EBUSCO®

MADE TO MOVE PEOPLE

ANNUAL REPORT

2021

CONTENT

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.

*The chapters marked with a * are part of the report of the Management Board as defined in Title 9, Dutch Civil Code 2.

EBUSCO – MADE TO MOVE

Ebusco is a developer, manufacturer, and distributor of zero-emission buses and charging systems as well as a supplier of ancillary products and services to the electric vehicle ecosystem. As an innovative frontrunner in the development of electric buses, Ebusco contributes to a better living environment by driving the transition to zero-emission public transportation.

DELIVERING COMPLETE ECOSYSTEMS

Ebusco's offering comprises the entire electric vehicle ecosystem in which its zero-emission buses operate, including Energy Storage Systems, charging infrastructure, depots, service and maintenance and local energy supply and grid alignment.

Electrical buses
Industry leading EV buses with real-road experience and game changing new model.

Charging
Complete package with small-sized chargers. Design and installation of charging infrastructure.

Storage
Energy storage solutions (ESS) and Mobile Energy Containers (MEC). Local storage of energy to reduce grid connection.

Grid alignment
Smart charging infrastructure, energy storage and grid balancing solutions to organise the energy ecosystem of the future.

After sales
Digital, real-time fleet management system. Full-service or flexible maintenance contracts and efficient spare parts supply chain.

Ebusco's buses currently operate in multiple countries in Europe, including in major cities such as Amsterdam, Frankfurt and Munich. Ebusco was founded in 2012 and had a workforce of almost 340 employees as at 31 December 2021. The company is headquartered in Deurne, the Netherlands and has, next to its production facilities in Deurne, a third-party facility in Xiamen, China.

Ebusco has a global expansion roadmap and growth strategy in place to capture opportunities across geographies.

Since 22 October 2021 Ebusco is listed on Euronext Amsterdam.

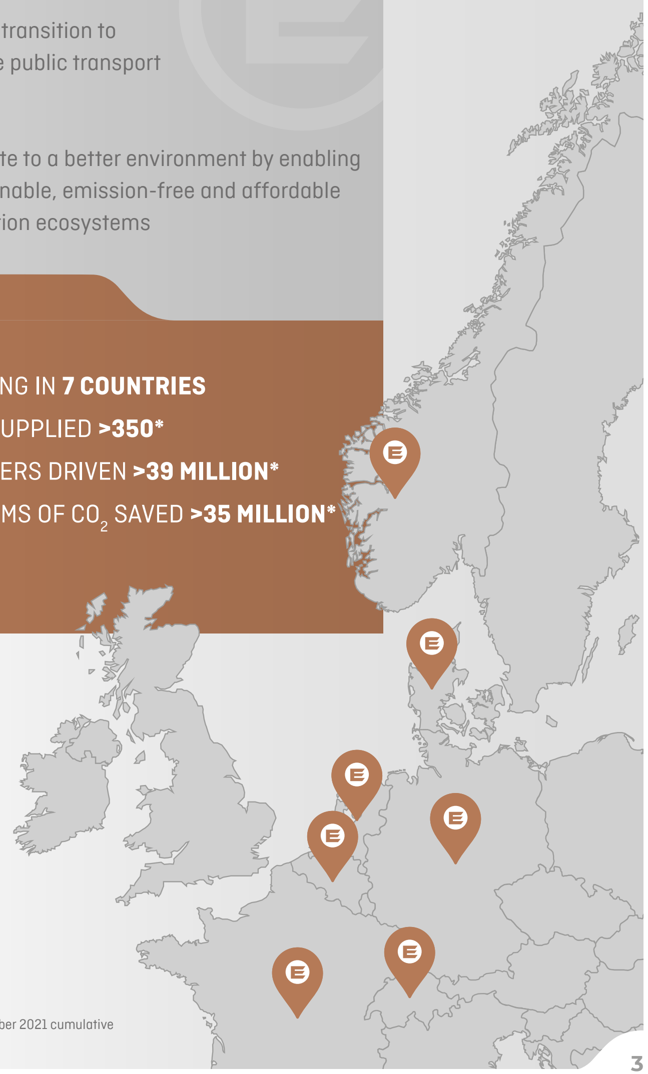
There are Ebusco buses on the road in the Netherlands, Belgium, France, Germany, Norway, Switzerland and Denmark and the company intends to expand its presence in both its existing markets and beyond, including European countries and North America.

VISION
Driving the transition to sustainable public transport

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

FACTS

- OPERATING IN **7 COUNTRIES**
- BUSES SUPPLIED **>350***
- KILOMETERS DRIVEN **>39 MILLION***
- KILOGRAMS OF CO_2 SAVED **>35 MILLION***



*As at 31 December 2021 cumulative

AN INDUSTRY PIONEER

Ebusco, founded nearly a decade ago on the strong belief that electric transport is the future, is an industry pioneer with a distinct first mover advantage. Its first bus in 2013, the Ebusco 1.0, was a proof-of-concept which played a vital role in testing and further development to arrive at the Ebusco 2.0. As a result of continued advancements in technology and production capabilities, the product portfolio of Ebusco further evolved. The Ebusco 2.2 was released in 2017. It was the first bus with a body and chassis made of high strength stainless steel, resulting in significant weight reduction, and boasted a single-charge range of up to 350 kilometres while carrying 90 passengers.

TIMELINE

2010	Peter Bijvelds initiates EV work	Laying the foundation for Ebusco
2012	Ebusco formally founded	1st European type approval for electric buses; First Ebusco chargers delivered
2013	First bus on the road	In Helsinki, Finland
2014	Capacity of over 90 passengers	In the Ebusco 2.0
2016	Started lightweight technology development	By using composite material
2018	350km range achieved	With the Ebusco 2.2
2019	First 3.0 prototype	Up to 575km range
2020	Sustained growth and profitability	Over 300 buses in operation; First MEC prototype
2021	Delivery Ebusco 3.0	IPO; Opening factory Deurne

EBUSCO 3.0 - GAME CHANGER IN THE INDUSTRY

WEIGHT REDUCTION
27% LIGHTER

EXTENDED LIFESPAN
25 YEARS

BATTERY TECHNOLOGY
COBALT FREE, RECYCLABILITY AND REUSABILITY

FEWER MOVING PARTS
REDUCED MAINTENANCE

PROPRIETARY
AEROSPACE TECHNOLOGY

ON A SINGLE CHARGE
UP TO 575 KM

SPACIOUS DESIGN
ALL BATTERIES IN FULLY FLAT FLOOR

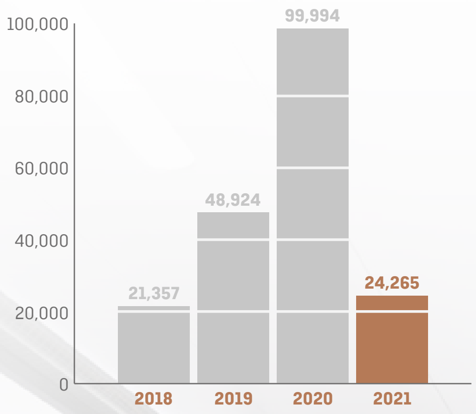
EBUSCO 3.0

In 2019 Ebusco launched a prototype of its next generation Ebusco 3.0 bus. 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. This composite material is significantly lighter and stronger, giving the bus a substantially longer, single-charge, range of up to 575 kilometres and a longer estimated average life span. In December 2021, EU vehicle-type approval was obtained and the first Ebusco 3.0 was delivered to the customer in 2021. The Ebusco 3.0 was awarded with the JEC Composites Innovation award and the Dutch Automotive Innovation award in 2021. Ebusco is strongly committed to staying ahead of the curve and retaining its technology leadership by continuing to invest in research and development.

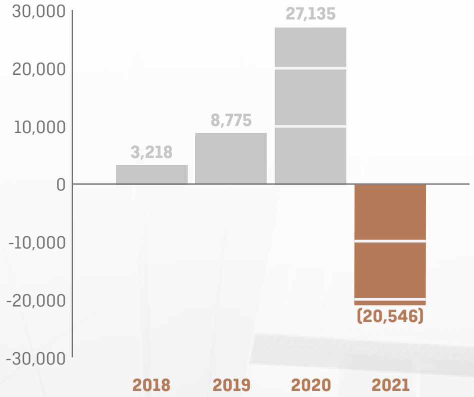
Ebusco currently has the Ebusco 2.2 and the Ebusco 3.0 buses in production.

KEY FIGURES

REVENUE (IN THOUSANDS OF EURO)

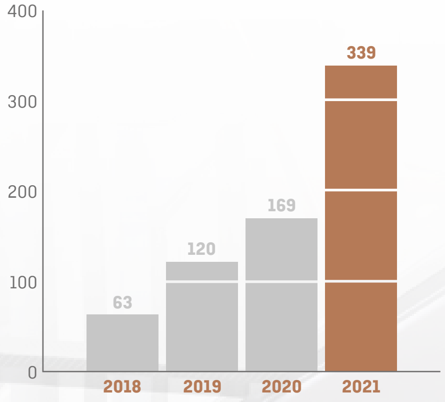


UNDERLYING EBITDA* (IN THOUSANDS OF EURO)



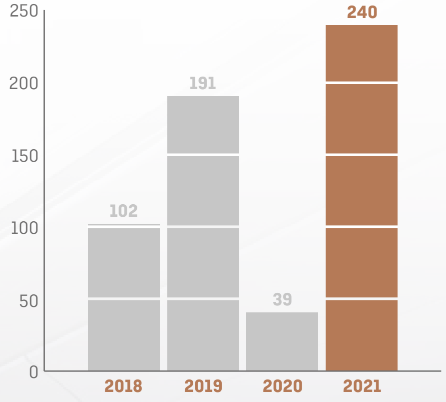
* This is a non-IFRS measure. For further information about the non-IFRS measures, and the reasons why we believe they are important for an understanding of the performance of our company, please refer to our commentary on non-IFRS measures as of page 127.

NUMBER OF EMPLOYEES AT YEAR-END*



* including temporary staff

ORDERS RECEIVED # BUSES



MESSAGE FROM THE CEO

It is with great pleasure to present you with our first annual report as a listed company. 2021 was an exciting year for Ebusco. We achieved a number of important milestones; both in our operations and as an organisation. And by developing and expanding our business, we are also increasing our impact.

Recent developments made even more clear how much the energy transition is needed, and we are proud to play our part in this with our zero-emission buses. I look back on this extraordinary year with pride, although, next to its many highlights, the year was also still marked by the consequences of Covid-19 pandemic.

Major breakthrough moments included gaining EU road approval for the Ebusco 3.0 and the first delivery of this revolutionary bus. We built the first prototype with its lightweight composite body based on aerospace technology in 2019. And two years later the bus is already in operation in Munich. This year we designed and set up our blueprint facility in Deurne for the production of the Ebusco 3.0. This new factory, opened by His Majesty King Willem-Alexander of the Netherlands, will have a production capacity of 500 buses, servicing our need for upscaling. Winning both the JEC Composites Innovation Award in June and the Dutch Automotive Innovation Award in September was a great recognition of how innovative our game changing Ebusco 3.0 model is.

While rolling out and ramping up our Ebusco 3.0 fleet, we continue to be successful earning a reputation and building a road track record with our Ebusco 2.2. We installed a fleet of zero-emission buses in the greater Amsterdam region in the past year, the second largest fleet in Europe. The buses are performing beyond expectations. I am proud of the ongoing improvements we are pursuing, including with respect to the battery performance and the weight of the 2.2 bus, highlighting our constant drive for innovation.

We won numerous orders for the Ebusco 2.2 bus in 2021. Noteworthy is the key strategic order we won just before the end of the year: a major order for 90 buses from the Berliner Verkehrsbetriebe. This solidifies our presence in major cities in Germany, a market with huge potential for us.

It goes without saying that the IPO of Ebusco on Euronext Amsterdam made last year anything but ordinary. Our growth story and the drive to transition to zero-emission transportation resonated well with the investor community, as evidenced by our

'I am proud of the ongoing improvements we are pursuing'

PETER BIJVELDS
FOUNDER CEO

successful IPO in a volatile market. Excited by our international ambitions, we have attracted a strong and diverse group of shareholders.

The proceeds from the IPO allow us to pursue our international expansion ambitions and accelerate growth. The electrification of bus fleets has great momentum, driven by governments and global climate change goals, treaties and agreements, including at the recent COP26 UN Climate Change Conference in Glasgow, as well as by structural market factors including the growing population and increasing urbanisation. Being well capitalised allows us to seize the current opportunities. By executing our international growth plan, Ebusco can really have an impact and live up to its mission of contributing to a better living environment around the world, both now and in the future.

I am very proud of the whole Ebusco team for these great achievements. Despite the heavy impact the pandemic still has on the public transport sector as reflected in the lower order intake in 2020 and the first half of 2021, we continued to work hard on executing our growth strategy and even accelerated our innovation programme. The related supply chain disruptions had a clear impact on the delivery schedule of our buses, shifting many shipments to 2022. This is reflected in the 2021 results as revenue sharply declined from €100.0 million in 2020 to €24.3 million in 2021. This had a clear impact on the profitability in 2021 and resulted in a negative underlying EBITDA of €20.5 million.

We have seen the order intake and tender activity increasing since the second half of 2021, and saw this upward trend accelerating in the first quarter of 2022. However, supply chain disruptions are likely to continue into 2022, also due to the current geopolitical situation. Nevertheless, based on the current order book, ongoing tender activity and anticipated deliveries in 2022, we expect a sharp increase in revenue in 2022 compared to 2021.

We are committed to delivering on our international expansion strategy while creating value for all our stakeholders. We will continue to engage with relevant parties and participate in tender processes in our target markets. This will go hand in hand with an upscaling of Ebusco's manufacturing capabilities.

This past year was also a year of fast growth from an organisational point of view, with the number of employees rising from 169 on 1 January to 339 at year-end. Despite this strong growth, we ensure that our organisation remains flat and decisive while nurturing our unique entrepreneurial culture. I am proud of the passionate drive of our people, committed to contributing to the objectives we have set as a company. If it wasn't for their unrelenting commitment and hard work, Ebusco would not be where we are today. And we owe them a huge debt of gratitude for that.

I also would like to thank our other stakeholders, business partners and shareholders, both new and existing, for the trust they place in Ebusco.

'Ebusco can really have an impact and live up to its mission of contributing to a better living environment around the world'

SHAREHOLDER INFORMATION

GENERAL

Ebusco Holding N.V. is listed on the official market of Euronext Amsterdam (EBUS.AS) since 22 October 2021. On 31 December 2021, the number of issued ordinary Ebusco Holding N.V. shares amounted to 59,039,380.

THE SHARE IN 2021

Highest share price	€31.30
Lowest share price	€21.65
Share price as at 31 December	€27.00
Market Capitalisation as at 31 December	€1.6 billion

MAJOR SHAREHOLDERS

Under the requirements for disclosing control and participation interests, any holdings in a company's issued share capital of 3% or more must be reported to the Dutch Authority for the Financial Markets (AFM). 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 the date of this report.

Shareholders	Participation in %	Date of last report
ING Groep N.V.	20.95	October 2021
P.H.A.M. Bijvelds*	35.37	October 2021
Teslin Participaties Coöperatief U.A.	5.11	October 2021
VDVI B.V.	23.64	October 2021

* 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.

DIVIDEND POLICY

Ebusco does not intend to declare or pay dividends for the financial year ending 31 December 2021 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 a 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 www.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 2022

Annual General Meeting	25 May 2022
Half year results 2022	11 August 2022
Q3 trading update	11 October 2022

STRATEGY

Ebusco 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. It is Ebusco's mission to contribute to a better environment by enabling safe, sustainable, emission-free and affordable transportation eco-systems.

Ebusco's ambition is to expand its operations world-wide. Ebusco's offering of zero-emission buses comprises the Ebusco 2.2, launched in 2017, and the revolutionary Ebusco 3.0 model. The first delivery of the Ebusco 3.0 to Stadtwerke Munich took place in December 2021. Ebusco has a comprehensive international roll-out plan in place to execute its expansion strategy to rapidly capture market share in its target markets. The roll-out plan includes a sales and marketing strategy tailored for each target market, capital efficient upscaling and geographic diversification of Ebusco's manufacturing capacity. The company's production set-up in Deurne, where currently the Ebusco 3.0 is exclusively manufactured, functions as a blueprint for the capital efficient production roll-out across multiple geographies.

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, service and maintenance and local energy supply and grid alignment. Ebusco also sees longer-term potential to leverage its existing technology to seize new opportunities in adjacent sectors.

