3	4
Total	**1,620**	**1,651**

The number of persons with an employment contract at 31 December 2023 was 3 (31 December 2022: 3), including all members of the Management Board; all persons have their place of residence in the Netherlands. Further reference is made to Note 6 of the consolidated financial statements.

D. OTHER OPERATING EXPENSES

Other operating expenses mainly consist of insurance expenses, audit and advisory fees.

E. FINANCE INCOME/(EXPENSES), NET

Finance expenses, net can be specified as follows:

Finance expenses, net	2023	2022
Net foreign exchange result	(4)	18
Intercompany interest income	1,413	1,505
Revaluation of embedded derivative	594	-
Financial income	**2,003**	**1,523**
Interest expense intercompany	-	(4)
Interest expense third party	(277)	(369)
Interest on lease liabilities	(4)	(1)
Other finance expenses	(1,194)	(86)
Total	**(1,475)**	**(460)**
Finance expenses, net	**528**	**1,063**

F. INCOME TAX

As the Group suffered a history of losses, the effect from previously recognised deferred tax assets (31 December 2022: €5,072) are fully expensed to EUR 0 as per year end 2023.

Income tax is allocated to individual members of the fiscal unity as if they were independently liable for corporate income tax. As a consequence, the tax losses carried forward amount of €23.8 million are the fiscal losses attributable to Ebusco Holding N.V.

G. INVESTMENTS IN GROUP COMPANIES

Group companies are all entities (including intermediate holding companies) over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the group company and has the ability to affect those returns through its power over the group company. Group companies are recognised from the date on which control is transferred to the Company or its intermediate holding entities. They are derecognised from the date that control ceases.

The Company applies the acquisition method to account for the acquisition of group companies, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a group company or business comprises the fair value of assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in an acquisition are initially measured at their fair values at the acquisition date and are subsumed in the net asset value of the investment in consolidated group companies. Goodwill paid upon acquisition of investments in group companies is included in the net equity value of the investment and is not shown separately on the face of the balance sheet. Acquisition-related costs are expensed as incurred.

Investments in group companies are measured using the equity method. The measurement of the financial fixed assets under the equity method is based on the measurement principles of assets, provisions and liabilities, and the determination of profit as applied in the consolidated financial statements.

When group companies have an equity deficit they are measured at zero under the equity method, unless the Company has given a liability undertaking or any other guarantee for the consolidated group company. In case of the later, the Company recognises a provision in the statement of financial position equal to the negative net asset value of the group company.

The Company has direct and indirect interests in the group companies listed in Note 2 of the consolidated financial statements. Set out below are the carrying amounts of the investment in consolidated group companies and the movements during the period:

Investments in group companies	2023	2022
As at 1 January	**237,968**	**44,577**
Foreign exchange differences	(13)	20
Result of group companies	(112,469)	(29,619)
Reclassification to/(from) provision participations in group companies	-	(3,976)
Cash flow hedge, net of tax	2,698	966
Capital contribution	-	226,000
As at 31 December	**128,184**	**237,968**

H. LOANS TO GROUP COMPANIES

A loan to Pondus Operations B.V. is included of €5,500 as at 31 December 2021 including accrued interest of €245 (interest rate: 7%). The loan to Pondus Operations B.V. has been provided in April 2021 at the time the Company acquired 60% of the voting shares in Pondus Holding B.V. to enable Pondus Operation B.V. to redeem the RVO loan received from the Dutch government. In 2022 part of the loan was repaid by Pondus Operations B.V. (€1,237) and additional interest accrued of €350. In 2023, additional accrued interest amounted to €333.

Loans to group companies can be specified as follows:

Loans to group companies	As at 31 December 2023	As at 31 December 2022
Loan receivable from Ebusco B.V.	-	-
Loan receivable from Pondus Operations B.V.	4,946	4,613
Total	**4,946**	**4,613**

The movement schedule of loans to group companies can be specified as follows:

Loans to group companies	2023	2022
As at 1 January	4,613	23,250
Repayment	-	(18,987)
Interest	333	350
Total	**4,946**	**4,613**

I. RECEIVABLES FROM GROUP COMPANIES

Receivables from group companies can be specified as follows:

Receivables from group companies	As at 31 December 2023	As at 31 December 2022
Current account Ebusco B.V.	78,150	23,363
Current account Pondus Operations B.V.	1,778	1,437
Current account Ebusco Manufacturing B.V.	325	325
Current account Ebusco Energy B.V.	1,503	1,503
Total	**81,756**	**26,628**

J. OTHER CURRENT ASSETS

Other current assets as at 31 December 2023 mainly include refundable VAT of €103 (2022: €533) and prepaid expenses of €71 (2022: €21).

K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are all freely available to the Company. The cash and cash equivalents at 31 December 2023 is nil as excess cash is paid to the cash pool in Ebusco B.V.

L. EQUITY

For a breakdown; of equity attributable to equity holders, see the Consolidated Statement of Changes in Equity and related notes including Note 18 of the consolidated financial statements.

LEGAL RESERVES

Based on Dutch law, a legal reserve needs to be established for currency translations, cash flow hedges, and capitalised costs of development assets. The legal reserve cannot be used for dividend distribution and is therefore restricted in usage (see paragraph below).

Legal reserves	As at 31 December 2023	As at 31 December 2022
Foreign exchange differences	10	14
Hedge reserves	3,664	966
Revaluation reserve	7,450	7,450
Development assets at subsidiaries	11,609	7,738
Total	**22,733**	**16,168**

LIMITATIONS IN THE DISTRIBUTION OF SHAREHOLDERS'EQUITY

As at 31 December 2023, pursuant to Dutch law, certain limitations exist relating to the distribution of shareholders' equity. Such limitations relate to legal reserves required by Dutch law of €22,733 (2022: €16,168).

OTHER RESERVES

In 2023 the Company established a share based payment reserve of €351 (2022: €166).

As the Company incurred a loss in 2023, it is proposed to the Annual General Meeting of Shareholders to charge the loss attributable to the equity holders of the Group to the retained earnings and not to pay any dividend relating to the financial year 2023.

M. OTHER CURRENT LIABILITIES

Other current liabilities as at 31 December 2023 mainly consists of expenses incurred for the placement of the convertible bond (€690), payroll taxes (€49), audit fees (€307) and other advisory costs (€190).