The different pillars of Ebusco's strategy are elaborated on below.

GLOBAL EXPANSION ROADMAP IN PLACE TO CAPTURE OPPORTUNITIES ACROSS GEOGRAPHIES

Ebusco's comprehensive international roll-out plan underpins its international expansion strategy. This strategy includes a well-defined sales and marketing strategy, tailored for each target market, and capital efficient upscaling and geographic diversification of the company's manufacturing capacity. Furthermore, it provides for standardisation of processes to warrant reliability, and the required internal systems and human resources needed for successful execution. This international roll-out plan is key to the company's ability to rapidly capture market share in its target markets. In addition to the European market, the company's target markets include North America (the United States and Canada) and APAC countries Australia, New Zealand, Japan, Singapore as well as the Gulf Cooperation Council (GCC) regions.

WELL-DEFINED SALES AND MARKETING STRATEGY TAILORED FOR EACH TARGET MARKET

When entering new target countries, Ebusco starts with hiring a well-connected senior sales director and subsequently the hiring of account managers and tender support staff.

The company's sales and marketing strategy aims to build solid relationships with Public Transport Authorities (PTAs) and Public Transport Operators (PTOs). Ebusco engages with PTAs and PTOs by participating in tender bids, providing customised turnkey solutions and transferring knowledge to key institutions and decision-makers to establish itself as a stakeholder in the local public transit system and accelerate the transition to electric buses in each target market.

Ebusco's turnkey solutions minimise operational risk for the customer while maximising reliability, and helping governments and other public transit stakeholders achieve their sustainability targets. Ebusco is committed to robust (after-sales) support, which is believed to be a strong differentiator in its value proposition.

CAPITAL EFFICIENT UPSCALING AND GEOGRAPHIC DIVERSIFICATION OF ENHANCED MANUFACTURING CAPACITY

Ebusco's production facility in Deurne will serve as a blueprint for a capital efficient increase in manufacturing capacity across multiple geographies as contemplated by the international roll-out plan. The Ebusco 3.0 is currently manufactured and assembled exclusively at the company's facility in Deurne, with capacity now quickly ramping up. The first deliveries of Ebusco 3.0 buses to customers took place in December 2021.

To expand its production of the Ebusco 3.0 buses in, the international roll-out plan includes a production framework, consisting of three types of manufacturing and/or assembly facilities. To manufacture the Ebusco 3.0, the company aims to set up at least one Original Equipment Manufacturer (OEM) Plant on each continent in which it plans to sell buses, supported by Complete Knock-Down (CKD) plants, geographically spread over relevant regions where needed. Ebusco will set up Pre-Delivery

Inspection facilities (PDI) in selected countries to establish the local presence needed to fulfil local content requirements and to tailor Ebusco's services to local customer requirements.

The production engineering team focuses on designing and planning the plants and facilities to be built, and equipment to be installed, in the most efficient and scalable manner.

RELIABLE PROCESSES, PROCEDURES, IT SYSTEMS AND HUMAN RESOURCES TO FACILITATE INTERNATIONAL ROLL-OUT PLAN

Ebusco's centre of excellence, coordinated from its head office in Deurne, is a systematic initiative to develop reliable processes and procedures that can be replicated to ensure processes and procedures are standardised and effective. The company has also recently improved, and continues to further develop, its IT landscape to accommodate the changing operational requirements arising from its rapid growth.

To recruit and onboard the adequately skilled personnel needed to implement the international roll-out, Ebusco has created a human resources deployment plan.

EXPANSION INTO ADJACENT MARKETS SERVING THE ELECTRIC VEHICLE ECOSYSTEM

In addition to bus production, sales and after-sales support services, Ebusco focuses on expanding its offerings across the electric vehicle ecosystem in which its buses operate, including Energy Storage Systems (ESS), charging infrastructure, depots, after sales and local energy supply and grid alignment.

Ebusco has developed Mobile Energy Containers. These containers can be used in hybrid electric barges, providing a fully green alternative requiring significantly less fuel and emitting significantly less CO2 than conventional diesel-powered barges.

Ebusco aims to accelerate the development and commercialisation of new solutions and strengthen customer relationships to diversify revenue opportunities from smart charging infrastructure, energy storage and grid balancing solutions and heavy-duty batteries (for use in shipping vehicles). Ebusco believes that these initiatives could also be used in the longer term to position the company to leverage existing technology to seize new opportunities in adjacent sectors such as coaches, bus rapid transport and autonomous driving and secure a local partner to penetrate the Chinese market for buses, ESS and charging infrastructure.

MEDIUM-TERM OBJECTIVES

Based on the execution of the strategy above Ebusco has established the following aspirational operational and financial medium-term objectives:

- Manufacturing of over 3,000 zero-emission buses per year;
- More than €1.5 billion in revenue; and
- An EBITDA margin of more than 35%.

The company is seeking to achieve each of the medium-term objectives towards the end of the medium-term period when it has fully ramped up its international roll-out.

Key drivers for the company to achieve its medium-term objectives include (i) ongoing investment in the strength of its customer relationships, which is expected to lead to an acceleration of the growth of orders, (ii) disciplined execution of the company's international roll-out plan, (iii) obtaining funding for capital expenditure anticipated by the company to fully implement the remainder of its international expansion strategy, (iv) the use of the the company's operational leverage and scale advantages to drive margin expansion and (v) further expansion of the company's competitive leadership through continued innovation.

MANAGEMENT BOARD REPORT

CONTENT

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 and its constituents, strong expertise across the full electric bus value chain and a strong track record of driving growth and innovation in the Company.

PAUL VAN BEERS (1965)

CFO – current term expires in 2023

Paul van Beers is CFO of Ebusco since 2016. He holds various degrees, including Accountancy, Environmental Accounting and Business Valuation. Before joining Ebusco, Paul worked in various management positions in the financial sector, as well as in the automotive industry.

His experience spans more than 20 years in M&A and corporate finance.

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 at Ebusco in April 2021, after being involved with Ebusco for a number of years as the founder of Pondus, Ebusco's subsidiary responsible for developing the lightweight composite body parts for Ebusco's zero-emission buses.

Bob Fleuren holds a Major rtd. in Airforce Electronics from the Royal Military Academy in Breda. Furthermore he holds a Master in Marketing & Supply Chain Management from the Open University, the Netherlands.

OPERATIONAL REVIEW

INTRODUCTION

2021 was an exciting and dynamic year for Ebusco with major milestones achieved in the development, production and commercialisation of our buses. These included obtaining EU vehicle-type approval for our revolutionary Ebusco 3.0 bus, opening our new production hall in the Dutch municipality of Deurne and securing numerous new orders for our zero-emission buses across Europe. The Ebusco buses maintained their excellent track record on the road in 2021 with a high uptime, clearly beyond expectations and above the industry average. The IPO on Euronext Amsterdam clearly marked a key milestone in the history of Ebusco. The proceeds of the listing will allow the company to effectively implement its international expansion strategy and seize the current momentum of the rapid electrification of transit bus fleets around the globe.

REVENUE AND ORDER BOOK

Global economic conditions became unfavourable in the course of 2020 due to the outbreak of the coronavirus and the resulting pandemic, a situation which continued in 2021. This led to a significant drop in demand for public transport services, which in turn led to a decrease in tender activities and inherently fewer orders for new buses in 2020 and the first half of 2021. Ebusco produced and shipped fewer buses compared to 2020, resulting in less revenue in the year ending on 31 December 2021. In addition, supply chain disruptions impacted Ebusco's ability to produce and ship its zero-emission buses, leading to delays in deliveries and higher costs, consequently impacting performance in 2021. Driven by the strong underlying trend and demand for zero-emission solutions, Ebusco's order book nevertheless grew considerably in the course of 2021. Ebusco received orders for 240 buses in 2021.

INNOVATION AND PRODUCT DEVELOPMENT

2021 was an important year in the development of the next generation Ebusco 3.0. This bus is a real game changer in the industry with its lightweight composite body based on aerospace technology. The composite material is significantly lighter and stronger, giving the bus a substantially longer, single charge range of up to 575 kilometres and a longer estimated average lifespan. The low energy consumption of the Ebusco 3.0 means in most cases that intermediate charging during the day is no longer necessary. This makes a significant difference in terms of charging infrastructure costs and charging time and is also beneficial to the battery life.

In November 2021 Ebusco obtained EU vehicle-type approval for its revolutionary Ebusco 3.0 bus. This certification means that the Ebusco 3.0 meets all EU safety, environmental and production requirements and therefore gets road release and can be registered in all EU member states. After the first order in 2018, various new orders for the Ebusco 3.0 were added to the order book in 2021. In December 2021 the first two Ebusco 3.0 buses were delivered and put into operation in Munich, Germany.

The Ebusco 3.0 composite body was developed by an integrated team consisting of engineers with aerospace expertise from Pondus and Ebusco engineers specialised in designing buses. The team developed the body using composite fibre technology. The Pondus engineers' expertise in the aerospace domain enabled the team to considerably decrease the weight of the bus' bodywork, resulting in range improvement, cost reductions and mass optimisation. To secure the composite and aerospace engineering capabilities, Ebusco acquired 80% of the shares in Pondus in 2021, increasing its shareholding to 100%. The acquisition also improves the integration capabilities relating to the production and assembly of composite body parts.

The innovative capabilities of the Ebusco 3.0 were also recognised by international industry experts. Ebusco-Pondus won the JEC Composites Innovation Award in the category Automotive & Road Transportation - Structural with the Ebusco 3.0 series of city and regional buses. The Innovation Awards are a recognition by the worldwide composites industry of the most innovative composites application. In November Ebusco also won the prestigious Automotive Innovation Award in the Netherlands for the revolutionary Ebusco 3.0 bus.

As part of Ebusco's vision to contribute to a better living environment Ebusco Energy B.V. was formed with the goal of developing, producing and selling zero-emission charging infrastructure and energy storage systems (ESS). In doing so Ebusco is extending its zero-emission offering by producing portable energy storage system containers for use on inland ships and barges as well as other potential applications. In January 2022 Ebusco acquired 40% of the share capital of Zero Emission Services B.V. (ZES), a provider of all-in concepts for emission-free inland shipping. Ebusco's solutions can be perfectly integrated into the ZES concept.

ORDERS AND DELIVERY OF BUSES

In 2021, in addition to 2.2 buses throughout Europe, Ebusco also delivered the first Ebusco 3.0 buses. They were delivered to a German customer, Munich's municipal utilities company Stadtwerke Munich.

Close long-standing relationships with its customer base – mainly Public Transport Authorities (PTAs) and Public Transport Operators (PTOs) – are crucial for Ebusco. By investing in these relationships, Ebusco secured multiple repeat orders from existing customers in 2021, including Nobina and Transdev.

In 2021 Ebusco entered the Danish market with an order from Nordic public transport operator Nobina for 13 electric buses to operate in the capital Copenhagen. Nobina subsequently placed three repeat orders for a total of 66 Ebusco 2.2 buses as well as charging infrastructure for various regions in Denmark. The first order for 13 buses was delivered before the end of 2021.

In July 2021 Ebusco signed a five-year international framework agreement with European public transport operator Transdev for the delivery of electric buses. Under the agreement Ebusco will be eligible to become a primary supplier to Transdev in France, Germany and the Netherlands. Transdev Nederland was also the first customer to place an order for Ebusco 3.0 buses in the Netherlands. The company ordered 39 buses which will be operated in the Gooi and Vecht region in the Netherlands. These buses are planned to be delivered and go into operation in 2022.

Ebusco expanded its presence in the strategically important market of Germany with a number of new orders from both existing and new customers. The biggest order in the German market in 2021 was a contract with Berliner Verkehrsbetriebe (a new customer) for 90 Ebusco 2.2 buses. The contract includes an option for another 60 buses. Furthermore, the first German order for 18-metre Ebusco 2.2 buses was signed in 2021 with new customer Infra Fürth Verkehr GmbH. These buses will operate in the Fürth region in Bavaria.

ROLL-OUT PLAN AND INTERNATIONAL EXPANSION STRATEGY

In 2021 the majority of Ebusco's sales and marketing activities were conducted from its largest sales office in the Netherlands that services most of the European operations. Ebusco also has two dedicated salespeople in Germany and a sales director and a number of support staff in France. Furthermore, Ebusco has sales staff in Australia and a sales director in China. In late 2021 Ebusco hired a sales director for North America as well as a sales director for the Middle-East region.

Ebusco frequently participates in international trade shows where it often features as a presenter. In 2021 many conferences were cancelled due to the pandemic but Ebusco did participate at the OV Expo in Houten (the Netherlands), the Transport 2021 trade show in Herning (Denmark) and the American Public Transport Association Mobility Conference, the largest public transport conference in the United States last year. The latter conference was an important opportunity for Ebusco to develop relationships and promote the brand in the United States.

The new hall for the production of the Ebusco 3.0 in Deurne was officially opened by His Majesty King Willem-Alexander of the Netherlands at the end of October. The hall is expected to have a production capacity of 500 emission-free buses per year. Furthermore, over time the production hall will serve as a blueprint for the roll-out of international production of the Ebusco 3.0 buses.

CASE

SOUNDING THE GONG

At beursplein 5

On 22 October 2021 CEO Peter Bijvelds sounded the gong at Beursplein 5 to celebrate the Initial Public Offering of Ebusco. The IPO was a major milestone for the company. The proceeds will allow Ebusco to fund its growth strategy and the international roll out of the Ebusco 3.0.

CEO PETER BIJVELDS

FINANCIAL REVIEW

RESULTS OF OPERATIONS

The following table summarises the company's financial performance for the years ended 31 December 2020 and 2021.

(€ thousands)	Year ended 31 December 2021	2020
Revenue	24,265	99,994
Cost of materials	(23,045)	(60,337)
Gross profit*	**1,220**	**39,657**
Employee benefit expenses	(23,106)	(9,745)
Amortisation and depreciation expenses	(5,331)	(3,359)
Other operating expenses	(12,354)	(2,777)
Operating expenses	**(40,791)**	**(15,881)**
Operating result (EBIT)*	**(39,571)**	**23,776**
Finance expenses, net	(4,240)	(1,289)
Share of result of an associate	7,427	(112)
Result before tax	**(36,384)**	**22,375**
Income tax credit/(expense)	9,587	(5,716)
Result for the year	**(26,797)**	**16,659**
Operating result (EBIT)*	**(39,571)**	**23,776**
Non-recurring items	13,694	-
Underlying EBIT*	**(25,877)**	**23,776**
Amortisation and depreciation expenses	5,331	3,359
Underlying EBITDA*	**(20,546)**	**27,135**

* This is a non-IFRS measure. For further information about the 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 as of page 127.

COMPARISON OF THE YEARS ENDED 31 DECEMBER 2020 AND 2021

REVENUE

The lower order intake in 2020 and the first half of 2021, combined with the delay in bus deliveries due to supply chain disruptions both due to the Covid-19 pandemic, had a clear impact on revenue in full year 2021, which came in at €24.3 million. A significant decrease compared to the full year revenue of €100.0 million achieved in 2020. Revenue was clearly higher in the second half of the year than in the first six months of 2021. Revenue recognition is typically geared towards the second half of the year as the company often makes deliveries at the start of a concession period, and these typically start at the beginning of the summer or winter.

The following table shows revenue per region for the years ended December 31, 2020 and 2021.

	Year ended 31 December	
(€ thousands)	**2021**	**2020**
DACH[1]	9,722	9,446
Nordics[2]	8,418	75
Benelux	6,035	90,153
Rest of the World (RoW)	90	320
Total revenue	**24,265**	**99,994**

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

REVENUE BY GEOGRAPHY

Ebusco's revenue decreased in all regions in 2021 except for the Nordics due to the continued impact of the outbreak of the corona virus in these regions. Only revenue in the Nordics region increased to €8.4 million in 2021, due to a new customer.

GROSS PROFIT

Gross profit decreased by €38.4 million or almost 97%, from €39.7 million in 2020 to €1.2 million in 2021.

Ebusco's cost of materials includes parts and other components, cost of work contracted out (relating primarily to the company's third-party supplier that assembles the Ebusco 2.2 at a manufacturing facility in Xiamen, China) and other external costs, including transportation costs, import duties, and spare parts. Supply chain disruption led to an increase in the costs of raw material and transportation while adverse currency movements (Yuan vs. Euro) also had an impact. Furthermore, the cost of materials includes a one-off expense related to the replacement of the climate control systems pursuant to a settlement agreement with a customer (€3.9 million). Given the limited number of deliveries, the different product mix and service costs related to deliveries in previous years adversely impacted the gross profit margin. Consequently, the gross profit as percentage of revenue decreased from 39.7% in 2020 to 5.0% in 2021.

EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses increased by €13.4 million or 138%, from €9.7 million in 2020 to €23.1 million in 2021, partly due to the consolidation of Pondus (€0.9 million) and non-recurring expenses related to the settlement of an existing success fee agreement with the CFO (€5.0 million).

Excluding non-recurring items, the increase was primarily due to an increase in headcount. The average number of full-time employees increased by 86% from 122 FTEs (including contractors) in 2020 to 227 FTEs (including contractors) in 2021 and an increase in temporary staff.

AMORTISATION AND DEPRECIATION

For 2021, amortisation of €2.5 million increased by €0.6 million or 37% compared to the prior year when it was €1.9 million. The increase mainly relates to the amortisation of software (€0.5 million) following the go-live of the company's newly implemented After Sales and inventory management system as of January 2021. The increase in amortisation of development assets of €0.2 million mainly relates to the development of the Ebusco 3.0 bus which was capitalised in December 2020 and the acquisition and consolidation of Pondus (€0.1 million).

Depreciation increased by €1.3 million or 82% from €1.5 million in 2020 to €2.8 million in 2021, partly due to the acquisition and consolidation of Pondus (€0.3 million). Depreciation of property, plant and equipment increased by €0.6 million to €0.8 million in 2021 mainly following investments in equipment and office inventory in 2020 and 2021. Depreciation of right-of-use assets increased by €0.6 million to €1.1 million in 2021, mainly as a result of the extension of the rental agreement of the office- and production facility in Deurne.

OTHER OPERATING EXPENSES

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

	Year ended 31 December	
(€ thousands)	**2021**	**2020**
General expenses	8,176	1,188
Distribution expenses	1,449	303
Marketing expenses	552	551
Facility expenses	450	142
Office expenses	136	108
Other expenses	1,591	485
Total other operating expenses	**12,354**	**2,777**

Other operating expenses increased by €9.6 million or 343%, from €2.8 million in 2020 to €12.4 million in 2021, partly due to the acquisition and consolidation of Pondus (€0.3 million) and non-recurring expenses related to the IPO (€4.8 million) and a legal dispute with a customer (€0.2 million).

Excluding non-recurring items, the increase is mainly the result of higher insurance expenses and accounting, audit, legal and advisory fees, partly driven by the listing on Euronext and additional sales offices in France, North America and China.

Facility and office expenses increased due to increased rented space and number of employees in Deurne to facilitate growth and the set-up of the in-house production of the Ebusco 3.0. Facility expenses include costs for utilities, insurance, and other non-rent related expenses associated with Ebusco's facilities. Office expenses include telecom expenses, office supplies, and subscriptions.

Other expenses increased by €1.1 million to €1.6 million in 2021, mainly due to higher IT expenses. Other expenses consist of various expenses that are incurred as part of the company's daily operations, including IT expenses.

OPERATING RESULT AND UNDERLYING EBIT

Operating result decreased by €63.4 million from €23.8 million profit in 2020 to €39.6 million loss in 2021, partly due to the acquisition and consolidation of Pondus (€1.7 million loss) and non-recurring expenses of €13.7 million related to the settlement of an existing success fee agreement (€5.0 million), expenses related to the replacement of the climate control systems pursuant to a settlement agreement with a customer (€3.9 million) and expenses related to the IPO (€4.8 million). Underlying EBIT decreased by €49.7 million from €23.8 million profit in 2020 to €25.9 million loss in 2021, mainly due to lower revenue following the continued impact of the Covid-19 pandemic, a lower gross profit margin due to the sales mix and higher cost of goods sold partly caused by disruptions in the supply chain, and higher operating expenses to prepare Ebusco for future growth.

FINANCE EXPENSES, NET

Finance expenses, net increased by €2.9 million, or 223%, from €1.3 million in 2020 to €4.2 million in 2021, partly due to the acquisition and consolidation of Pondus (€0.2 million). The increase was primarily due to the increase of interest and similar expenses on loans and borrowings and lease liabilities of €1.7 million and a negative impact from foreign currency exchange rate results, including gains and losses on derivates of €1.2 million. The increase in interest and similar expenses is mainly driven by the increase in loans and borrowings during 2020 and 2021 due to the cumulative preference shares (€10.0 million) issued in July 2020 and cancelled at the moment of the IPO and the Mezzanine facility entered into in April 2021 (€32.5 million) to fund the business and the acquisition of Pondus. Loans and borrowings were largely repaid subsequent to the IPO in October 2021, and the €80.0 million credit facility agreement was terminated in December 2021.

SHARE OF RESULT OF AN ASSOCIATE

Share of result of an associate increased by €7.5 million to €7.4 million in 2021 from €0.1 million loss in 2020. The increase is the result of remeasurement of the carrying amount of Ebusco's 20% shareholding in Pondus against fair value at the acquisition date of the additional 60% share in Pondus in April 2021.

INCOME TAX

In 2021, the income tax credit amounted to €9.6 million (2020: income tax expense of €5.7 million). The income tax credit largely refers to the operations of Ebusco Holding N.V. and Ebusco B.V.; both entities will be able to partly offset the fiscal losses incurred against fiscal profits realised in 2020, reducing the current income tax payable to zero as per 31 December 2021.

Ebusco Holding N.V. established a Dutch fiscal unity for corporate income tax purposes as from 1 December 2021; all Dutch subsidiaries have joined the fiscal unity except for Pondus Operations B.V. as the company's shareholding in this entity is only 90% and Gr8 Technologies B.V.

The effective tax rate increased to 26.3% in 2021 compared to 25.5% in 2020. The higher effective tax rate is mainly the result of non-deductible expense items (2021: 2.0%; 2020: 0.6%) and changes in tax rates (2021: 0.6%; 2020: 0.5%).

RESULT FOR THE YEAR

Result for the year decreased by €43.5 million, from €16.7 million profit in the year ended 31 December 2020 to €26.8 million loss in the year ended 31 December 2021. This decrease was primarily driven by the revenue decrease as a result of the continued impact of the Covid-19 outbreak, an increase in employee benefits and other operating expenses to prepare Ebusco's operations for future growth and non-recurring expenses of €13.7 million.

EARNINGS PER SHARE

Earnings per share decreased from €0.37 per share in 2020 to €(0.56) per share in 2021. The average number of shares outstanding amounted to 47.5 million (2020: 45.0 million). At year end 2021 59.0 million shares were outstanding (2020: 45.0 million).

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

The company's primary source of liquidity during the period under review were the cash flows generated from financing. Ebusco'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 as further detailed below.

CASH FLOWS

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

	Year ended 31 December	
(€ thousands)	**2021**	**2020**
Net cash flows from operating activities	(19,390)	(11,427)
Net cash flows from investment activities	(27,284)	(3,994)
Net cash flows from financing activities	227,734	39,473
(Decrease)/Increase in cash and cash equivalents	**181,060**	**24,052**
Exchange gains/(losses) on cash and cash equivalents	1	-
Cash and cash equivalents at the start of the period	26,862	2,810
Cash and cash equivalents at the end of the period	**207,923**	**26,862**

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash outflow from operating activities for 2021 was €19.4 million, an increase of €8.0 million or 70% from net cash outflow of €11.4 million for 2020. Profit/(loss) before tax decreased from a net gain of €22.4 million in 2020 to a net loss of €36.4 million in 2021. This decrease was more than offset by movements in net working capital including a decrease in construction contracts offset by an increase in trade receivables, partly as a result of delayed collection of outstanding accounts receivables from customers, and an increase of inventories.

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash outflow from investing activities for 2021 was €27.3 million, an increase of €23.3 million from net cash outflow of €4.0 million for 2020. This increase in cash outflow was due mainly to the cash consideration paid upon acquisition of the additional 60% share in Pondus in April 2021 of €22.3 million. Further reference is made to comment below on 'Capital expenditure'.

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash inflow from financing activities for 2021 was €227.7 million, an increase of €188.3 million compared to 2020. This increase in net cash inflow was largely due to the net proceeds from the issuance of share capital and listing on Euronext in the October 2021 of €316.1 million to fund future growth, international expansion and increase of manufacturing capacity. The cash inflow from the IPO proceeds has partly been used for the net repayment of loans and borrowings of €64.0 million (2020 net inflow from loans and borrowings: €40.9 million) and repayment of a convertible loan (€0.8 million). Furthermore, a cash consideration has been paid upon acquisition of the remaining 20% share respectively non-controlling interst in Pondus in October 2021 of €20.0 million. Payment of principal portion of lease liabilities increased by €0.8 million to €1.2 million in 2021 mainly due to expansion of office- and production facility space rented in Deurne, the Netherlands.

FREE CASH FLOW

Free cash flow for 2021 was negative €25.6 million, a decrease of €9.7 million compared to 2020. The decrease was driven by cash outflw from investing activities (€27.3 million), largely offset by investment in subsidiaries (€22.3 million).

NET WORKING CAPITAL

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

As of 31 December 2021, the net working capital amounted to €41.3 million (31 December 2020: €58.5 million). The decrease in net working capital of €17.2 million is largely driven by the decrease in contract assets of €46.5 million, partly offset by increased trade receivables (€14.7 million) and inventories (€18.7 million). Capital expenditure increased from €3.8 million in 2020 to €5.0 million in 2021 and included investments in equipment related to the set-up of the blueprint facility in Deurne and investments in the transportation of demo and prototype buses respectively.

CONTRACT ASSETS

The decrease of the net working capital is mainly caused by the decrease of contract assets. The company recognises a contract asset for services performed for a customer to which Ebusco has a right to receive consideration. Contract assets represent the work in progress assets for the production of zero-emission buses. The company reclassifies contract assets to trade receivables when performance obligations are satisfied and the right to consideration becomes unconditional. Contract assets are related to work in progress assets for zero-emission buses in production.

Contract assets as at 31 December 2021 amounted to €13.5 million, a decrease of €46.5 million or 78%, from contract assets of €60.0 million as at 31 December 2020. This decrease was partly due to completion of the work-in-progress contracts and recognition of the earned consideration as unconditional in trade receivables.

CAPITAL EXPENDITURE

	Year ended 31 December	
(€ thousands)	**2021**	**2020**
Investments in property, plant and equipment	4,164	1,386
Investment in intangible assets	796	2,451
Capital expenditure	**4,960**	**3,837**

Investments in property, plant and equipment increased by €2.8 million from €1.4 million in 2020 to €4.2 million in 2021, mainly including investments in equipment related to the set-up of the blueprint facility in Deurne for the manufacturing of the Ebusco 3.0 and investments in the transportation of demo and prototype buses respectively. Investments in intangible assets decreased by €1.7 million from €2.5 million in 2020 to €0.8 million in 2021, mainly relating to software and the development of heavy-duty-batteries for use in shipping vehicles.

NET (CASH)/DEBT

Ebusco's net debt position, excluding lease liabilities, of €31.2 million as at 31 December 2020 turned into a net cash position of €207.2 million as at 31 December 2021, mainly due to the net proceeds from the issuance of shares following the IPO in October 2021 of €316.1 million. The net proceeds from the issuance of shares have partly been used to repay loans and borrowings including the €80.0 million credit facility agreement, the €32.5 million mezzanine facility drawn in April 2021, the cumulative preference shares of €10.0 million, and the contingent consideration payable related to the acquisition of 60% of the shares in Pondus of €5.75 million. In addition, net proceeds were used to acquire the remaining 20% non-controlling interest in Pondus for an amount of €20.0 million in cash.

The following table presents the company's net (cash)/debt (including and excluding lease liabilities) as per 31 December 2020 and 2021.

(€ thousands)	31 December 2021	31 December 2020
Debts to credit institutions	215	41,788
Loan from RVO	-	5,436
Cumulative preference shares (including dividend)	-	10,400
Debts to other related parties	463	441
Sub-total loans and borrowings	**678**	**58,065**
Lease liabilities	8,382	1,782
Cash and cash equivalents	(207,923)	(26,862)
Net (cash)/debt including lease liabilities	**(198,863)**	**32,985**
Lease liabilities	(8,382)	(1,782)
Net (cash)/debt excluding lease liabilities	**(207,245)**	**31,203**

Prior to the IPO, Ebusco primarily required borrowings for letters of credit issued in connection with the production and assembly of buses in China and funding of net working capital. Due to the fact that the IPO turned the net debt position into a net cash position as at 31 December 2021, the company decided to terminate the €80.0 million credit facility agreement effectively in December 2021, and not to make use of letters of credit for funding purposes going forward.

EQUITY

Total equity increased by €275.9 million to €303.9 million as at 31 December 2021, mainly due to the net proceeds from shares issued following the IPO of €315.5 million, partly offset by the net loss for the year of €26.8 million, the acquisition of the 20% non-controlling interest of €(12.5) million against share premium and repayment of the convertible loan of €(0.8) million.

CAPITAL EMPLOYED

Capital employed increased by €269.4 million from €42.3 million as at 31 December 2020 to €311.7 million as at 31 December 2021 mainly as a result of the proceeds from shares issued following the IPO and subsequent partial usage.

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 2021 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 2021 of €26.8 million will be deducted from the retained earnings.

OUTLOOK

Based on the current order book, ongoing tender activity and anticipated deliveries in 2022, management expects a sharp increase in revenue in 2022 compared to 2021.

However, Ebusco is not immune to the ongoing geopolitical uncertainty as a result of the invasion of Ukraine and the continued strain on the global supply chain, both of which are key external risks we need to navigate.

In view of our international roll out and growth strategy, capital expenditures are expected to ramp up significantly to increase the manufacturing capacity of our 3.0 buses. Furthermore, we expect a further increase of our workforce to facilitate the roll-out plan.

The Management Board has identified four key strategic priorities for the remainder of the year which should ready the company further for the expected significant growth going forward.

1. Controlled expansion of our production capacity
2. Further optimisation of our supply chain
3. Expansion of our engineering capacity to meet client demand
4. Further grow our existing solid order portfolio in 2022 and beyond

CASE

WHERE AEROSPACE meets Automotive

While the use of composite material is already widely adopted for years in the aerospace industry, its application in the automotive industry is still rather in its infancy. Bob Fleuren, COO of Ebusco and founder of Pondus and back then working in the aerospace industry, was convinced that the use of composites could be a game changer in the automotive industry. Having the quest of becoming 'greener' in mind, Bob and his team of aerospace engineers started Pondus, with the goal to develop composite solutions for the public transport industry. In 2016 Ebusco and Pondus started to collaborate. A multi-disciplinary team, including engineering experts in the fields of automotive, aerospace and electronics developed the unique and (partly) proprietary composite monocoque. To finally arrive at the Ebusco 3.0, the first electric bus with a full composite bodywork. And it indeed proofs to be a gamechanger in the industry.

The benefits of composite materials are clear and compelling. Weighing about one-fifth as much as steel, carbon-fiber composites are as good or better in terms of stiffness and strength. It is not only extremely lightweight, also its durability is impressive. Composites are able to withstand impacts that would normally destroy steel and are less likely to crack under fatigue. And it can be moulded into a variety of complex shapes.

So it isn't difficult to see the potential, the trick is how to apply it for usage under operational circumstances.

Bob Fleuren: "Making the full bodywork of composite materials, as we have done in the Ebusco 3.0, is quite an achievement. It requires a great deal of expertise, complex engineering and deep understanding of composite manufacturing processes. But it begins at the start of the design process. It needs to be part of the overall design, and in order to obtain the full benefits of using composites, an integrated and "clean sheet" approach is the key to success. We combined the technical expertise of our team of former aerospace engineers with an 'out or the box' entrepreneurial mindset."

CASE

Thanks to its composite bodywork, the Ebusco 3.0 is significantly lighter compared to other electric buses. This brings additional possibilities, making the bus even lighter, such as using only a single tyre at the back of the vehicle, rather than the usual double tyres. The design also allows for placing the battery pack in the floor, which makes the bus considerably more stable and saves space so the passenger capacity can be increased. Just a few examples of how the use of composites drives further improvements and sustainability benefits, with an even lower total cost of ownership. The Ebusco 3.0 also stands out in terms of range, which is approximately 55% longer than the next best competitor, and the expected lifespan of the bus is longer due to the great durability credentials of composites.

In addition to the convincing product characteristics, using composites also has clear benefits in the production process. Bob Fleuren: "The production process of our revolutionary composite monocoque is easily scalable, for instance by adding braiding machines and moulds, and easy to move. If we need to set up a new facility anywhere in the world, we can so to speak start tomorrow."