N. REMUNERATION KEY MANAGEMENT

Reference is made to Note C to the Company financial statements and Note 6 to the consolidated financial statements.

O. RELATED PARTIES

In addition to Note 24 of the consolidated financial statements, all companies within the Group are also considered to be related parties of Ebusco Holding N.V.

P. COMMITMENTS AND CONTINGENCIES

Reference is made to Note 25 to the consolidated financial statements.

Pursuant to the provisions of section 403, Part 9, Book 2 of the Netherlands Civil Code, the Company has assumed joint and several liability for the debts arising out of legal transactions of the following group companies:

- Ebusco B.V.
- Ebusco Energy B.V.
- Ebusco Manufacturing B.V.
- Pondus Holding B.V.
- Pondus Operations B.V.
- Pondus R&D B.V.

The joint and several liability for Pondus Holding B.V. and Pondus R&D ceased to exist at the time of the mergers as disclosed in Note 2 of the consolidated financial statements.

Being the head of the Ebusco Holding N.V. tax entity, the company is liable for the income tax and VAT liability of the fiscal unity as a whole.

Q. DIVIDEND

No dividends have been paid in both 2023 and 2022.

R. AUDITORS' FEES

Audit, Other assurance and Other non-audit fees incurred related to the financial years 2023 and 2022 can be specified as follows:

	2023			2022		
Total fees in € '000	Ernst & Young Accountants LLP	EY network firms in the Netherlands	Total	Ernst & Young Accountants LLP	EY network firms in the Netherlands	Total
Audit services	681	-	681	774	-	774
Other assurance services	60	-	60	-	-	-
Other non-audit services	-	-	-	-	-	-
Total	**741**	**-**	**741**	**774**	**-**	**774**

S. SUBSEQUENT EVENTS

For information regarding subsequent events, reference is made to Note 28 to the consolidated financial statements.

OTHER NOTES

As approved for publication, Deurne,

26 March 2024

Management Board

P.H.A.M. Bijvelds, *Chief Executive Officer*
J.I. Jongma, *Chief Financial Officer*
B.H.M.J. Fleuren, *Chief Operating Officer*

Supervisory Board

D.J. Haank, *Chairman*
C.W. Gorter
J. Drost
R. Spoor
R.H. de Boer
S. Schatteman

OTHER INFORMATION

CONTENT

OTHER INFORMATION

PROVISIONS OF THE ARTICLES OF ASSOCIATION RELATING TO PROFIT APPROPRIATION

Pursuant to article 31 of the articles of association of the Company, the Management Board, with the approval of the Supervisory Board, may decide that profits realised during a financial year are fully or partially appropriated to increase and/or from reserves (article 31.1). The profits remaining shall be put at the disposal of the General Meeting. The Management Board, with the approval of the Supervisory Board, shall make a proposal for that purpose. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting of Shareholders (article 31.2).

The Company does not intend to declare or pay dividends for the financial year ending 31 December 2023 or in the medium term. The Company anticipates that for the foreseeable future it will retain all its future earnings for use in the development of its business, its international expansion and growth strategy to create shareholder value, to maintain a healthy financial structure and for general corporate purposes.

The net loss attributable to equity holders of the Group for 2023 of €119.2 million (2022: net loss of €31.7 million) will be deducted from retained earnings.

INDEPENDENT AUDITOR'S REPORT

To: the shareholders and supervisory board of Ebusco Holding N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2023 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements for the financial year ended 31 December 2023 of Ebusco Holding N.V. based in Deurne (the Netherlands).

The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Ebusco Holding N.V. as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of Ebusco Holding N.V. as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2023
- The following statements for 2023: the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows
- The notes comprising material accounting policy information and other explanatory information

The company financial statements comprise:

- The company statement of financial position as at 31 December 2023
- The company statement of profit and loss for 2023
- The notes comprising a summary of the accounting policies and other explanatory information

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Ebusco Holding N.V. (the company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.3 Going concern of the financial statements which indicates that the company's ability to continue as going concern is, among other things, dependent on accelerating production, meeting the related delivery schedule for buses and milestone planning for mobile energy containers, the timely implementation of the company's revised production strategy and relating cost structure, while maintaining sufficient liquidity to address unplanned setbacks, late delivery penalties or disputes. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. We refer to the section "Our audit response related to going concern" that describes how the going concern assumption and the relevant events and conditions that may cast significant doubt on the company's ability to continue as a going concern were addressed in our audit. Our opinion is not modified in respect of this matter.

INFORMATION IN SUPPORT OF OUR OPINION

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

OUR UNDERSTANDING OF THE BUSINESS

Ebusco Holding N.V. is publicly listed on Euronext Amsterdam. The Company is dedicated to the development, production, and bringing to market of fully electric city and regional buses and the associated ecosystem. We have paid specific attention in our audit to a number of areas driven by the operations of the Company and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

MATERIALITY

Materiality	€ 800,000
Benchmark applied	0.8% of 2023 revenues
Explanation	Based on our professional judgment, we consider revenue to be the most appropriate basis to determine materiality. We consider revenue to be the most relevant measure as this is a key performance indicator for the company.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 40,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

SCOPE OF THE GROUP AUDIT

Ebusco Holding N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities Ebusco Holding N.V. and Ebusco B.V..

We performed the audit on the complete financial information (full scope) and the remaining entities were assigned a specific scope, with the focus on cash and cash equivalents and certain expense accounts. The audit has been centrally performed by the audit team in the Netherlands. In total these procedures represent 100% of the group's total assets and gross revenues.

By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

TEAMING AND USE OF SPECIALISTS

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in this industry. We included specialists in the areas of IT audit, forensics, income tax, Turnaround and Restructuring Specialists and have made use of our own experts in the area of valuations of derivatives.

OUR FOCUS ON CLIMATE-RELATED RISKS AND THE ENERGY TRANSITION

Climate change and the energy transition are high on the public agenda. Against this background it is Ebusco's vision to drive the transition to sustainable transport. The management board summarized the Company's role in this ecosystem in the section Strategy of the management report.

As part of our audit of the financial statements, we evaluated the effects of the energy transition are taken into account in estimates and significant assumptions. Furthermore, we read the management report and considered whether there is any material inconsistency between the non-financial information in the Our Responsibility section and the financial statements.