In 2021 Ebusco fully acquired Pondus. Being awarded with the JEC Innovation Award for composite materials in 2021 was a great acknowledgment for the Ebusco team. Bob Fleuren: "It is great to get this appreciation from the industry. An even greater recognition is the commercial success, and the great real-road performance the Ebusco 3.0 is now showing under operation of our first customer Stadtwerke Munich."

COMPOSITE INSIDE

OUR RESPONSIBILITY

OUR COMMITMENT

At Ebusco our commitment to sustainability is embedded in our mission statement: "To contribute to a better environment by enabling safe, sustainable, emission-free and affordable transportation ecosystems." Corporate social responsibility is a fundamental, strategic pillar for the company. Ebusco wants to play a leading, innovative and guiding role in the energy transition in public transportation all around the world. We are intrinsically motivated to run our business ethically in every aspect of our operations. Ebusco demands that its employees be true sustainability ambassadors with a circular mindset who fully contribute to the company's sustainability goals.

ESG STRATEGY

Sustainability is at the heart of our business proposition and Ebusco has the ambition to further step up its environmental, social and governance (ESG) efforts throughout its operations. We believe that doing business sustainably is a driver for creating long-term success. Accordingly, we have the ambition to become a best-in-class ESG company.

Ebusco's ESG strategy will be defined in more detail in the coming year, including setting objectives and milestones. These key performance indicators (KPI's) will be fully embedded in business plans and reflected in performance targets. A materiality analysis will be conducted, based on input from both internal and external stakeholders. Progress will be monitored by integrating ESG reporting in overall management reporting.

Our ESG strategy will be linked to the Sustainable Development Goals (SDGs) set by the United Nations, in particular:

OUR CONTRIBUTION TO THE SDGs

GOOD HEALTH AND WELL-BEING

Ebusco's zero-emission buses contribute to cleaner air in cities

AFFORDABLE AND CLEAN ENERGY

Ebusco's energy storage systems, charging infrastructure and grid-balancing solutions contribute to the energy transition in public transport

INDUSTRY, INNOVATION AND INFRASTRUCTURE

Ebusco is determined to develop innovative, sustainable solutions and technologies, and to apply these in other sectors as well

SUSTAINABLE CITIES AND COMMUNITIES

Ebusco provides cities and municipalities with environmentally friendly public transport options

OUR STAKEHOLDERS

Integrating social and environmental factors into our decision-making to ensure long-term success requires balancing both the short-term and long-term interests of our stakeholders. To this end Ebusco pursues an active dialogue with its stakeholders, being customers (Public Transport Authorities (PTA) and Public Transport Operators (PTO)), employees, investors, business partners and local communities.

Engaging with our stakeholders is fundamental to the way we do business. Ebusco ensures frequent interaction with all stakeholders through its regular business operations. Market consultations are conducted and knowledge is shared with market authorities (PTAs) and PTOs. Furthermore, PTOs are supported in tender procedures to strengthen their collective position.

An active internal communications policy is pursued in which Ebusco uses (online) tools, newsletters and video messages, as well as regular town halls. Ebusco engages with its business partners through open and transparent lines of communication.

Since our IPO in October 2021, we have initiated an active Investor Relations programme to engage with our shareholders and existing and potential investors. Ebusco will host analyst meetings to present the annual and semi-annual results and maintain an ongoing dialogue with analysts throughout the year. Meetings are arranged with institutional investors – both proactively and on request – to discuss the company's strategy and performance. Furthermore, Ebusco participates in investor conferences and will host site visits to provide investors with greater insight into the business.

In 2022 Ebusco will initiate targeted dialogue sessions with all its stakeholders. These sessions are aimed at identifying topics considered most important to the different stakeholder groups and on which Ebusco has or can have an impact. This will provide input to define Ebusco's materiality matrix as part of its overall ESG strategy.

OUR CONTRIBUTION TO OUR STAKEHOLDERS

TO OUR EMPLOYEES

Our almost 340 employees are our most important asset. Ebusco aims to provide an inspiring, safe and healthy work environment where they can thrive as well as competitive employment terms and benefits.

TO OUR CUSTOMERS

We enable our customers to provide reliable and clean public transport solutions.

TO OUR BUSINESS PARTNERS

We build solid, long-lasting partnerships with our business partners that are essential to our success.

TO OUR SHAREHOLDERS

Ebusco strives to generate value for its shareholders.

TO SOCIETY

Our products and services contribute to cleaner, quieter and safer cities and environments for citizens, drivers, passengers and other road users, ultimately benefitting the health of everyone in the world now and in the future. Furthermore, Ebusco contributes to the energy transition and as such helps to fight climate change.

OUR ROAD TO ZERO; CONTRIBUTING TO A BETTER ENVIRONMENT

OUR ZERO-EMISSION BUSES

Our most direct contribution to a better environment is through our core business: enabling safe, sustainable, emission-free and affordable transportation ecosystems. We make clean, silent and emission-free transport accessible to everyone.

Furthermore, Ebusco contributes to a more sustainable energy sector through the delivery of fully turnkey electrification solutions, including energy storage systems. The Ebusco systems can store energy that is sustainably generated and thus help reduce the need to generate energy (as energy will be sufficient, also at peak times).

On 31 December 2021 there were over 350 Ebusco buses in operation which have driven over 39 million kilometres cumulative, leading to a reduction in $CO2$ emissions of more than 35 million kilograms.

In addition to the direct contribution our zero-emission buses make towards to a better environment, we aim to run our business in a sustainable way. It is Ebusco's goal to become fully carbon-neutral in the future by making use of renewable energy and by being self-sufficient through the use of solar power and storage.

PRODUCT DEVELOPMENT

Ebusco is strongly committed to staying ahead of the curve and retaining its technology leadership by continuing to invest in research and development. Our dedicated engineering and product development teams are continuously driving innovation, often geared at further improving the ESG profile of our offering. For example, the application of aerospace technology in the Ebusco 3.0 resulted in significant wins in the safety, performance and comfort of our buses as well as a meaningful reduction in weight. This leads to a substantial reduction in energy use and consequently an increase in the range of the bus along with a much longer average lifespan. These strong distinguishing features all contribute to a higher ESG performance and to a compelling commercial proposition as they all result in a lower total cost of ownership (TCO).

CONNECTIVITY

Years of extensive real-road experience have generated a wealth of data that Ebusco uses to improve the operational performance and reliability of its buses. Enhanced vehicle and battery performance analytics generate data that drive bus operations, manufacturing and process innovation. What's more, they are instrumental in further reducing the environmental footprint of our entire portfolio of products.

INNOVATION

Ebusco substantially invests in innovation, as reflected in the fact that 29% of our FTEs work in engineering. All innovations contribute to a further reduction in the environmental impact of our buses and/or the continuous improvement of the health and safety of our employees and customers, bus passengers and the community at large. A clear example of how innovations contribute to reducing our environmental impact is the development of stationary energy storage systems (ESS), by reusing batteries that have finished their life on an electric bus.

PRODUCTION AND PROCUREMENT

Ebusco has a manufacturing facility in Deurne, the Netherlands, where the Ebusco 3.0 bus is manufactured and assembled, and a third-party facility in Xiamen, China, at which the Ebusco 2.2 is assembled. The buses assembled in China are shipped to Deurne for post-production activities and pre-delivery inspection. Both the Deurne and Xiamen facilities are high-end plants that comply with European quality standards and are ISO 9001 and ISO 14001 certified.

Ebusco currently sources much of its supplies from Europe to be compliant with 'buy local' regulations or priorities applicable to the procurement policies of many PTAs, PTOs or other customers. The carbon footprint from the shipment of the 2.2 buses from China to the Netherlands is significant. However, Ebusco has a comprehensive international roll-out plan in place to upscale its manufacturing capacity of its 3.0 buses. The company aims to set up at least one manufacturing plant on each continent. This will minimise transportation movements. The production set-up in Deurne functions as a blueprint for the roll-out of manufacturing across multiple geographies.

Ebusco instils a manufacturing culture of continuous improvement and leveraging best practices in quality control and worker safety across its facilities. Furthermore, we constantly aim to reduce the carbon footprint of our production facilities.

CLEAN AND SAFE BATTERIES

Ebusco uses lithium ferro phosphate (LFP) batteries in its buses. These batteries do not contain cobalt and are therefore much safer, cleaner, more ethical and economic than batteries that do.

Furthermore, we are working with our suppliers and specialists in the supply chain to provide a second life for our bus batteries in stationary energy storage systems or through controlled recycling to minimise their impact on the environment.

The composite materials used in the Ebusco 3.0 bus have a lifespan of up to 25 years (significantly longer than conventional materials) and can also be reused, for example as raw materials for road reinforcement.

USE AND CONTROL OF HAZARDOUS MATERIALS AND PROCESSES

The prime strategy of Ebusco is to exclude all hazardous materials and substances from its processes and products. Where this is not possible, design solutions, materials, substances and processes are selected that have a minimal impact on the environment. This means that all relevant materials are within the permissible boundaries set by applicable EU legislation such as the REACH regulation and the RoHS directive, and appropriate measures are taken to prevent impact on the environment.

In the supplier contracts various clauses are included with regard to safety, health, and environmental impact. For example, contracts state that the supplier is responsible for checking that its products meet EU (European Union) safety, health, and environmental protection requirements. protection requirements and that products delivered by supplier shall be free of any known conflict minerals from "Covered Countries", as defined by the Securities and Exchange Commission ("SEC").

SUPPLY CHAIN RESPONSIBILITY

Ebusco continuously works on making its supply chain and logistics operations more sustainable. We hold ourselves to the highest standards in terms of responsible business practice and acknowledge our responsibility to maintain these standards throughout the entire supply chain. In order to be able to do so we aim that all our suppliers and partners adhere to these sustainability standards throughout the entire supply chain. Our list of requirements includes areas such as the energy used by suppliers, business ethics and diversity, human rights, care for environmental management, working conditions and responsible sourcing.

SUPPLIER ASSESSMENT

Ebusco aims to work with suppliers who adopt a proactive stance on environmental practices and processes. We support them in developing environmentally friendly products and implementing sustainable production processes. The suppliers we work with have an EHS (Environmental, Health & Safety) policy in place and established systems such as a QMS (Quality Management System) to monitor their environmental performance.

Ebusco instils a manufacturing culture of continuous improvement and leveraging best practices in quality control and worker safety across its facilities. Furthermore, we constantly aim to reduce the carbon footprint of our production facilities.

CASE

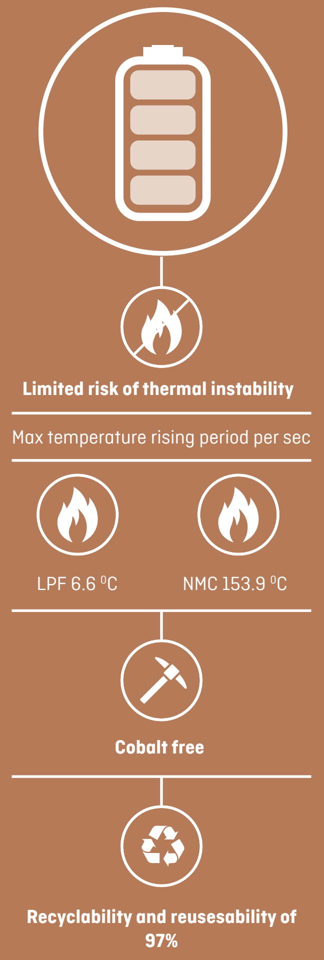
LFP batteries – safe and environmentally friendly

Battery capacity, stability and safety are crucial factors for a successful implementation of electric buses. Ebusco uses the LFP (lithium ferro phosphate) technology for the batteries used in its buses that is renowned for its high level of safety and its high-quality.

The LFP batteries do not contain cobalt, are much cleaner compared with alternative batteries and therefore support Ebusco's mission to contribute to a better living environment. Moreover, these batteries are also safer as they can sustain high temperatures, which minimises fire risks. Furthermore, LFP batteries are more stable and controllable.

For safety reasons, the buses have battery monitoring in place. Ebusco has partnerships with two of the largest LFP battery manufacturers in the world. The long lasting relationships with the battery suppliers have resulted in batteries with a longer life-cycle, higher density and improved safety.

The LFP batteries Ebusco uses are 'reusable' as they can serve as 'second life batteries'. Once the capacity of the battery falls below what is needed for use in buses, these batteries can serve as stationary energy storage systems.



EBUSCO, MADE TO MOVE PEOPLE; CONTRIBUTING TO OUR PEOPLE AND SOCIETY

Ebusco aspires to be an employer that provides an inspiring, entrepreneurial environment where people can grow, each and every day. An environment where people are given room to seize opportunities, both in their personal and professional development. Our people are our most valuable asset and crucial to staying at the forefront of our industry. While Ebusco has grown significantly in recent years, our organisation with its open and entrepreneurial culture has remained flat and agile.

CORE VALUES

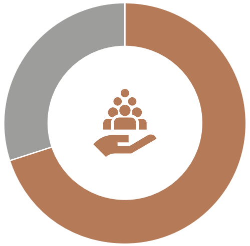
We have clearly defined core values that set out our culture and guide us in the way we act and work together. Everyone in the company is responsible for living up to these values. The Code of Conduct, which incorporates these core values, is a point of attention during the introductory training of new employees. Cultural training is currently being developed and will become available to all staff in 2022.

PEOPLE IN NUMBERS

At the end of the year under review Ebusco had a total staff base of 339 employees (309 FTE). This was an increase of 170 employees (164 FTE) compared to year-end 2020. This number includes temporary staff.

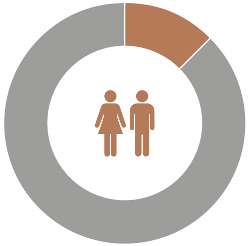
DATA

EMPLOYEES



On the payroll | Temporary

DIVERSITY



Woman | Man

CORE VALUES

We have clearly defined core values that set out our culture and guide the way we act and work together. Everyone in the company is responsible for living up to these values.

INTEGRITY, TRUST AND EMPOWERMENT

Employees are always honest and fair and have trust in Ebusco and in each other.

RESPECT AND ESTEEM FOR PEOPLE

Employees treat people politely, with dignity and respect. They know and acknowledge each other's strengths and realise that they work better together as opposed to acting on their own.

PASSION FOR DISRUPTION

Employees are determined to take the step to transform and in this they are a winning team. They like to deviate from the established order and in doing so they are creative.

FUTURE CUSTOMER-MINDED

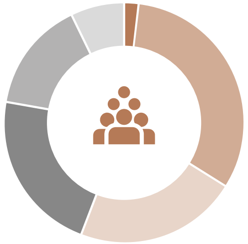
Employees make every effort to understand Ebusco's customers' current and future needs. Based on this understanding they anticipate and provide advice that fits the needs of Ebusco's customers and their customers' customers

CONSTANT INNOVATION

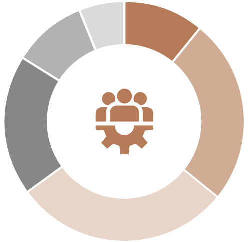
Employees steer clear of the blame game. Instead, they learn from their experiences, share their knowledge and are always receptive to new ideas.

DATA

AGE CATEGORIES



DISTRIBUTION BY JOB PROFILE



TALENT DEVELOPMENT

Ebusco considers lifelong learning a necessity to both current and future employees. The company provides employees with ample training and development opportunities. All employees are encouraged to take responsibility and to develop their skills and talents.

Ebusco conducts career development evaluations on a yearly basis and one-on-one feedback sessions take place throughout the year to track employee development. The portal used to track performance management links corporate objectives to objectives for each individual discipline within the company. These objectives are translated into individual objectives for each Ebusco employee. In this way every Ebusco employee knows how they are contributing to the overall corporate objectives. This promotes a sense of ownership throughout the organisation.

Career development at Ebusco is based on skills and competencies rather than rigid job descriptions. At Ebusco the goal is to fill management positions through internal succession, with in-house promotions widely preferred to hiring externally. Over half of all employees under the age of 35 made a career step in the past year.

TRAINING

As an innovative frontrunner, Ebusco needs to ensure that its employees are equipped with the skills to match. To do so we are constantly making significant investments to increase the technological, innovative and personal skills of our employees. On-the-job training is the most important method and coaching by a more senior colleague is another key instrument to help people develop. Ebusco is currently setting up young potential and leadership programmes.

RECRUITMENT

Ebusco is a fast-growing company. We operate in a high-tech environment and look for talent in a tight market. As challenging as this may be, our recruitment activities paid off as we were able to hire 151 new employees on a contract this past year and an additional 110 people joined Ebusco as temporary staff in 2021. The retention rate in 2021 was 87%.

Ebusco has started up a project with Brainport and the workplace-learning service (Leerwerkloket) to retrain people from other professions. After retraining successfully, they are offered a job at Ebusco.

COLLABORATIONS

Ebusco works in close cooperation with universities and colleges as well as institutes for intermediate vocational education. On average 10 students do an internship at Ebusco every six months. They provide a great source of future talent and the internship programmes position Ebusco as an attractive employer among students. The company collaborates with the following universities and institutions:

- Fontys University of Applied Sciences and Eindhoven University of Technology.
- The Automotive Centre of Expertise (ACE). This institution cooperates closely with the automotive industry and three Dutch universities of applied

sciences (Fontys, Hogeschool of Arnhem and Nijmegen (HAN) and Hogeschool Rotterdam).
- In addition, Ebusco has entered into a partnership with Summa Automotive vocational school in Eindhoven.

Ebusco also collaborates with universities outside the Netherlands, including in Australia and Canada.

HEALTH AND SAFETY IN THE WORKPLACE

Health and safety are key priorities in executing the ESG agenda. This relates not only to safety throughout the production process and the health and safety of employees, but also to the health and safety of the world at large.

SAFETY IN THE WORKPLACE

Ebusco has a safety policy in place to ensure a safe and healthy workplace. The company's safety performance indicators include the number of reported accidents and incidents and the Lost Time Injury Frequency Rate (LTIFR). The performance indicators are measured and acted upon and will also be implemented at all our (future) facilities. Ebusco provides training sessions on awareness, technical training and emergency response courses with the aim of maintaining and creating a safe environment. There have been no incidents at Ebusco that resulted in any lost time in 2021.

COVID-19

With the outbreak of the Covid-19 pandemic the focus on the health and safety of our employees and all other stakeholders increased further. Strict operating procedures and regulations were implemented to continue safe and responsible production practices, and instant measures were taken to facilitate digital collaboration for the office staff. Significant efforts were put in place to maintain safe operations for those needing to work on-site.

WELLBEING

We are committed to creating the right conditions for our employees to reach their full potential. The staff at the HR department is highly involved in the wellbeing of the company's employees and employee satisfaction was once again high on the agenda. We intend to conduct employee satisfaction studies from 2022 onwards. Feedback sessions are held at the end of an employee's trial period and evaluation sessions are planned when a contract with an employee ends. In the year under review the average rate of absenteeism among Ebusco's employees was 2.45% (2020: 3.01%).

DIVERSITY AND INCLUSIVITY

Ebusco prides itself on the diversity of its employees. The company is resolved to offer equal opportunities in every aspect of employment and does not tolerate any form of discrimination whatsoever on the grounds of race, skin colour, religion or belief, gender, sexual orientation, civil status, national origin, disability or age. Ebusco offers a safe and pleasant working environment. Employees are expected to contribute to this working environment by not engaging in any form of undesirable behaviour such as sexual harassment, aggression or violence, discrimination,

CASE

EBUSCO family day

To further strengthen the employee engagement, Ebusco organises an annual family day to also show our employees' partners and children what Ebusco is all about. The family day held on 2 October 2021 was a great success, close to 150 employees joined the festivities, together with their families. A Corona QR code was required for participation.

stalking, bullying, abuse of power, insults or slander. With respect to gender equality, there are 87% male and 13% female employees at Ebusco. Furthermore, Ebusco employees represent 14 nationalities.

When hiring new staff Ebusco also looks at people further removed from the labour market. The company is in touch with the Dutch Employee Insurance Agency (UWV) and municipalities about contributing to the reintegration of people on occupational disability benefits. In 2021 Ebusco hired three people with limited employment prospects.

SAFETY FOR OUR CUSTOMERS

Safety is at the core of our product development and design.

Ebusco uses LFP (lithium ferro phosphate) batteries in its buses, batteries that are renowned for its high level of safety. Furthermore, the buses have battery monitoring in place to ensure safe operations and reliable performance. Ebusco has installed the battery pack of the Ebusco 3.0 in the floor, which provides greater road stability.

Ebusco installs a camera system in its buses which increases safety for road users, bus drivers and passengers. In addition, a reliable driver assist system is being developed as well as an autonomous driver assistance support system to further improve the safety of our buses. These autonomous functions will be introduced in four phases, with the final phase being completely automated bus transport.

Ebusco has a Safety Board in place which receives safety incident reports, identifies issues and remediates them. If there is a safety issue on one of the buses, the Safety Board immediately acts upon it. The safety issues are categorised into two categories: Immediate safety threat and major incident with potential impact on safety. In the year under review one incident was reported in the first category and four incidents in the second category. There has been no impact on the safety of passengers or drivers from these incidents. All required actions have been taken immediately. The CTO is the chair of the Safety Board.

CONTRIBUTING TO SOCIETY

DEVELOPING EXPERTISE

With the objective to further advancing the expertise and knowledge in the field of automotive engineering and zero-emission transportation, Ebusco's CTO is developing a curriculum for the TU Delft on Advanced Systems Engineering.

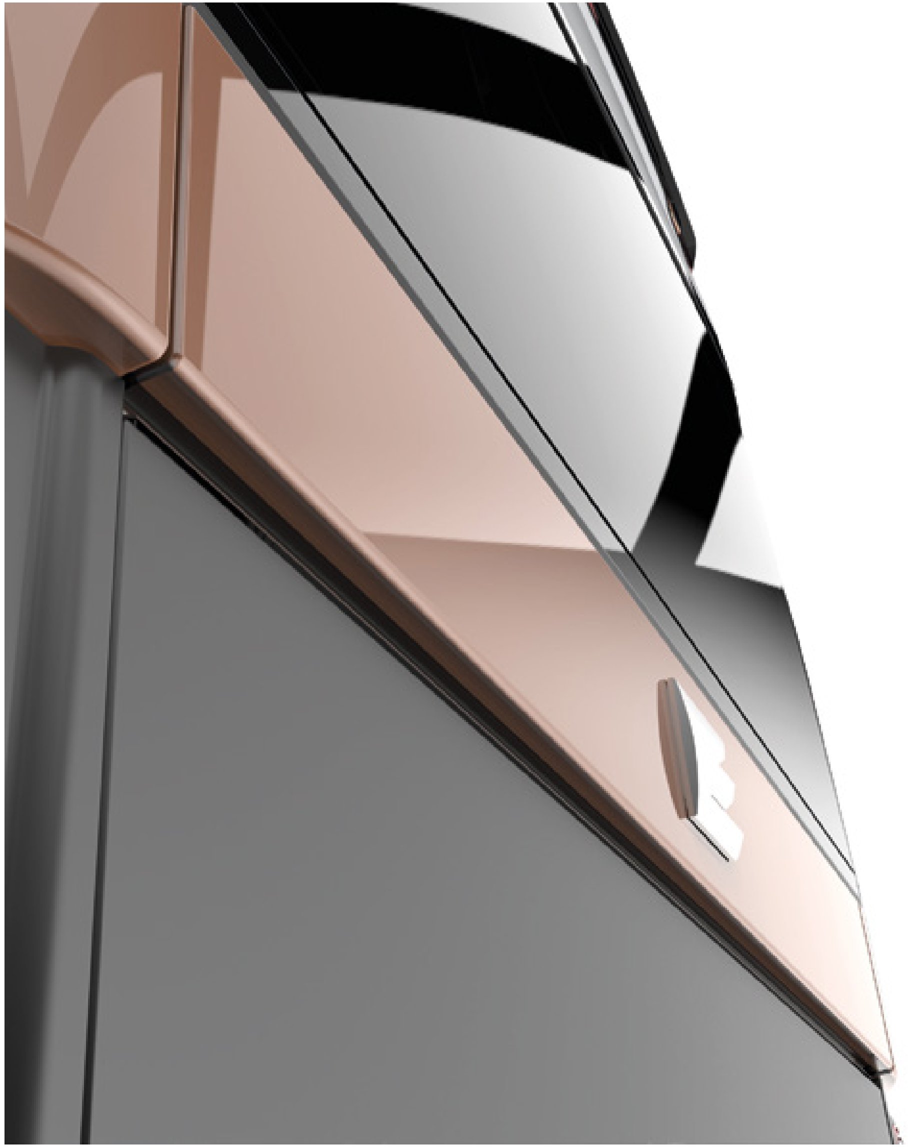
CASE

Important recognition by industry experts

The innovative capabilities of Ebusco were recognised by international industry experts as Ebusco won two important innovation awards in 2021.

Ebusco-Pondus won the JEC Composites Innovation Award in the category Automotive & Road Transportation - Structural with the Ebusco 3.0 series of city and regional buses. The Innovation Awards are a recognition by the worldwide composites industry of the most innovative composites application. Ebusco was awarded the Innovation Award for applying composite for the full body work of the Ebusco 3.0 bus, marking an important step forward in the transition to sustainable public transport.

Ebusco also won the prestigious Automotive Innovation Award in the Netherlands for the revolutionary Ebusco 3.0 bus. According to the jury report, the Ebusco 3.0 was awarded with the prize because of its innovative composite body.



DOING BUSINESS ETHICALLY

Ebusco values doing business ethically and in a transparent manner. Our Code of Conduct sets the framework for our business ethics and the expectations we have of everyone involved in our operations.

It is important to Ebusco that every employee understands, complies with and conveys our shared standards and values, and the company refers all employees to the Code of Conduct to create and maintain awareness of these. Employees are encouraged to report any violation of the standards or practices laid down in the Code of Conduct to their direct supervisor or a senior executive. This can also be done anonymously in accordance with the Whistle-blower Policy posted on the company's website.

Certain principles laid down in our Code of Conduct stipulate that the company shall compete honestly and fairly. Ebusco's policy is geared at complying with all applicable legislation and regulations with respect to competition and monopolies.

Furthermore, the Code of Conduct stipulates the non-acceptance of gifts of any type. Accordingly, we forbid and condemn any form of bribery or corruption. Employees are informed about and trained on anti-corruption policies and procedures. Respect for human rights is embedded in our Code of Conduct and as an employer we make every effort to create a positive, transparent working environment that is free from discrimination, harassment and intimidation; one that guarantees that every employee has equal opportunities. Certain areas of our supply chain may pose a higher risk to violations of labour rights due to their location. We mitigate this risk by performing supplier due diligence in which we identify potential supply-chain risks, and before awarding a contract we undertake due diligence studies where we see risk.

Furthermore, Ebusco uses LFP batteries which are cobalt-free. Cobalt is fire-prone and mining of cobalt is exposed to human rights violations. The batteries Ebusco uses in its buses have many advantages from an environmental, safety and ethical point of view. Our policies and principles are also embedded in our Chinese operations. We have Ebusco staff on the ground supervising not only the operational activities but also compliance with our business ethics. Furthermore, Ebusco proactively invests in the continuous improvement of health and safety aspects of its Chinese suppliers.

RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT GOVERNANCE

In conducting our business, we face many 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.

RISK PROFILE AND RISK APPETITE

Ebusco's approach to risk management is aimed at finding the right balance between maximizing 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.

BUSINESS RISKS
Events that may prevent the organisation from achieving its business objectives

PROCESS RISKS
A minimum standard of internal control will secure the safeguard of our assets and reputation and ensures reliable information

Are we doing the right things?	Are we doing the things right?	Do we have accurate (financial) reporting?	Do we comply with laws and regulations?

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 kept under control as well as possible, and the company will review the effectiveness and efficiency of its operational processes for this purpose. Next, financial and reporting risk needs to be controlled as well to avoid errors in our financial reporting. The risk appetite in terms of compliance is 'to avoid', meaning that all laws and regulations must be adhered to.

RISK MANAGEMENT SYSTEM

Ebusco's risk management policies are established 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. Risk management policies and systems are reviewed to reflect changes in market conditions and our activities. The internal control processes support management to identify and address risks in a timely and consistent way. Our risk management provides reasonable assurance 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. The following elements form part of Ebusco's risk management system:

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 to identify and correct any defects at each of the design, supplier development, production, and field performance stages for 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 midterm 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. The actual performance in all its detail is monitored carefully and all deviating risks and opportunities are evaluated and acted upon.

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 and is published on the corporate website. In addition, Ebusco has a Whistle-blower policy that has been published on the corporate website and ensures that possible violations of existing policy and procedures can be reported without any negative consequences for the person reporting the violation.

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 objective for 2022 is to develop, implement and deploy an integrated Risk & Control framework, as agreed upon with the Management Board and Supervisory Board.

DEVELOPMENTS IN 2021 AND EARLY 2022

The Covid-19 pandemic has impacted economic, government and social activity across the world since early 2020. In response to the pandemic, government regulations aimed at shifting social behaviours to limit or close non-essential transportation, business activities, government functions and person-to-person interactions, resulting in employees working from home. In some instances where these restrictions have been eased, governments have followed with actual or contemplated returns to stringent restrictions on gatherings or commerce or with reduced forms of restrictions that still limit transportation, business activities and other person-to-person interactions. These trends have resulted in limited demand for public transport, which in turn has resulted in a reduced amount of income generated by Public Transport Authorities (PTAs) and Public Transport Operators (PTOs) who responded by offering fewer requests for tenders, bids or quotations for new buses in the first half of 2021.

Ebusco has in the past and continues to experience supply chain disruptions and supply shortages as a result of the prolonged Covid-19 pandemic. The Company is taking pro-active steps to manage the risk of further impact from the supply chain disruptions by rebuilding its safety stock, shipping components by air rather than ships (where this is an option and feasible from a cost perspective), designing alternative replacement parts, installing certain components at its headquarters in Deurne instead of its third-party assembly partner in China and by using exchange parts. Due to the slowdown in customer activity and orders during 2020 and early 2021, as well as some disruption to production and deliveries due to supply chain challenges, in each case as a result of Covid-19, the company's revenue was significantly impacted in 2021. Compared to 2020, revenue was down approximately 75%, mainly driven by a slow-down in orders due to Covid-19 combined with the global supply chain shortages.

Ebusco has experienced further delays in bus production and shipments in 2021 and anticipates that it may continue to do so into 2022 taking into consideration the geopolitical situation in Ukraine and Russia.

The geopolitical situation due to the conflict between Ukraine and Russia could further impact (current) supply chain, which might result in delayed revenues from 2022 into 2023. We do not work with suppliers that are in Russia, Ukraine or Belarus, nor do we have commercial activities in this region. We continue to closely monitor our procurement activities and any potential future impact if the geopolitical tension worsens and persists and will take mitigating measures if required.

Next to supply chain disruptions, the conflict between Ukraine and Russia could result in higher inflation than anticipated before, leading to higher costs. Furthermore, volatility in currency might increase, which could impact our performance adversely.

Although we cannot rule out that this conflict will affect our business in due course, we do not see any direct impact on our operations at this moment.

FOCUS IN 2022 AND BEYOND

In order to bring the organisation to the next level of sound risk management and internal control, Ebusco will, together with external advisors, assess the current and desired state of risk management and control. We will further build and formalise the risk management framework and implement additional processes, while at the same time stimulating the business to make internal control part of day-to-day activities. The planned implementation of an ERP system will strengthen the company's control framework.

The operational focus for 2022 will concentrate on the scale-up of the manufacturing of the Ebusco 3.0. The manufacturing facility in Deurne will serve as a blueprint for a capital efficient increase in manufacturing capacity across multiple geographies. The future global manufacturing set-up allows for a high degree of standardisation with only selected production phases taking place locally, while the bulk of manufacturing is centralised in a smaller set of larger facilities.

Beyond 2021, Ebusco has identified and addressed the following market trends, including the associated risks:

	KEY DRIVERS AND TRENDS	IMPACT	MAGNITUDE	COMMENTS
GENERAL	**Macroeconomic factors**	▲	◐	Global population growth and urbanisation especially in developing countries is predicted to fuel demand for public transportation.
GENERAL	**Covid-19 impact**	▼	◔	Covid-19 revived the demand for individual mobility and delayed tenders – No significant long-term impact on bus demand expected.
GENERAL	**Transit infrastructure investments**	▲	◐	Transit infrastructure investments were and are being implemented globally to push decarbonisation as well as economic development.
REGULATIONS	**Emission regulations**	▲	●	Regulators expected to increase push for electric buses in both Europe and the US. Neutral outlook for China as penetration already high.
REGULATIONS	**City restrictions and targets**	▲	●	To reach emission targets, cities around the world are driving the electrification of their bus fleets.
REGULATIONS	**Purchase and tax incentives**	▲	◐	Subsidies for electric buses have been introduced in Europe and North America, with continued increases in investment.
TECHNOLOGY & CUSTOMERS	**Customer preferences**	▲	◐	Operators prefer environmentally friendly solutions as long as basic range and capacity requirements are met and TCO is comparable to other solutions.
TECHNOLOGY & CUSTOMERS	**Performance and TCO improvements**	▲	◐	The performance of BE buses as well as their cost position is constantly improving – TCO better than diesel buses in many cases.