OUR AUDIT RESPONSE RELATED TO GOING CONCERN

We refer to the section Material uncertainty related to going concern above. Based on our procedures performed, we concluded that a material uncertainty exists which may cast significant doubt about the company's ability to continue as a going concern. 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 company to cease to continue as a going concern.

Management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future. As disclosed in Note 2.3 to the financial statements, amongst others, the following events and conditions denote a material uncertainty about the going concern assumption for the company:

- accelerating production, meeting the related delivery schedule for buses and milestone planning for mobile energy containers
- the timely implementation of the company's revised production strategy and relating cost structure, and
- maintaining sufficient liquidity to address unplanned setbacks, late delivery penalties or disputes.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. We involved our Turnaround and Restructuring Specialists and specifically focused on, among other things, the impact of the events and conditions that are relevant for the company's ability to continue as a going concern and mitigating factors, significant assumptions, the process followed by management to make the assessment and management bias that could present a risk of material misstatement.

We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Furthermore, we evaluated forecasted cash flows by back testing and verified the substantiation for significant assumptions such as the production delivery and milestone schedule. In light hereof, amongst others, we visited assembly sites and inspected acceptance documentation. Furthermore we verified the company's order book, underlying contracts and contract clauses to assess if they were appropriately reflected in the forecast. We performed our procedures with a focus on whether the company will have sufficient liquidity to continue to meet its obligations as they fall due. We also inspected the credit facilities and assessed different scenarios to obtain an understanding of the impact of changes in the assumptions. Finally, we evaluated relevant disclosures and considered whether relevant events and conditions, mitigating factors and significant assumptions related to going concern have been disclosed and particularly whether these disclosures adequately convey the degree of uncertainty.

OUR FOCUS ON FRAUD AND NON-COMPLIANCE WITH LAWS AND REGULATIONS

OUR RESPONSIBILITY

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. 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.

OUR AUDIT RESPONSE RELATED TO FRAUD RISKS

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to Section "Risk Management and internal control" of the management board report for the management board's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic and legal specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls as this risk is present in all companies. For these risks we have performed procedures among others things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 3 to the financial statements including percentage of completion of customer contracts. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties. The following fraud risks identified did require significant attention during our audit.

Presumed risks of fraud in revenue recognition	
Fraud risk	Revenue is one of the key performance indicators for Ebusco's stakeholders, resulting in pressure on the management board to achieve certain revenue levels. We presumed that there are risks of fraud in revenue recognition. We evaluated that overstatement of revenues from the sale of zero emission buses and inaccurate valuation of contract assets specifically by inaccurate determination of percentage of completion of customer contracts in particular give rise to such risks. These revenues are disclosed in note 5 of the financial statements.
Our audit approach	Our audit procedures responsive to the inaccurate revenue recognition and valuation of contract assets specifically related to determining the percentage of completion for the sale of zero emission buses (including the risk of management override of controls). This approach is described in key audit matter "Fraud risk related to revenue recognition".

We considered available information and made enquiries of relevant executives, directors (including legal, compliance and human resources) and the supervisory board.

The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

OUR AUDIT RESPONSE RELATED TO RISKS OF NON-COMPLIANCE WITH LAWS AND REGULATIONS

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

OUR KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matters did not change. In addition to the matter described in the Material uncertainty related to going concern section we selected the following key audit matter.

Fraud risk related to the occurrence of revenue recognition	
Risk	As presented in Note 5 to the consolidated financial statements, revenue from contracts with customers resulting from the sale and supply of zero emission buses for the year ended 31 December 2023 amounted to € 92.1 million. The revenue recognised is based on estimates and assumptions that require significant management judgment. At each reporting date management assesses the progress towards the completion of the performance obligations in line with contractual agreements. Inherent to the nature of estimates and assumptions, these could be influenced by management and consequently we identified the risk of inappropriate revenue recognition and inaccurate valuation of contract assets (as mentioned in the section Our audit response related to fraud risks), specifically relating to determining the percentage of completion. Therefore, we consider this a key audit matter.
Our audit approach	Our audit procedures included, amongst others, assessing the appropriateness of the Company's accounting policies related to revenue recognition according to IFRS 15 "Revenue from contracts with customers" and whether the accounting policies have been applied consistently or whether changes, if any, are appropriate in the circumstances. In addition, we evaluated the design and implementation of internal controls related to the completeness, accuracy and timing of the revenue recognised. In order to evaluate the significant judgements and estimates made by management, we read supporting contractual agreements, obtained evidence of transfer of control such as proof of delivery, tested the costs incurred, examined computation of costs progression and assessed the reasonableness of the estimated cost to complete included in the cost-to-cost method for performance obligation recognised over time. In addition, we have also observed the work in progress at year-end. Finally, we have performed back testing procedures over the management board's estimate of the progress measure for the 2.2 and the 3.0 buses to assess the reasonableness of the assumptions made by the management board. We evaluated the disclosures in accordance with the requirements of EU-IFRS relevant to accounting estimates and whether significant judgments by the management board are disclosed.
Key observations	We concur with the estimates and assumptions made by the management board relating to revenue recognition and assessed that the related disclosures are in accordance with IFRS 15. Furthermore, we have assessed that the revenue recognised including the related direct costs and the accompanying management assumptions and estimates are within an acceptable range.

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. Management and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AND ESEF

ENGAGEMENT

We were engaged by management as auditor of Ebusco Holding N.V. on 22 November 2019 as of the audit for the year 2019 and have operated as statutory auditor ever since that date.

NO PROHIBITED NON-AUDIT SERVICES

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

EUROPEAN SINGLE ELECTRONIC REPORTING FORMAT (ESEF)

Ebusco Holding N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).
In our opinion the annual report prepared in the XHTML format, including the (partially) marked-up consolidated financial statements as included in the reporting package by Ebusco Holding N.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N, "Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument" (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
  - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining 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 company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

COMMUNICATION

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

In this respect we also submit an additional report to the audit committee of the supervisory board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board 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, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Eindhoven, 26 March 2024

Ernst & Young Accountants LLP

Signed by J.C.F. Lemmens

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON EBUSCO HOLDING N.V.'S SELECTED NON-FINANCIAL KEY PERFORMANCE INDICATORS

To: the shareholders and supervisory board of Ebusco Holding N.V.