▲ positive impact ▶ neutral impact ▼ negative impact ● high impact ● low impact

GENERAL

- **Macroeconomic factors:** Macroeconomic trends such as ongoing global population growth and urbanisation, especially in developing countries, are expected to drive growth in the overall transit and battery electric (BE) transit bus market. Next, geopolitical trends could delay or slow-down the growth in this market;
- **Covid-19 impact:** Although the Covid-19 crisis has revived the demand for individual mobility and delayed tenders by PTAs and PTOs, over the long term there is no significant long-term impact on bus demand expected from this crisis. With the increasing vaccination of populations and growing population and urbanisation discussed above, management expects that the adverse impact of Covid-19 on the use of public transportation and the tender activity of the Company's existing and new clients will dissolve over time. In addition, the global pandemic has led to supply chain issues, resulting in a delay of orders and, subsequently, delay of revenues;
- **Transit infrastructure investments:** Public bus transit is generally in focus of governments around the world, since change to bus transit infrastructure is often easier to implement compared to infrastructure via rail systems, including train, light-rail or subway systems. Globally there are multiple support plans to push decarbonisation through transit infrastructure investments.

REGULATIONS

Regulations and various incentive schemes are a key driver for the electrification of the bus powertrain in countries around the world, especially in Europe and North America.

- **Emission regulations:** Numerous countries have signed the Paris Agreement, which lays out public policy initiatives for signatory governments worldwide to limit global warming and reduce greenhouse gas emissions. These resolutions for governments to address global climate change also place pressure on them to switch from internal combustion engine to zero-emission buses;
- **City restrictions and targets:** To reach emission targets, many cities around the world are driving the electrification of their bus fleets;
- **Purchase and tax incentives:** In addition to the regulatory frameworks and city-led initiatives discussed above, many countries also offer incentive and tax benefit schemes to subsidise and promote the purchase and use of BE buses. For example, in Sweden, subsidies are granted via premiums of up to 20% of the purchase price of electric buses, subject to such premium not being higher than the price difference with a comparable diesel bus. Similarly, in Amsterdam, Netherlands electric buses are subsidized up to €40,000 per bus. In Germany, a federal funding scheme is in place for up to 80% of the additional investment costs or expenses of electric buses, compared to diesel buses, including the required investment in associated charging infrastructure. The government of Denmark has set a similar investment, investing DKK 75 million towards accelerating the transition to green buses (including biogas, bio diesel, electricity or hydrogen) and a tax exemption for commercial charging.

TECHNOLOGY & CUSTOMERS

- **Customer preferences:** The regulatory 'push' as described above, but also the increasing preference of PTAs, PTOs and the underlying end-customers for environmentally friendly transportation solutions drive PTOs and PTAs to procure fully electric transit solutions;
- **Performance and Total Cost of Ownership (TCO) improvements:** Over the last five to six years, BE buses have improved significantly with regard to range, recharging speed and weight, which is the result of rapid technology developments and strong industrialisation efforts by OEMs (Original Equipment Manufacturer).

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.

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

RISK OVERVIEW – OUR KEY RISKS

The following 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, they are not the only ones Ebusco may face. All of these risk factors and events are contingencies which may or may not occur. The company may face a number of these risks described below simultaneously and some risks described below 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 materialize:

RISK AREA	RISK	RISK DESCRIPTION	RISK TREND	RISK APPETITE	LIKELIHOOD	IMPACT
Strategic	Intense and increasing competition	The company faces intense and increasing competition in the transit bus market and may not be able to compete successfully against new and established competitors, which could materially adversely affect the company's business, revenue growth and market share.	increased	high	high	medium
	Pandemics	The company has been and may continue to be impacted by macroeconomic and other conditions resulting from the Covid-19 pandemic, including by disruptions to its supply chain and production, which could materially adversely affect the company's business, financial condition, results of operations or prospects.	decreased	medium	medium	high
	Macro-economical and geopolitical environment	Geopolitical and macroeconomical changes and disruptions could materially adversely affect the company's business, financial condition, results of operations or prospects.	increased	high	high	medium
	Third-party suppliers	The company's business and profitability may be materially adversely affected by increases in costs, disruptions, failure or non-performance of the company's third-party suppliers.	increased	medium	high	high
	Supply chain disruptions	The company's business and profitability may be materially adversely affected by supply chain disruptions or supply shortages.	increased	medium	high	high
	Alternative technologies	Developments or advances in alternative technologies, including but not limited to hydrogen, or improvements in the internal combustion engine, may materially adversely affect the demand for the company's zero-emission buses, result in additional expenses for the company or affect the competitiveness of the total cost of ownership of the company's zero-emission buses compared to its competitors and the company's business, financial condition, results of operations or prospects could be materially adversely affected.	increased	high	medium	medium
Operational	Scale-up production	The company's ability to scale its production on the timetable anticipated and operate plants is still evolving and may lead to increased costs, delays and/or reduced production of its zero-emission buses that may materially adversely affect the company's international expansion strategy and its ability to operate its business, financial condition, results of operations or prospects.	increased	low	low	high
	'Buy quality' regulations	In order to compete effectively the company sources a number of the components in its zero-emission buses in a manner to comply with applicable "buy quality" regulations which could lead to additional expenses or may become increasingly difficult to manage as the company expands its operations internationally.	increased	medium	low	medium
	Investments	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, results of operations or prospects could be materially adversely affected.	increased	low	low	high
	Retain, attract and hire highly skilled personnel	The company's success depends, in part, on its ability to retain, attract and hire highly skilled personnel. If the company is unable to retain, attract or hire highly skilled personnel, its ability to compete may be harmed.	equal	low	medium	medium
	IT & Security	Risk of breach of data and cyber attacks.	increased	very low	medium	very high
Financial and reporting	Currencies	Volatility of currencies which put pressure on profit margins.	increased	low	high	medium
	Inflation	Increased and structural inflation might undermine the real value of cash flows made from an investment.	increased	low	high	low
	Reporting	Risk that Ebusco's reporting contains material errors.	equal	very low	low	high
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	very low	low	high
	Tax	Damage (including reputation) due to violation of tax legislations and regulations.	equal	very low	low	low

increased | equal | decreased | very low | low | medium | high | very high

STRATEGIC RISKS

INTENSE AND INCREASING COMPETITION

Both the transit bus market generally and the battery electric bus segment of this market in particular are highly competitive, and Ebusco competes for sales with suppliers of internal combustion engine buses, battery electric buses, and other forms of zero-emission buses (meaning road vehicles that emit no pollution from its exhaust), like hydrogen fuel cell powered buses. 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. Moreover, 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. Additionally, many of these competitors have more experience with the procurement process of PTAs.

Ebusco expects competition for battery electric and other zero-emission buses to intensify as suppliers put more focus on this segment given expected increases in demand and increasing regulatory support for zero-emission and alternative fuel buses or other forms of transport and as new entrants enter the transit bus market, particularly those that target the battery electric bus segment. This could lead to increased price competition in the battery electric bus segment. Since price is one of the factors that make up the total cost of ownership, if the company's competitors lower their prices, this could lead to them having a more competitive total cost of ownership compared to Ebusco's total cost of ownership for its zero-emission buses, which could harm the company's business, decreasing its competitive advantage and/or resulting in fewer of Ebusco's buses sold, as well as its operating results, or prospects as the company could feel pressure to decrease the price of its zero-emission buses, reducing its overall profitability.

Other factors affecting competition include product quality and features, environmental impact, innovation and development time, reliability, safety, fuel economy, and customer service as each of these factors are often part of the considerations that PTAs, PTOs or other customers use to evaluate which and what type of bus to purchase. While the Management Board believes that Ebusco currently has a competitive advantage in relation to the total cost of ownership of a transit bus with its newest zero-emission bus, the Ebusco 3.0 (due largely to the Ebusco 3.0's lightweight composite body technology), pricing, fuel economy and maintenance costs are also factors that impact a bus's total cost of ownership. Existing and potential competitors may be able to develop buses and provide services that drive down the total cost of ownership of their transit buses due to their price, features, environmental impact or innovation. Alternatively, they may be able to develop products or services that are better able to compete on the basis of other factors that are equal or superior to those offered by Ebusco or which achieve greater market acceptance. However, while Ebusco's existing and potential customers often use the total cost of ownership to make purchasing decisions, other customers, particularly those in markets, such as Latin America, without as much access to finance or with less favourable finance options, may place more importance on the price of a bus, which could hinder the company's ability to expand or compete in these markets. Furthermore, PTAs or PTOs may favour local competitors, irrespective of total cost of ownership and some of Ebusco's competitors may aggressively discount their products and services in order to compete on price and gain market share, which could result in pricing pressures, reduced profit margins, lost market share, or a failure to grow market share by Ebusco. This could impact the company's ability to compete successfully and may materially adversely affect Ebusco's business, financial condition, operating results or prospects.

Risk response: Ebusco has put in place the following risk mitigation measures to cope with this strategic risk:

- Protect technology related to lightweight casco's;
- Explore and develop other market and product segments (e.g. Energy Storage Systems and autonomous driving);
- Access to sufficient funds to take on new investment opportunities.

PANDEMICS

The Covid-19 pandemic has impacted worldwide economic activity since early 2020. Government regulations and shifting social behaviors have limited or closed non-essential transportation, government functions, business activities and person-to-person interactions and resulted in many employees working from home. In some cases, the relaxation of such trends has been followed by actual or contemplated returns to stringent restrictions on gatherings or commerce, including in parts of Europe, where the Ebusco's primary operations are currently located. These trends have resulted in a reduced number of travelers.

Ebusco has continued to see an impact on orders and tender opportunities during 2021 compared to 2019 and 2020 as a result of uncertainty relating to public transit needs as a result of Covid-19. While the vaccines and accompanying government vaccination programmes have proven positive signs towards recovery, it is difficult to predict the extent of the impact of the Covid-19 pandemic, and whether more stringent restrictions on commerce or non-essential interactions will be imposed, including as a result of new strains or variants of the virus.

Ebusco's third-party suppliers have temporarily had to suspend operations for short periods of time as a result of measures implemented by governments in response to the Covid-19 pandemic which have caused disruptions and delays to the company's production and delivery schedules. Its suppliers have also experienced challenges ramping up and re-establishing production capacity in connection with the prolonged Covid-19 impact, resulting in prolonged supply chain challenges for the company.

Currently, there is a global semiconductor shortage as a result of reduced production following the closure of manufacturing facilities during the initial phase of lockdowns imposed by governments across the world in response to the Covid-19 pandemic, and the markedly increased demand for semiconductors by the consumer electronics industry during the pandemic. The company recently experienced shortages from its existing semiconductor supplier and was required to switch to another supplier. While Ebusco has a sufficient supply of semiconductors for its anticipated production volumes in the near term, it may be unable to maintain its arrangements with suppliers or to obtain the volume of semiconductors it will need in the future should the global shortage for semiconductors continue or other supply shortages ensue.

While Ebusco has not yet experienced any cancellation of existing orders, the Covid-19 pandemic has resulted in cancelled or delayed tender processes, reducing opportunities for the company to generate new orders. If there is lower demand for public transportation in the future, and a corresponding decrease in zero-emission bus purchases, the company's business, financial condition, results of operations or prospects could be materially adversely affected.

Risk response: Ebusco has put in place the following risk mitigation measures to cope with this strategic risk:

- The health and safety of our employees is and will remain our key priority. Necessary and effective preventive measures have been taken to support the well-being of all of our employees;
- Increase in stock of critical bus components;
- Strong financial position which enables Ebusco to quickly respond to downturn in activities. This includes the availability of (surplus) cash and focus on working capital.

MACRO-ECONOMIC AND GEOPOLITICAL CHANGES

Ebusco's results of operations can be impacted by geopolitical changes and economic cycles globally and in its key markets. Unfavorable geopolitical changes such as the absence of, or below-trend, global population growth and urbanisation, a decrease in real gross domestic product (GDP), government austerity measures, high unemployment rates or constrained credit markets tend to impact levels of end user demand for public transit and spending on public transit, which in turn leads to reduced spending by governments and Ebusco's customers on public transport.

Barring the foreseen any unforeseen circumstances related to the conflict surrounding Ukraine and Russia, we could be faced with sustained disruption of our global supply chain. 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 Ebusco's business, financial condition and operating results. They can also make it more difficult to budget and make reliable financial forecasts.

Risk response: Ebusco has put in place the following risk mitigation measures to cope with this strategic risk:

- Ebusco monitors economic, political and general societal changes and, where necessary, develops response strategies to such events, including the conflict between Ukraine and Russia and pandemics (e.g. Covid-19);
- We closely monitor our procurement activities and any potential future impact if the geopolitical tension worsens and persists and will take mitigating measures if required.
- Increasing geographical spread of activities;
- Strategic partnerships to ensure an efficient and effective global supply chain;

- Ebusco is in the process of optimising its integrated supply chain organisation, supplier base and manufacturing footprint from a global perspective, to enable agile responses to large and rapid shifts in demand and supply globally.

THIRD-PARTY SUPPLIERS

Ebusco's zero-emission buses contain numerous components that are purchased from a limited number of third-party suppliers, including the company's lithium iron phosphate (LFP) batteries. Ebusco also relies on a third-party supplier in China for the assembly of its existing zero-emission buses and a supplier in Europe for the carbon fibre for its composite body. This could expose the company to potential third-party risks of price increases, disruptions, failure to deliver components as specified, non-performance or other factors beyond the company's third-party suppliers' control. The unavailability of any component or supplier at acceptable prices or at all could result in manufacturing or assembly delays and product design changes, and Ebusco may incur penalties from its customers. As there are a limited number of third-party suppliers for a number of the components used by Ebusco in its zero-emission buses, should the demand for production increase across the market, third-party suppliers may be unable to meet the needs of customers, including Ebusco. In addition, as the company increases its volume of zero-emission buses, its supply needs will increase and could become increasingly difficult to meet.

With respect to the batteries purchased by Ebusco for its products, the batteries have been customised and adapted to Ebusco's bus design. Ebusco's electrical systems and software have also been customised for each of their batteries. As a result, if the company were required to replace either or both of its third-party battery suppliers, Ebusco may have to incur a substantial amount of expense to find a new battery supplier and update other components or systems of its zero-emission buses to work with a different battery. This could also lead to significant delays in delivering Ebusco's products as related components are redesigned or modified.

Risk response: Ebusco has put in place the following risk mitigation measures to cope with this strategic risk:

- Increase in stock of critical bus components;
- Strategic partnerships to ensure an efficient and effective global supply chain;
- Batteries are sourced from two major, qualified suppliers.

SUPPLY CHAIN DISRUPTIONS

Ebusco is exposed to the risk of supply disruptions and shortages, including due to epidemics or pandemics of diseases, geopolitical factors, governmental changes, financial distress experienced by suppliers, power outages, production difficulties of suppliers, natural or man-made disasters and restrictions, tariffs or other unforeseen circumstances. Ebusco has in the past and continues to experience supply chain disruptions and supply shortages as a result of the prolonged Covid-19 pandemic, Further supply chain disruptions and/or shortages can directly impact the company's ability to produce and/or ship its zero-emission buses, which in turn could have a material adverse effect on the company's business, financial condition, results of operations or prospects.

In order to optimise the development, manufacturing and assembly of its zero-emission buses, Ebusco must manage its supply chain with third parties for its bus components and technology as well as the delivery of the zero-emission buses. In some instances, such as delays due to extended shipping routes due to blockages in traditional routes, disruption in the supply chain can be caused by factors outside of the control of Ebusco or its third-party suppliers. Fragmentation in the supply chain and/or any changes in the regulatory laws or political situation in the countries that the company or its third-party suppliers operate in or must transport its products or supplies to or from could further complicate supply chain disruption risks and result in delays in deliveries.

Where a third-party supplier is unable to deliver components as specified, Ebusco may be unable to obtain such components in a timely manner and such supply chain disruption may cause the company to experience delays in completing an order, thereby incurring penalties. If the amount Ebusco is required to pay in penalties exceeds the cost of components that caused the delay or exceeds the amount of the order, Ebusco could incur a loss under the relevant contract. In addition, where a third party is unable to deliver components as specified, the company may be forced to recall or remedy malfunctioned components, which could subject Ebusco to reputational harm and additional expenses.

Risk response: Ebusco has put in place the following risk mitigation measures to cope with this strategic risk:

- Increase in stock of critical bus components. Furthermore, the company is making balanced investments in both global and local supply chains to reduce dependencies and lead times and to meet local market requirements;
- Strategic partnerships to ensure an efficient and effective global supply chain;
- The company is taking pro-active steps to manage the risk of further impact from the supply chain disruptions by rebuilding its safety stock, shipping components by air rather than ships (where this is an option and feasible from a cost perspective), designing alternative replacement parts, installing certain components at its headquarters in Deurne instead of its third-party assembly partner in China and by using exchange parts.

ALTERNATIVE TECHNOLOGIES

Ebusco may be unable to keep up with the changes in zero-emission technology or other alternative fuel sources and, as a result, its competitiveness may suffer. Developments or advances in alternative technologies, such as hydrogen fuel cells, advanced diesel, ethanol, or compressed natural gas, or improvements in the fuel economy of the internal combustion engine or other technological advances that would make such alternative technologies more competitive

OPERATIONAL RISKS

against or attractive than Ebusco's zero-emission buses, could result in the company's competitors having zero-emission or other buses with a lower total cost of ownership than those of the company's zero-emission buses, which could materially adversely affect Ebusco's business or prospects.

Even if Ebusco is able to keep pace with changes in technology and develop new products and services, the company is subject to the risk that its prior models, products, services and designs will become obsolete more quickly than expected, resulting in a lower return on investments made in research and development of Ebusco's products or, in some cases, the company may be required to write off any materials or components already purchased that can no longer be used due to changing technologies. Inability of Ebusco to keep pace with changes in technology or early obsoletion of its existing technology would affect the total cost of ownership of its zero-emission buses as the total time that Ebusco's zero-emission buses are used by clients may be materially adversely affected (which impacts the total cost of ownership) or it could increase the maintenance costs if the company can upgrade the technology (which would also increase the total cost of ownership, unless such upgrades were provided at the Company's own expense). Any failure of the company to successfully react to changes in existing technologies, any adverse impact on demand for Ebusco's products as a result of alternative technologies, or to manage expenses arising from developments or advances in alternative technologies, could impact the total cost of ownership for Ebusco's zero-emission buses, materially harm its competitive position and growth prospects and may have a material adverse effect on the company's business, financial condition, results of operations or prospects.

Risk response: Ebusco has put in place the following risk mitigation measures to cope with this strategic risk:

- 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 experience with heavy-duty batteries and battery management systems has allowed it to develop Energy Storage Systems (ESS) products that have attractive applications for tasks of high energy demand and for a wide range of applications where energy needs to be temporarily stored;
- There are partnerships in place with several universities and technology institutes that are focused on innovation, while other key alliances include the company's close working relationships with PTOs.

SCALE-UP PRODUCTION

Ebusco plans to significantly increase manufacturing, production and assembly capacity in a short amount of time to meet Ebusco's expected international expansion plan and the production of its Ebusco 3.0 buses on time for the delivery dates to customers. The company's ability to achieve its manufacturing and assembly plant expansion plans will depend upon many factors, including obtaining additional financing to complete its international expansion strategy beyond 2023.

Ebusco's international expansion strategy and production of its Ebusco 3.0 will also depend on its ability to execute its plans to assemble the Ebusco 3.0 at plants in various jurisdictions and deploy maintenance and other services for these vehicles. Currently, nearly all of Ebusco's production of its zero-emission buses is through its third-party suppliers. However, the company already started to assemble its Ebusco 3.0 buses at its own plant in Deurne, the Netherlands, enabling the company to support its scale-up efforts in existing and its international expansion markets, such as Australia, the United States and China. For example, at the end of 2021, Ebusco started to assemble, market and serve its Ebusco 3.0 in the Netherlands. Ebusco also currently has a sales and marketing office in the United States and Australia but intends to expand its assembly operations in Australia for the APAC region during 2022. Ebusco also intends to introduce a Complete Knock Down (CKD) plant in the United States in the short-term, to manufacture its Ebusco 3.0 buses for the US and Canadian markets by 2023. It also plans to introduce an OEM in the medium-term.

Ebusco's establishment and reliance on its own plants will be subject to risks, including that the company:

- may not be able to find skilled labourers and other plant managers required to operate plants in the desired locations or jurisdictions;
- may require a larger than anticipated factory footprint, which would increase Ebusco's costs of setting up plants and significantly delay production of its zero-emission buses to be assembled at such plants;
- may not be able to reach its rate of production targets within its plants;
- may not be able to identify properties meeting the requirements for its plants with respect to size, shape, power supply and strength of construction, which could increase its costs of setting up the plants and significantly delay production of its zero-emission buses to be assembled at such plants;
- may not be able to build the expected number of plants, which could reduce its production capa-

city and have a material adverse impact on its international expansion strategy and its ability to offer zero-emission buses that meet "buy local" requirements;
- may experience changes in its manufacturing and assembly technology that may result in additional expense for Ebusco and could have a material adverse effect on the company's business, financial condition, results of operations or prospects; and
- may experience higher local wages and supplier costs than expected, resulting in higher operating costs and reducing its ability to be profitable.

Any inability to scale up its production, or delays in scaling up its production, could materially adversely affect the company's ability to operate its business and delay production of its vehicles.

Risk response: Ebusco has put in place the following risk mitigation measures to cope with this operational risk:
- Access to sufficient funds to take on new investment opportunities;
- Ebusco's scale-up of its OEM production facility in Deurne is expected to grow its production capacity from 250 buses per year for each of the four phases of manufacturing and assembly to a capacity of 500 buses per year for each of the four phases of manufacturing and assembly. This scale-up is expected to be completed before the year ended 31 December 2022;
- A detailed scale-up timetable has been developed.

'BUY QUALITY' REGULATIONS
Ebusco currently sources much of its supplies for its zero-emission buses from Europe to be compliant with "buy local" regulations or priorities applicable to the procurement policies of many PTAs, PTOs or other customers. Ebusco currently contemplates continuing to use European components in its zero-emission buses that will be assembled in its plants to be opened in Australia, the United States and China. To the extent necessary to be competitive in these markets, or to comply with any applicable regulations, the company may need to adapt some of its components to meet "buy local" requirements. This could lead to additional expense for Ebusco as a local component may be more expensive or could lead to an increase of costs due to any additional design adaption required to integrate the component with the other components of the bus and any related assembly costs, which may impact the company's ability to compete successfully.

In addition, changing a component to a locally sourced component may also require a change in bus design and/or additional regulatory approvals. It is also possible that in Ebusco's existing or international expansion markets its competitors may manufacture or assemble comparable or competitive products in more cost-effective jurisdictions or use components manufactured in more cost-effective jurisdictions and import their buses at lower prices to the geographic markets in which Ebusco sells or intends to sell its zero-emission buses. This competition could cause the company to lose market share or compel the company to reduce prices to remain competitive, which could result in reduced sales, revenue and profitability and impact the total cost of ownership of Ebusco's zero-emission buses. This could impact the company's ability to compete successfully and may materially adversely affect Ebusco's business, financial condition, operating results or prospects.

Risk response: Ebusco has put in place the following risk mitigation measures to cope with this operational risk:
- Ebusco intends to construct local CKD (Complete Knock Down) plants. By doing so, the buses produced locally will qualify under applicable 'buy local' regulations.

INVESTMENTS
Electrification of commercial vehicles like Ebusco's zero-emission buses is a relatively new field and one which continues to evolve. As more companies invest in the transit bus market, alternative modes of transportation or adjacent markets, and new technologies are developed, Ebusco and its technologies may be unable to keep up with such advances and, as a result, the company's competitiveness may suffer. Since technologies change, Ebusco has spent and expects to continue to spend significant resources in ongoing research and development, including by upgrading or adapting its products and services, collaborating on research and forming strategic partnerships with research institutions, industrial partners and suppliers.

As part of its research and development investments, Ebusco has formed strategic partnerships with private and public institutions and some of these arrangements are evidenced by memorandums of understanding, non-binding letters of intent, or early-stage agreements that are used for design and development purposes, which could be terminated or may not materialise into next-stage contracts or long-term contract partnership arrangements or otherwise result in innovation. If Ebusco is unable to maintain such arrangements and agreements, contribute to innovation through these arrangements and agreements or if such arrangements and agreements contain other restrictions from or limitations on developing zero-emission buses and other relevant technology with other strategic partners, the company could be negatively impacted.

Furthermore, Ebusco's research and development efforts, its strategic partnerships and collaboration with its suppliers help the company to develop competitive technology. For example, Ebusco's long-range electric batteries, designed for overnight charging, are a key component of its zero-emission buses that the Management Board believes provides the company with a competitive advantage. These batteries include many individual battery cells that function together to create Ebusco's long-range electric batteries. With the research and development efforts of Ebusco and its strategic partnerships and suppliers, the company is able to develop battery cells and various related components to continue to develop the range of its buses or charge efficiency and maintain the competitive advantage that the Management Board believes its batteries provide. Should Ebusco fail to maintain its research and development efforts or fail to maintain the relationships with its strategic partners or suppliers, the company's competitive advantage could be materially and adversely affected.

Ebusco invests a significant amount of resources internally and in collaboration with its third-party battery suppliers and strategic partners to reduce the total cost of ownership of its buses, provide longer range zero-emission buses and provide products or services Ebusco believes will enhances its competitiveness. However, the company's research and development efforts may not be sufficient or could involve substantial costs and delays and prove ineffective investments. Ebusco has invested a significant amount of time and resources to develop its lightweight composite body design for the Ebusco 3.0 and its overnight charging system for its zero-emission buses but these may not appeal to, be purchased or adopted by customers at the rates anticipated. If Ebusco's existing technologies are not widely purchased or adopted, or if the company selects and invests in technological innovations, standards or features that are not widely purchased or adopted by customers within the transit bus market in the future, Ebusco may not recover its investments in these technologies and may be at a competitive disadvantage. Furthermore, while the company uses non-disclosure agreements and other means to protect trade secrets and intellectual property developed with strategic partners, collaborators or suppliers, should these inadequately protect any technology developed or should any of these third parties use knowledge gained in these partnerships to prepare similar technology, the company could lose important technology or competitive advantages which could materially and adversely affect Ebusco's business, financial condition, results of operations or prospects.

Risk response: Ebusco has put in place the following risk mitigation measures to cope with this operational risk:

- Access to sufficient funds to take on new investment opportunities;
- Attract, hire and retain highly skilled research and development personnel.

RETAIN, ATTRACT AND HIRE HIGHLY SKILLED PERSONNEL

Ebusco's success depends, in part, on its continuing ability to identify, hire, attract, train, develop and retain other 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. If such employees were to begin working for a competitor, Ebusco could find it difficult and costly to enforce agreements in place that are intended to protect the intellectual property used by the company and prevent it from being used by a competitor. 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. It may be increasingly difficult to hire new employees since a number of skilled personnel sought by Ebusco may be subject to non-compete agreements with their past employers, which could make it more difficult to hire new employees or may lead to delays in hiring. Ebusco has in the past and may in the future raise the wages or salaries of its workers to compete for talent, which could negatively impact the company's margins.

Ebusco's future success also depends on its ability to identify, hire, attract and train new employees, particularly where Ebusco may establish new plants or other operations as part of its international expansion strategy, as well as to support that strategy. In particular, to compete successfully in the competitive tender process, the company needs to have sufficient numbers of tender and sales personnel who are able to negotiate with various PTOs and secure tenders for Ebusco. The company's ability to compete for tenders has in the past been adversely affected by a shortage of such personnel, and Ebusco is actively recruiting additional personnel to fill these roles. Should Ebusco be unable to attract, hire and retain such personnel, its ability to successfully compete in the tender process may be adversely affected.

Any failure of Ebusco to attract, hire and retain other key employees and highly skilled personnel, may have a material adverse effect on the company's business, financial condition, results of operations or prospects.

Risk response: Ebusco has put in place the following risk mitigation measures to cope with this operational risk:

- Annual performance and talent management programs;
- Cooperation programs with universities;
- Retention programs for key personnel (e.g. shared based compensation);
- Use good reputation and ESG philosophy to attract and retain talented employees.

IT & SECURITY

IT & Security concerns the risk of breach of data availability, confidentiality and integrity (including Intellectual Property 'IP'). This also includes cyber-attacks (e.g. ransomware attack) that violate data to disrupt the business operations and infrastructure. We rely on the accuracy, availability and security of our information technology systems. 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 unauthorized physical or electronic access.

We are experiencing an increasing number of cyberattacks on our information technology systems as well as the information technology systems of our suppliers, customers and other service providers, whose systems we do not control. These attacks include malicious software (malware), attempts to gain unauthorized access to data, and other electronic security breaches of our information technology systems. They also include the information technology systems of our suppliers, customers and other service providers that have led and could lead, for us, our customers, suppliers or other business partners - including R&D partners - to disruptions in critical systems, unauthorized release, misappropriation, corruption or loss of data or confidential information (including confidential information relating to our customers, employees and suppliers). Further, we depend on our employees and the employees of our suppliers to appropriately handle confidential and sensitive data and deploy our IT resources in a safe and secure manner that does not expose our network systems to security breaches or the loss of data. However, there is always a risk that inadvertent disclosure or actions or internal malfeasance by our employees or those of our suppliers could result in a loss of data or a breach or interruption of our IT systems.

In addition, any system failure, accident or security breach could result in business disruption, theft of our intellectual property, unauthorized access to, or disclosure of, customer, personnel, supplier or other confidential information, corruption of our data or of our systems, reputational damage or litigation. Furthermore, computer viruses or other malware may harm our systems and software and could be inadvertently transmitted to our customers' systems and operations, which could result in loss of customers, litigation, government investigation and proceedings that could expose us to civil or criminal liabilities and significant management attention and resources to remedy the damages that result. We may also be required to incur significant costs to protect against or repair the damage caused by these disruptions or security breaches in the future, including, for example, rebuilding internal systems, implementing additional threat protection measures, providing modifications to our products and services, defending against litigation, responding to regulatory inquiries or actions, paying damages, or taking other remedial steps with respect to third parties. Further, remediation efforts may not be successful and could result in interruptions, delays or cessation of service, unfavorable publicity, damage to our reputation, customer allegations of breach-of-contract, possible litigation, and loss of existing or potential customers that may impede our sales or other critical functions.

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. 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 Covid-19 pandemic has increased the level of remote working within our organisation, which increases the risks of cybersecurity incidents. Moreover, the conflict between Ukraine and Russia has further increased the risk of cyber attacks.

Risk response: Ebusco has put in place the following risk mitigation measures to cope with this operational risk:

- Information security function and policy to implement controls to ensure authorized use of information;
- Significant increase of information security investments and security roadmap to increase security of processes and systems;
- Increasing technical protective measures;
- Periodic penetration testing;
- Implementation of security monitoring services for detection of, and response to, cyber threats to our systems;
- Increasing information security awareness through training and newsletters.

FINANCIAL AND REPORTING RISKS

CURRENCIES

A portion of the company's operations, assets, liabilities, revenue and expenses are denominated in currencies other than the euro. Ebusco's predominate exposures are currently in Chinese yuan. Changes in the exchange rates between these currencies therefore affect the company's operations and financial position, as a result of transactional exchange rate effects. The company is particularly exposed to such effects with respect to its cost of sales and the Chinese yuan. Ebusco uses hedging instruments to decrease the risk of foreign adverse exchange rate fluctuation.

Ebusco experiences translational effects of exchange rate fluctuation because its financial results are measured in the currency of the primary economic environment in which it operates, its functional currency. Ebusco prepares its consolidated financial statements in euros and derives its revenue and/or incurs costs in several different currencies. As a result, fluctuations in the foreign currency exchange rates may increase or decrease the euro value of the company's non-euro assets, liabilities, revenue and costs, even if their value has not changed in their local currency. Ebusco is particularly exposed to such effects with respect to its cost of sales and the Chinese yuan.

Ebusco also experiences transactional effects of exchange rate fluctuations as it enters into a sale or purchase transaction in a currency other than its functional currency. Ebusco's largest transactional exposure arises in situations where the company has a mismatch between its earnings and any foreign currency and its costs that are denominated in that currency.

As the Ebusco continues to expand in new markets under its international roll-out plan, these foreign exchange rate fluctuation effects are expected to become more pronounced and will continue to affect the company's results of operations and financial position.

Risk response: Ebusco has put in place the following risk mitigation measures to cope with this financial and reporting risk:

- Treasury department that establishes currency risk management, including responsibilities, authorizations and reports. Liquidity is monitored by the Treasury department, which tracks the actual cash flow for the company on both a short- and longer-term basis;
- Ebusco has a hedging program in place to anticipate net exposure of foreign currencies resulting from purchases in China.