OUR CONCLUSION

We have performed a limited assurance engagement on selected non-financial key performance indicators in the accompanying annual report for the year 2023 of Ebusco Holding N.V. at Deurne.

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the selected non-financial key performance indicators are not prepared, in all material respects, in accordance with the applicable criteria as included in the section 'Criteria' .

The selected non-financial key performance indicators are included on page 4 of the annual report and consist of:

- Scope 1 emissions
- Scope 2 emissions
- Accident rate (Lost Time Injury Frequency Rate: LTIFR)
- Zero Emission kms driven
- NOx avoided
- CO_2 avoided

BASIS FOR OUR CONCLUSION

We have performed our limited assurance engagement on the selected non-financial key performance indicators in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities in this regard are further described in the section 'Our responsibilities for the assurance engagement on the selected non-financial key performance indicators of our report.

We are independent of Ebusco Holding N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics for Professional Accountants).

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

CRITERIA

The criteria applied for the preparation of the selected non-financial key performance indicators are the criteria developed by Ebusco Holding N.V. and are disclosed in section 'ESG overview' of the annual report.

The comparability of selected indicators between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the selected non-financial key performance indicators need to be read and understood together with the criteria applied.

CORRESPONDING INFORMATION NOT ASSURED

The selected non-financial key performance indicators for the periods up to and including 2022 have not been part of an assurance engagement. Consequently, the corresponding selected non-financial key performance indicators and thereto related disclosures for the periods up to and including 2022 are not assured. Our conclusion is not modified in respect of this matter.

LIMITATIONS TO THE SCOPE OF OUR ASSURANCE ENGAGEMENT

Our assurance engagement is restricted to the selected non-financial key performance indicators. We have not performed assurance procedures on any other information as included in the annual report in light of this engagement.

In the selected indicators non-financial key performance indicators, the calculations to determine CO_2 avoided and NO_x avoided (hereinafter: the impact data) are mostly based on assumptions and sources from third parties. The assumptions and sources used are disclosed in section 'ESG Overview' of the annual report of Ebusco Holding N.V. We have assessed that these assumptions and external sources are plausible and appropriate, but we have not performed procedures on the content of these assumptions and external sources. Our conclusion is not modified in respect of this matter.

RESPONSIBILITIES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD FOR THE SELECTED NON-FINANCIAL KEY PERFORMANCE INDICATORS

The management board is responsible for the preparation of the selected non-financial key performance indicators in accordance with the criteria as included in the section "Criteria". The management board is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of the intended users, considering applicable law and regulations related to reporting. The choices made by the management board regarding the scope of the selected non-financial key performance indicators and the reporting policy are summarized in section 'ESG overview' of the annual report.

Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the selected non-financial key performance indicators that are free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the reporting process of the selected non-financial key performance indicators of Ebusco Holding N.V.

Our responsibilities for the assurance engagement on the selected non-financial key performance indicators
Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of the selected non-financial key performance indicators. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance that is obtained when a reasonable assurance engagement is performed.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our assurance engagement included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant sustainability themes and issues and the characteristics of the company as far as relevant to the selected non-financial key performance indicators
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures on the selected non-financial key performance indicators. This includes the evaluation of the reasonableness of estimates made by the management board
- Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the entity's risk assessment process relevant to the preparation of the selected non-financial key performance indicators, without obtaining assurance information about the implementation or testing the operating effectiveness of controls
- Identifying areas of the selected non-financial key performance indicators where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the selected non-financial key performance indicators responsive to this risk analysis. These procedures consisted amongst others of:
- Making inquiries of management and relevant staff at corporate level responsible for the sustainability strategy, policy and results relating to the selected non-financial key performance indicators
- Interviewing relevant staff responsible for providing the information for, carrying out controls on, and consolidating the data in the selected non-financial key performance indicators
- Assessing the suitability and plausibility of assumptions and sources from third parties used for the calculation underlying the impact data as included in section 'ESG Overview' of the annual report
- Obtaining assurance evidence that the selected non-financial key performance indicators reconcile with underlying records of Ebusco Holding N.V.
- Reviewing, on a limited sample basis, relevant internal and external documentation
- Considering the data and trends in the information submitted for consolidation at corporate level
- Reading the information in the annual report that is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the selected non-financial key performance indicators
- Considering whether the selected non-financial key performance indicators are presented and disclosed free from material misstatement in accordance with the criteria applied.

Amsterdam, 26 March 2024

Ernst & Young Accountants LLP

Signed by J. Niewold

SHAREHOLDER INFORMATION

SHARE INFORMATION

Ebusco Holding N.V. is listed on the official stock market of Euronext Amsterdam (EBUS.AS) since 22 October 2021. On 31 December 2023, the number of issued ordinary Ebusco Holding N.V. shares amounted to 64,039,380 with a nominal value of €0.01. Each share in the capital of Ebusco Holding N.V. gives entitlement to cast one vote.

SHARE PERFORMANCE REVIEW

The performance of Ebusco's ordinary shares on Euronext Amsterdam:

	2023	2022
Closing ordinary share price at calendar year-end (in EUR)	4.79	13.17
Average closing ordinary share price (in EUR)	8.57	20.06
Highest closing ordinary share price (in EUR)	14.75	27.00
Lowest closing ordinary share price (in EUR)	4.27	13.06
Average daily trading volume (in shares)	177,027	71,833
Highest daily trading volume (in shares)	1,175,781	451,732
Market capitalisation (EUR million)	307	778

MAJOR SHAREHOLDERS

In line with the Dutch Financial Supervision Act, holders of shares of Ebusco Holding N.V. are required to update information on their holdings when they reach, exceed, or fall below the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95% reach. As far as Ebusco is aware and on the basis of the AFM register of substantial holdings, the following investors held a holding of 3% or more in Ebusco on 31 December 2023 and the date of this report.

Shareholders	Participation in %	Date of last report
P.H.A.M. Bijvelds*	35.37	October 2021
Van der Valk Investments	22.80	December 2023
ING Groep N.V.	20.95	October 2021
Teslin Participaties Coöperatief U.A.	5.11	October 2021
B.V. Beleggingsfonds "Hoogh Blarick"***	3.28	December 2023
Heights Capital Management, Inc.****	0.36	December 2023

* The percentages below are, to the best of Ebusco's knowledge and based on the AFM register Notification of Control, the sum of shares and potential shares.

** The shares are held by Peter Bijvelds Holding Erp B.V., which shares are held by Stichting Administratiekantoor Peter Bijvelds Holding Erp B.V., for the benefit and account of P.H.A.M. Bijvelds.

*** The shares are held by B.V. Beleggingsfonds "Hoogh Blarick", which shares are held by Beleggingsmaatschappij "De Engh "BV, for the benefit and account of B.V. Beleggingsfonds "Hoogh Blarick".

**** Next to the 0.36% shares held, an additional 9.19% potential shares are held by Heights Capital Management, Inc., which shares are held by CVI Investments, Inc., for the benefit and account of Heights Capital Management, Inc..

DIVIDEND POLICY

Ebusco does not intend to declare or pay dividends for the financial year ending 31 December 2023 or in the medium term. The company anticipates that for the foreseeable future it will retain all its future earnings for use in the development of its business, its international expansion strategy and for general corporate purposes.

INVESTOR RELATIONS

Ebusco is committed to maintaining an open and constructive dialogue with its current and potential shareholders (jointly the Investors) and analysts. Conversations with investors and analysts, both in (annual or extraordinary) general meetings and on bilateral basis outside of such general meetings (e.g. investor calls, road shows, broker conferences etc.), form an integral part of this dialogue.

Ebusco aims to keep the investors and analysts updated by informing them equally, simultaneously, clearly and accurately about Ebusco's strategy, performance and other matters and developments that could be relevant to Investors' decisions either via meetings, presentations, conference calls etc. as referred to in best practice provision 4.2.3 of the Dutch Corporate Governance Code or otherwise. The company website www.ebusco.com provides relevant information (press releases, financial data) for investors.

Ebusco observes a closed period during which no discussions are held with investors and analysts. This pertains to a period of 45 calendar days prior to the publication of the yearly results and 30 calendar days prior to the publication of half yearly results. Furthermore, the closed period is 10 calendar days prior to the publication of pre-scheduled trading updates.

PREVENTION MISUSE OF INSIDER INFORMATION

Ebusco has rules governing the reporting of transactions involving Ebusco Holding N.V. securities by its Supervisory Board, Management Board and other appointed persons, including staff, the management and a number of permanent advisors. The Insider Trading Policy is published on the corporate website investors.ebusco.com. Ebusco has also appointed the corporate secretary as compliance officer. The compliance officer is responsible for supervising compliance with the rules and regulations, and communication with the AFM.

FINANCIAL CALENDAR 2024

Annual General Meeting	14 May 2024
Capital Markets Day	20 June 2024
Half year results 2024	31 July 2024
Q3 trading update	16 October 2024

FIVE YEAR OVERVIEW

	2023	2022	2021	2020	2019
Results (in thousands of euro)					
Revenue	102,440	111,617	24,265	99,994	48,924
Gross profit[1/2]	(6,848)	15,633	1,220	39,657	16,785
Result for the year	(120,146)	(32,193)	(26,797)	16,659	3,374
Result for the year attributable to Equity holders of the Group	(119,159)	(31,717)	(26,388)	16,659	3,374
EBITDA[2/3]	(95,733)	(34,808)	(34,240)	27,135	8,775
Underlying EBITDA[2/4]	(103,869)	(40,435)	(39,571)	23,776	5,463
EBIT[2/5]	(21,309)	(9,725)	(4,932)	(3,814)	(418)
Underlying EBIT[2/6]	(103,799)	(99,058)	(19,390)	(11,427)	(4,959)
Capital expenditure[2/7]	(21,071)	(8,496)	(27,284)	(3,994)	(194)
Net cash flow from operating activities	(56,576)	(5,172)	227,734	39,473	(1,337)
Net cash flow from investing activities	(123,452)	(110,526)	(25,574)	(15,878)	(5,457)
Net cash flow from financing activities	56,576	(5,172)	227,734	39,473	(1,337)
Free cash flow[2/8]	(123,452)	(110,526)	(25,574)	(15,878)	(5,457)
Balance sheet (in thousands of euro)					
Total Assets	319,831	320,616	332,715	104,459	35,271
Total Equity	178,297	273,458	303,948	28,042	11,937
Net debt, excluding lease liabilities[2/9]	6,556	(94,726)	(207,245)	31,203	13,470
Net debt, including lease liabilities[2/10]	23,154	(86,965)	(198,863)	32,985	15,120
Net working capital[2/11]	144,009	106,299	41,321	58,540	20,297
Capital employed[2/12]	194,137	279,903	311,662	42,298	18,239
Ratios					
Gross profit as % of revenue	(6.7%)	14.0%	5.0%	39.7%	34.3%
EBITDA as % of revenue	(93.50%)	(31.2%)	(141.1%)	27.1%	17.9%
Underlying EBITDA as % of revenue	(93.50%)	(31.2%)	(84.7%)	27.1%	17.9%
EBIT as % of revenue	(101.40%)	(36.2%)	(163.1%)	23.8%	11.2%
Underlying EBIT as % of revenue	(101.40%)	(36.2%)	(106.6%)	23.8%	11.2%

	2023	2022	2021	2020	2019
Non-financial					
Orders received (# buses)	530	414	240	39	191
Buses delivered (# buses)	178	75	139	103	101
km (in millions) driven	105	70	39	17	
Full-time employees per year-end, excluding temporary employees	834	418	219	124	89
Full-time employees yearly average, excluding temporary employees	503	321	171	106	59
Full-time employees per year-end, including temporary employees	893	607	309	145	105
Full-time employees yearly average, including temporary employees	798	446	227	122	76
Number of shares outstanding (in thousands)					
At year-end[13]	64,039	59,039	59,039	44,999	44,999
On average[13]	59,217	59,039	47,502	44,999	44,999
Per ordinary share					
Basic earnings per share[13]	(2.01)	(0.54)	(0.56)	0.37	0.07
Highest share price[14]	14.75	27.00	31.30	-	-
Lowest share price[14]	4.27	13.06	21.85	-	-
Share price at year-end[14]	4.79	13.17	27.00	-	-

Notes:

1. Gross profit is defined as the Group's top-line earnings, being total revenue, less cost of materials (being the direct costs of goods sold).
2. These items are non-IFRS Measures. For further information about these non-IFRS Measures, and the reasons why we believe they are important for an understanding of the performance of our company, please refer to our commentary on non-IFRS Measures on page 124-125.
3. EBITDA is defined as operating result plus depreciation and amortisation expenses.
4. Underlying EBITDA is defined as operating result plus depreciation and amortisation expenses, adjusted for one-offs, gains and losses on the sale of assets, restructuring and related charges, and other items considered not to be directly related to the underlying operating performance.
5. EBIT is defined as operating result.
6. Underlying EBIT is defined as operating result adjusted for impairments of non-current assets, gains and losses on the sale of assets, restructuring and related charges, and other items considered not to be directly related to the underlying operating performance.
7. Capital expenditure is defined as the sum of "investments in property, plant and equipment" and "investments in intangible assets" from the Consolidated Statement of Cash Flows.
8. Free cash flow is defined as the sum of net cash from operating and investing activities, excluding the acquisition and disposal of subsidiaries, associates and other equity investments, and dividends from associates; including repayment of lease liabilities.
9. Net debt excluding lease liabilities is defined as the non-current and current loans and borrowings minus cash and cash equivalents.
10. Net debt including lease liabilities is defined as the non-current and current loans and borrowings, including lease liabilities, minus cash and cash equivalents.
11. Net working capital is defined as inventories plus trade receivables and contract assets minus trade payables and contract liabilities.
12. Capital employed is defined as total assets less current liabilities.
13. The number of ordinary shares outstanding in 2018, 2019 and 2020 has been adjusted for the capital restructuring in 2021 in preparation for the Initial Public Offering.
14. The share price represents the price at closing.

NON-IFRS MEASURES

GENERAL

Certain discussions and analyses set out in this Annual Report include measures which are not defined by IFRS. We believe this information, along with comparable IFRS-measures, is useful to investors and other stakeholders because it provides a basis for measuring our operating performance. The Management Board also uses these measures, along with the most directly comparable IFRS-measures, in evaluating operating performance.

GROSS PROFIT

Gross Profit is defined as the Group's top-line earnings, being total revenue, less cost of materials (being the direct costs of goods sold, excluding employee expenses). We believe this measure provides valuable additional information because it allows investors and other stakeholders to analyse the gross margin of our buses sold. In addition, Gross Profit is a key measure used internally to evaluate (sales) performance.
Gross profit is calculated as follows (in thousands of euro):

	2023	2022
Revenue	102,440	111,617
Cost of materials	(109,288)	(95.984)
Gross profit	**(6,848)**	**15,633**

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)

EBITDA is result for the year before net finance costs, the net income tax expense, depreciation and amortisation. EBITDA is defined as operating result plus depreciation and amortisation expenses. We believe this measure provides valuable additional information because it allows investors and other stakeholders to analyse the profitability between companies and industries by eliminating the effect of non-operating decisions like interest expenses, tax rates and non-cash items like depreciation and amortisation, hence facilitating focus on operating performance. In addition, EBITDA is a key measure used internally to evaluate performance.

The reconciliation of Result for the year to EBITDA is as follows (in thousands of euro):

	2023	2022
Result for the Year	(120,146)	(32,193)
Amorisation & depreciation expenses	8,136	5,627
Finance expenses (net)	932	1,060
Share of result from associates	871	432
Income taxes	14,474	(9,734)
EBITDA	**(95,733)**	**(34,808)**

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

EBIT is result for the year before net finance costs and the net income tax expense. EBIT is defined as operating result. We believe this measure provides valuable additional information because it allows investors and other stakeholders to analyse the profitability between companies and industries by eliminating the effect of non-operating decisions like interest expenses and tax rates, hence facilitating focus on operating performance. The reconciliation of Result for the year to EBIT for the year is as follows (in thousands of euro):

	2023	2022
Result for the Year	(120,146)	(32,193)
Finance expenses (net)	932	1,060
Share of result from associates	871	432
Income taxes	14,474	(9,734)
EBIT	**(103,869)**	**(40,435)**

FREE CASH FLOW

Free cash flow is defined as the sum of the cash from operating and investing activities, excluding the acquisition and disposal of subsidiaries, associates and other equity investments, and dividends from associates, including repayment of lease liabilities. Free cash flow reflects an additional way of assessing our liquidity that we believe is useful to investors and other stakeholders because it represents cash flows that could be used to fund our strategic initiatives, including the scale-up of the manufacturing of the Ebusco 3.0.

The reconciliation of the increase in cash and cash equivalents to free cash flow is as follows (in thousands of euro):

	2023	2022
Net cash from operating activities	(103,799)	(99,058)
Net cash from investing activities	(20,071)	(8,496)
Payment of principal portion of lease liabilities	(1,932)	(1,472)
Investment in subsidiaries, associates	2,350	1,500
Free cash flow	**(123,452)**	**(110,526)**

NET DEBT, EXCLUDING LEASE LIABILITIES

Net debt, excluding lease liabilities is defined as the non-current and current loans and borrowings minus cash and cash equivalents. Our net debt reflects our ability to meet our debt obligations if these were due immediately.

The net debt, excluding lease liabilities is calculated as follows (in thousands of euro):

	2023	2022
Loans and borrowings - non-current	-	-
Loans and borrowings - current	1,348	486
Convertible bond – debt	28,161	-
Convertible bond – embedded derivative	4,965	-
Cash and cash equivalents	(27,918)	(95,212)
Net debt excluding lease liabilities	**6,556**	**(207,245)**

NET DEBT, INCLUDING LEASE LIABILITIES

Net debt, including lease liabilities is defined as the non-current and current loans and borrowings, plus lease liabilities minus cash and cash equivalents. Our net debt reflects our ability to meet our debt obligations if these were due immediately.

The net debt, including lease liabilities is calculated as follows (in thousands of euro):

	2023	2022
Loans and borrowings - non-current	-	-
Lease liabilities - non-current	14,216	6,298
Loans and borrowings - current	1,348	486
Convertible bond – debt	28,161	-
Convertible bond – embedded derivative	4,965	-
Lease liabilities - current	2,382	1,463
Cash and cash equivalents	(27,918)	(95,212)
Net debt including lease liabilities	**23,154**	**(86,965)**

Net Working Capital

Our net working capital is defined as inventories plus trade receivables and contract assets minus trade payables and contract liabilities. We believe this measure provides valuable additional information to investors and other stakeholders because it represents Ebusco's liquidity and the short-term financial health of the company. In addition, net working capital is a key measure used internally to evaluate (short-term) liquidity. Net working capital is calculated as follows (in thousands of euro):

	2023	2022
Inventories	106,541	47,442
Trade receivables	19,285	25.913
Contract assets	67,640	62,971
Trade payables	(30,518)	(21,115)
Contract liabilities	(18,939)	(8,912)
Net working capital	**144,009**	**106,299**

CAPITAL EMPLOYED

Capital employed is defined as total assets less current liabilities. This key figure provides valuable insight into how well the company is investing its money to generate profits.

Capital employed is calculated as follows (in thousands of euro):

	2023	2022
Total assets	319,831	320,616
Current liabilities	(125,694)	(40,713)
Capital employed	**194,137**	**279,903**

GROSS PROFIT AS % OF REVENUE

Gross profit as % of revenue is calculated as follows (gross profit and revenue in thousands of euro):

	2023	2022
Gross profit	(6,848)	15,633
Revenue	102,440	111,617
Gross profit % of revenue	**(6.7%)**	**14.0%**

EBITDA AS % OF REVENUE

EBITDA as % of revenue is calculated as follows (EBITDA and revenue in thousands of euro):

	2023	2022
EBITDA	(95,733)	(34,808)
Revenue	102,440	111,617
EBITDA % of revenue	**(93.5%)**	**(31.2%)**

EBIT AS % OF REVENUE

EBIT as % of revenue is calculated as follows (EBIT and revenue in thousands of euro):

	2023	2022
EBIT	(103,869)	(40,435)
Revenue	102,440	111,617
EBIT % of revenue	**(101.4%)**	**(36.2%)**

ESG OVERVIEW

Theme	Material Topic	Definitions
Environmental	**Climate change adaptation**	Develop means to address disruptions caused by climate change, with a focus on supply chain reliability and continuous production
	Climate change mitigation	Limit GHG emissions throughout Ebusco's own operations and value chain through reduced usage of fossil fuels, electrifying operations, supplier assessment and engagement
	Energy consumption	Investing in renewable energy consumption throughout own operations
	Nature and Biodiversity	Ensure limited impact on nature and biodiversity throughout the value chain through specific materials choices and product design
	Pollution (air, water and soil)	Ensuring zero or near-zero pollution throughout own operations and product use
	Waste and circular economy	Design products according to a circularity framework that minimises the use of virgin material and facilitates product repair in order to maximise product lifespan
	Water consumption	Holistic management of impacts on water and marine resources, related to water withdrawal, water consumption, and water discharge
Social	**Community engagement**	Understand the context of local communities and assess how to maximise positive impact realised through own products and overall value chain
	Customer satisfaction	Engagement with both bus owners and end-users to assess key requirements to be incorporated in product development
	Diversity and Inclusion	Establish a supportive working atmosphere and equality for all employees regardless of criteria such as gender, racial or ethnic origin, nationality, religion or belief, disability, age or sexual orientation
	Health and Safety	Enabling employees to work without risk to their health and safety, as well as designing products with the highest standard of customer safety
	Human Rights	The impact and risks on affected workers in Ebusco's value chain in relation to working conditions, equal treatment and opportunities for all
	Talent attraction, engagement and upskilling	Ensure attraction of highly skilled employees, while securing a working environment underpinned by talent development, work-life balance, gender equality and fair remuneration
Business and Governance	**Business Ethics**	Develop a governance and risk management structure that ensures that employees, contractors, and suppliers comply with all laws and regulations in terms of corruption, bribery, and anti-competition
	Cybersecurity	Develop an IT infrastructure that is robust, reliable and ensures safe data storage
	Data integrity	Ensuring data related to customers and employees is treated with confidentiality, is protected from misuse or theft, and it is used solely for origithe nal intended purpose
	Financial environment	Establish a profitable business model centered around our sustainability values enabling the transition to green mobility
	Product leadership	Ensure best in class products that do not compromise on passenger experience and are developed through sustainable practices
	Regulatory compliance	Ensure full compliance with regulations applicable geography-wide and sector-wide
	Sustainable Innovation	Continuous research and development efforts aimed at an innovative design and production process to develop products that facilitate the transition to green mobility
	Sustainable supply chain	Develop sourcing strategy focused on local markets, while further integrating social and environmental criteria in the supplier engagement process

Theme	ESG KPI	Definitions & Reporting Criteria
Environmental	**GHG emissions**	The total reported GHG emissions in this year's sustainability report consists of Scope 1 and Scope 2 greenhouse gas emissions
	GHG emissions per net revenue	Total GHG emission in metric tonnes of CO_2eq divided by the net revenue in monetary units
	Scope 1 emissions*	Ebusco reports its gross Scope 1 GHG emissions in metric tonnes as CO2 equivalent, resulting from Ebusco's operating facilities and offices in Deurne, Venray, Rouen and Goteborg including its car fleet of Ebusco's employees and employees with business fuel cards. The collection of relevant data included photos of meter readings, year-end invoices data provided by suppliers, converted to the same unit after which a conversion factor was used to calculate the gross CO2 equivalent scope 1 emissions. Ebusco calculates CO_2 emissions using conversion factors from CO2emissiefactoren.nl. All conversion factors are reviewed annually and updated if necessary.
	CO_2 avoided*	Ebusco reports its CO_2 emissions avoided during the reporting period, by calculating the avoided emissions with the use of Ebusco electric (zero emission) buses compared to the use of non-electric buses. The calculation is based on live data (kilometers driven) from Ebusco Live online bus-tracking system. The following input data is used for calculating the CO2 emissions avoided. It is assumed in the calculation that the proportion of renewable energy used to charge the electric buses is considered 100%, the consumption of the non-electric bus is assumed to be 35 l/100km (1) with a maximum CO_2 emissions of 2.642 kg/l (2). All conversion factors and assumptions are reviewed annually and updated if necessary.
	Scope 2 emissions (gross location-based)*	Ebusco reports its gross location-based Scope 2 GHG emissions in metric tonnes of CO_2 equivalent resulting from Ebusco's operating facilities and offices in Deurne, Venray, Rouen and Goteborg. The collection of relevant data included photos of meter readings, year-end invoices data provided by suppliers, converted to the same unit after which a conversion factor was used to calculate the total CO_2 equivalent scope 2 emissions. Ebusco calculates CO_2 emissions using conversion factors from CO_2emissiefactoren.nl. All conversion factors are reviewed annually and updated if necessary.
	Scope 2 emissions (gross market-based)	The gross market-based Scope 2 GHG emissions in metric tonnes of CO_2eq resulting from Ebusco's operating facilities and offices in Deurne, Venray, Rouen and Goteborg.
	MWh total energy consumption for own operations	Total energy consumption in MWh of the operations owned and directly controlled by Ebusco
	NOx avoided *	Ebusco reports its NOx emissions avoided during the reporting period, by calculating the avoided emissions with the use of Ebusco electric (zero emission) buses compared to the use of non-electric buses. The calculation is based on live data (kilometers driven) from Ebusco Live online bus-tracking system. The following input data is used for calculating the NOx emissions avoided. It is assumed in the calculation that the proportion of renewable energy used to charge the electric buses is considered 100%, the consumption of the non-electric bus is assumed to be 35 l/100km (1) with a maximum NOx emissions of 12.8 g/l (3). All conversion factors and assumptions are reviewed annually and updated if necessary.
	Total energy consumption per net revenue	Total energy consumption in MWh divided by the net revenue in monetary units
	Total non-renewable energy consumption	Total energy consumption from non-renewable sources (i.e. fuel consumption from natural gas)
	Total renewable energy consumption	Total energy consumption from renewable sources (i.e consumption of purchased electricity from renewable sources)
	Zero emission km driven*	Total kms driven of the entire fleet, based on live data (kilometers driven) from Ebusco Live online bus-tracking system. It is assumed in the calculation that the proportion of renewable energy used to charge the electric buses is considered 100%.

* Reporting criteria related to selected non-financial key performance indicators included in the limited assurance report of the independent auditor on Ebusco Holding N.V.'s selected non-financial key performance indicators.

(1) Alimujiang, A., & Jiang, P. (2020). Synergy and co-benefits of reducing CO_2 and air pollutant emissions by promoting electric vehicles—A case of Shanghai. Energy For Sustainable Development, 55, 181–189. https://doi.org/10.1016/j.esd.2020.02.005

(2) Netherlands, S. (z.d.). Weight units energy. Statistics Netherlands. https://www.cbs.nl/en-gb/our-services/methods/definitions/weight-units-energy

Acomi, N., & Acomi, O. (2014). The Influence of Different Types of Marine Fuel over the Energy Efficiency Operational Index. Energy Procedia, 59, 243–248. https://doi.org/10.1016/j.egypro.2014.10.373

C vs CO2 - Energy Education. (z.d.). https://energyeducation.ca/encyclopedia/C_vs_CO_2

(3) Wang, X., Song, G., Wu, Y., Yu, L., & Zhai, Z. (2019). A NOx Emission Model Incorporating Temperature for Heavy-Duty Diesel Vehicles with Urea-SCR Systems Based on Field Operating Modes. Atmosphere, 10(6), 337. https://doi.org/10.3390/atmos10060337

Theme	ESG KPI	Definitions & Reporting Criteria
Social	**Employee retention rate**	The percentage of employees that stayed employed by Ebusco from the beginning of the fiscal year until the end of the fiscal year
	Absenteeism	Total number of absent days divided by the total number of work-days during the fiscal year
	Percentage engineers or other research and development professionals	Total percentage of engineers or other research and development professionals, divided by the total number of employees
	Employees with WAO disability benefits of WIA (partial unfit for work_status	Total number of employees with WAO disability benefits or WIA status
	Average working hours per month	Total hours worked during the fiscal year divided by the total months
	Employee turnover	Total percentage of employees that left Ebusco during the fiscal year
	Temporary employees hired	Total number of temporary employees hired
	Interns per year	Total number of interns employed per fiscal year
	LTIFR*	Ebusco defines its Lost Time Injury Frequency Rate (LTIFR) as the number of recordable work-related accidents (including contractors and subcontractors) leading to absence from work (more than 1 lost working day, excluding the day of the injury) divided by the number of total hours worked and multiplied by one million exposure hours. Reportable injuries are based on actual occurrences and are never extrapolated or estimated Despite all measures and an open safety culture there is an inherent risk of incomplete accident reporting. Ebusco is partially dependent on information provided by the person involved in the accident. The exposure hours are registered actual hours in our system.
	Recordable accidents	Total number of work-related accidents that resulted in on absence of more than one day
	Lost time accidents	Total number of work-related accidents in which on employee is injured, but is able to return to work
	Environmental incidents	Total number of incidents that caused damage or danger to the environment, including incidents involving chemicals
	Recordable incidents due to unsafe acts	Total recordable incidents due to unsafe acts
	Recordable incidents due to unsafe conditions	Total recordable incidents due to unsafe conditions
	Fatalities	The number of fatalities as a result of work-related injuries and work-related ill health
	Incidents of recordable work-related ill health	Work-related ill health arising from exposure to hazards at work

* Reporting criteria related to selected non-financial key performance indicators included in the limited assurance report of the independent auditor on Ebusco Holding N.V.'s selected non-financial key performance indicators.

- **CEO**
  - **COO**
    - Production Casco Netherlands
    - Production Bus Netherlands
    - Production Casco France
    - PDI
    - Foreign Production
    - Program Management
    - Supply Chain
    - Procurement
  - **CCO**
    - Sales
    - Marketing & Communications
    - Aftersales
  - **CTO**
    - Product Quality
    - Prototyping
    - System Engineering
    - Testing & Homologation
    - Mechanical Engineering
    - Customization & IT
    - Electronics & Software Engineering
    - Functional Safety & Cyber Security
  - **CFO**
    - Treasury
    - Finance
    - IT & Data Management
    - Maintenance & Facility
    - Legal
    - Company Quality
    - Continious Improvement
    - Tax
    - Sustainability
  - **CHRO**
    - HRM
    - Learning & Development

[1] Company structure as at 1 Januari 2024, including vacancies.

COLOPHON

This annual report is a publication by Ebusco.

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