INFLATION

Ebusco is exposed to inflation for costs of goods and materials, transport and wages as a result of supply shortages which may impact our profitability. Currently, supply chain constraints have resulted in higher-than-normal inflation. The conflict between Ukraine and Russia has significantly increased the risk on high inflation. Any unforeseen high inflation may have a material adverse impact on Ebusco's business, financial condition and operating results.

Risk response: Ebusco has put in place the following risk mitigation measures to cope with this financial and reporting risk:

- Strategic partnerships to ensure an efficient and effective global supply chain;
- Ebusco monitors economic, political and general societal changes and, where necessary, develops response strategies to such events;
- We closely monitor our procurement activities and any potential future impact if the geopolitical tension worsens and persists and will take mitigating measures if required.

REPORTING

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. The long lifecycle of bus sales, from order acceptance to accepted delivery by the customer, together with the complexity of the accounting rules for when revenue can be recognised in the accounts, presents a challenge in terms of ensuring consistent and correct application of the accounting rules.

Risk response: Ebusco has put in place the following risk mitigation measures to cope with this financial and reporting risk:

- Ebusco's Accounting guidelines set the standard for accurate reporting. Key components of our guidelines are our accounting principles and checklist;
- Continuous training and education of our Finance department.

COMPLIANCE RISKS

LEGAL & REGULATORY

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. Furthermore, additional regulations could impact or limit our ability to sell buses in specific jurisdictions.

Risk response: Ebusco has put in place the following risk mitigation measures to cope with this compliance risk:

- Internal Audit department to perform internal audits;
- By means of Ebusco's code of conduct, all our employees are aware of how they should do business honestly and by signing this have agreed to act accordingly;
- In all layers of our company compliance with internal guidelines relating to integrity and behavior is strictly monitored and enforced (zero tolerance);
- Employees can report suspicions abuses through a whistleblower policy. Such notifications have no consequences for the position of the reporter, if it conforms to the procedure drawn up for this purpose.

TAX

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. Furthermore, Ebusco is exposed to tax risks related to tax losses, interest and tax credits carried forward, and potential changes in tax law that could result in higher tax expenses and payments. 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 response: Ebusco has put in place the following risk mitigation measures to cope with this compliance risk:

- Make use of external (tax) advisors for specialised subjects;
- Rollout of a Tax Control Framework;
- Rollout on International transfer pricing policy;
- Develop good relations with tax authorities based on mutual respect, transparency and trust.

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 the 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 or 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'.

During the year under review, the company has worked on the further development and implementation an Internal Risk & Control Framework. The Management Board appointed an audit firm to establish the Internal Audit function.

The Management Board is responsible for the establishment and adequate functioning of a system of governance, risk management and internal controls in the company. This key responsibility has led to the development and implementation on an Internal Risk & Control Framework. This is expected to be implemented in 2022. Once implemented, the Management Board will report on internal risk management and control systems to the Supervisory Board and its Audit Committee.

The Supervisory Board has reviewed and approved Ebusco's 2021 financial statements as prepared by the Management Board.

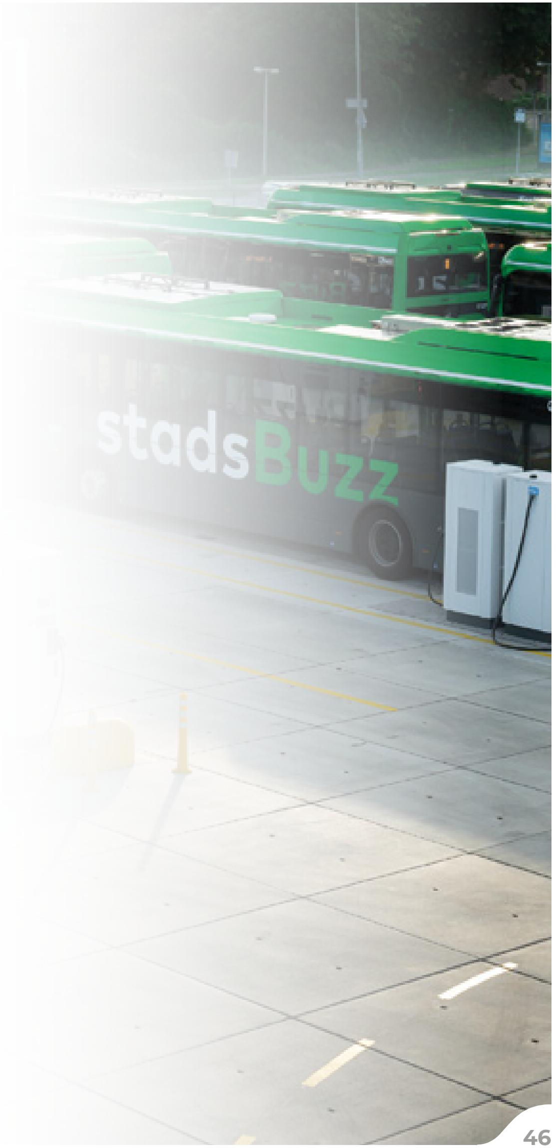
The Audit Committee reviews and approves the audits planned for the financial year. Furthermore, the Audit Committe monitors compliance with European and Dutch independence rules on permitted services provided.

The external auditor attends all Audit Committee meetings. The external auditor's findings are discussed at these meetings. The Audit Committee reports to the Supervisory Board on the topics discussed, including the independent auditor's report with regards to the audit of the financial statements as well as the content of the annual report. Furthermore, the external auditor may attend the Supervisory Board meeting in which the annual external audit report is discussed. The external auditor may also attend Supervisory Board meetings in which the quarterly financial results are discussed.

The Audit Committee is informed without delay in case irregularities would be discovered in the content of the audit of the financial reports.

The role of the Internal Audit function is to assess and test the Risk & Control framework and, next, to assess the systems of internal controls by performing independent procedures such as risk-based IT audits, operational audits and compliance audits. The Internal Audit function reports directly to the Audit Committee and Management Board.

Based on the financial results for the 2021 financial year, the financial position of the company and the prospects for the year 2022, and considering current market conditions, the Management Board has assessed the company's assumptions of going concern.



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 Management Board report provides sufficient insights in the effectiveness of the internal risk management and control systems and into any failings thereof;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- there is a reasonable expectation that Ebusco will be able to continue its operations and meet its liabilities for at least twelve months after the date of this report. Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- the section on risk management in the Management Board report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the Management Board 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 2021 and of the developments during 2021 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, 11 April 2022

Management Board

P.H.A.M. Bijvelds, *Chief Executive Officer*
P. van Beers, *Chief Financial Officer*
B.H.M.J. Fleuren, *Chief Operational 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 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. The issued capital of the company was €590,393.80 on 31 December 2021, consisting of 59,039,380 ordinary shares.

Each ordinary share carries one vote. A shareholder may cast their vote in person, by proxy or electronically 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, with the exception of certain shares held by shareholders, Board members and other members of the Management Team which are subject to lock-up restrictions as imposed concurrent with the listing in October 2021. Barring these lock-up arrangements, 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 participation company, in most cases Ebusco B.V., and the IPO did not have any legal effect on any of the agreements as concluded by Ebusco B.V. or another operating company of the Ebusco Group.

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, each single shareholder having at least 10% of the outstanding shares is entitled to nominate a candidate for the Supervisory Board.

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

A remuneration scheme is in place under which members of the Management Board and Management Team are entitled to receive rights to acquire shares in the capital of the company. The Supervisory Board has set the material terms which must be met in order for the respective members of the Management Board and Management Team to receive these rights. Considering that most material terms are subject to certain financial goals, the granting of these rights is subject to the approval by the General Meeting of Shareholders of the annual accounts for the year under review.

Currently the company does not have an Employee Stock Option Plan in place. The Members of the Board are entitled to shares pursuant to the Long Term Incentive (LTI) bonus scheme. The actual number of shares to be allocated to each of the individual members of the board will be determined in 2023 with respect to the performances as achieved in 2022. It has been decided that no shares or options on shares pursuant to the LTI will be allocated based upon the achievements in 2021.

The company is entitled to acquire its own fully paid-up shares, or depository receipts for 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. The General Meeting of Shareholders must determine in the resolution the number of shares or depository receipts for shares which 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 the Shareholders are convened by the Management Board or 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.

Other General Meetings of Shareholders will be held whenever and as often as the Management Board or the Supervisory Board deems necessary. 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 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 request, the requesting shareholder(s) may seek authorization 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 that items 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 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 Chair 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.

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.

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.

As of 7 October 2021, the Management Board comprises of the following individuals:

Name	Position	End of Term
P.H.A.M. Bijvelds	CEO	2025 AGM
P. van Beers	CFO	2023 AGM
B.H.M.J. Fleuren	COO	2024 AGM

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 By-laws are published on the company's website.

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 thereto 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. In 2021 the company enhanced its internal control systems and procedures. It is envisaged that the internal control systems and procedures will be fully implemented in the course of 2022. Further details are provided in "Riskmanagement" on page 32.

In accordance with the Supervisory Board By-laws, the Supervisory Board is responsible for decision-making in dealing with transactions (1) which 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 type 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. Concurrent and immediately following the listing, certain payments (and repayments) were made, as disclosed in the prospectus for the initial public offering, related to repayments of outstanding loans to shareholders, the payment of a success fee and the payment of the purchase consideration for the Pondus acquisition. These transactions are explained in detail in explanatory notes 5, 7, 20 and 24 to the Financial Statements. At the end of the financial year, the company decided to repay all outstanding credit facilities with the banks, including ING, which bank is also a shareholder of the company having an interest exceeding one percent (1%) of the outstanding issued capital, and subsequently, the repayment of the outstanding loans to ING qualified as a related party transaction. This transaction was properly discussed and subsequently approved by the Supervisory Board. Apart from these payments (and repayments), no other related party transactions occurred in the course of the 2021 financial year.

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, being the date at which Ebusco became a public limited liability company, the Supervisory Board comprised five 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.

Two 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 26 October 2021 the Supervisory Board comprised the following individuals:

Name	Position	End of Term
Derk Haank	Chair	2025 AGM
Jeroen Drost	Vice-chair/Nomination Committee chair	2024 AGM
Carin Gorter	Member/Audit Committee chair	2024 AGM
Ruud Spoor	Member	2025 AGM
Roelf de Boer	Member/Remuneration Committee chair	2023 AGM

The members of the Supervisory Board are remunerated in accordance with the Remuneration Policy. The Remuneration Policy is approved by the General Meeting of Shareholders. It can be amended by the General Meeting of Shareholders upon a proposal from the Supervisory Board. 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 auditors 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; and
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.

From 26 October 2021, the Audit Committee consists of Carin Gorter (chair) and Ruud Spoor (member).

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; and
h 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.

From 26 October 2021, the Nomination Committee consists of Jeroen Drost (chair) and Derk Haank (member).

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.

From 26 October 2021, the Remuneration Committee consists of Roelf de Boer (chair) and Derk Haank (member).

CORPORATE GOVERNANCE

In the year under review the company was a private company with limited liability under Dutch law until 26 October 2021. In the course of preparing the company for its listing on the Euronext Amsterdam stock exchange, all of the company's procedures were revised and amended in order to comply with the Governance Code as best as possible within the framework of the existing modus operandi, as was the case within the company up to the listing.

With respect to the 2021 financial year, Ebusco is reporting on compliance with the Governance Code as if it were fully applicable in 2021. Ebusco fully endorses the core principles of the Governance Code and is committed to fully complying with the Governance Code's best practices 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 to the audit of the 2024 fiscal year, the Company will act in accordance with best practice provision 1.6.3
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 present composition of the Supervisory Board is not in compliance with the Act on a more balanced ratio of men and women on management and supervisory board, effective from 1 January 2022. Whilst composing the Supervisory Board, the need to attract members with a strong professional background and fit was deemed of paramount importance above achieving a balanced ratio of men to women	The nomination committee shall take the Act on balanced ratio men/women in the Supervisory Board in consideration in order to comply with the growth criterium of said Act in the medium-term future.

2.1.7 ii: majority of Supervisory Board is independent	The composition of the Supervisory Board is not in compliance with best practice provision 2.1.7 (ii) that requires that more than half of the Supervisory Board members is 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 five members of the Supervisory Board are not independent within the context of the Governance Code.	The nomination right of a shareholder having 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.

DIVERSITY POLICY

Ebusco has a Diversity 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. The purpose of the Diversity Policy is to achieve that the composition of the Supervisory Board, Management Board and the employees of the company as a whole is as diverse as possible, taking into consideration a variety of non-discriminatory factors.

The Diversity 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.

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. In case of Ebusco that means that the first two new members of the Supervisory Board have to be woman.

With respect to the Management Board it is noted that the present composition is not yet balanced in terms of men/women. Ebusco strives to improve the gender balance in the Management Board. The Nomination Committee shall take this into consideration when proposing a candidate member of the Management Board.

The composition of all managers in Ebusco is reasonably divers.

EXTERNAL AUDITOR

For the 2021 and 2022 financial years, Ernst & Young Accountants LLP was 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. However, the company will arrange for a tender and subsequent selection of an auditor for the financial year 2024, which will be put to vote at the General Meeting of Shareholders in 2023. 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 29 August 2017. The information required to be included in this Corporate Governance Statement as described in articles 3, 3a and 3b of the Decree can be found in this annual report under the Corporate Governance and Shareholder Information chapters.

Deurne, the Netherlands, 11 April 2022

P.H.A.M. Bijvelds, *Chief Executive Officer*
P. van Beers, *Chief Financial Officer*
B.H.M.J. Fleuren, *Chief Operating Officer*

CASE

OFFICIAL OPENING new production hall Deurne

The new hall for the production of the Ebusco 3.0 in Deurne was officially opened by His Majesty King Willem-Alexander of the Netherlands on 28 October 2021. The hall is expected to have a production capacity of 500 emission-free buses per year by the end of 2022. Furthermore over time the hall will serve as a blueprint for the roll-out of international production of the Ebusco 3.0 buses. Amid great interest from Ebusco employees, guests and the press, His Majesty the King officially opened the new factory hall by putting the Ebusco 3.0 bus on the charger.

HIS MAYESTY KING WILLEM ALEXANDER

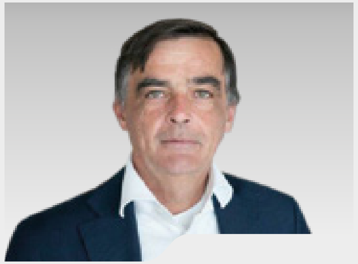
COMPOSITION OF THE SUPERVISORY BOARD

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 photo product supplier Albelli.

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 firm TKH Group, gym chain Basic-Fit (both Dutch listed companies), legal and financial services provider DAS Holding and Dutch insurance company TVM Verzekeringen. Furthermore, she is external Audit Committee member of the Ministry of Justice and Security and Supervisory Board member of Nederlandse Transplantatie Stichting.

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.

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 degree in Commercial Economics from the Rotterdam University of Applied Sciences in the Netherlands.

ROELF DE BOER

Member, chair of the Remuneration 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.

Roelf de Boer is currently chair of the Supervisory Board of logistics services provider Verbrugge International.

REPORT OF THE SUPERVISORY BOARD

GENERAL

The listing on the Euronext Amsterdam stock exchange on 22 October 2021 marked the beginning of an important new era for Ebusco. The listing resulted in Ebusco having significant funds to accelerate its long-term growth strategy.

In 2021 the efforts and dedication of the management and all Ebusco employees culminated not only in the successful listing but also in a strong and sustainable operational performance in line with expectations. To crown it all off, the new production hall for the lightweight composite zero-emission Ebusco 3.0 in Deurne was officially opened by His Majesty King Willem-Alexander of the Netherlands.

This report provides an overview of the approach and activities undertaken by the Supervisory Board in the year under review. In addition to supervising the general course of affairs, an important part of the Supervisory Board's activities was focused on ensuring Ebusco's successful listing and an appropriate governance structure. 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 who actively support the Management Board, providing it with guidance and advice.

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.

Ebusco realises that it currently does not meet the gender diversity targets for the Supervisory Board. 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. The objective is that at least one third (1/3) of the total number of members of the Supervisory Board is female. At present this is one fifth (1/5th), and subsequently, if and when a vacancy arises in the coming years, the Supervisory Board will take into account the Supervisory Board profile and the Governance Code in order to ensure the Supervisory Board is brought further in line with the diversity requirements of the Governance Code as well as the gender diversity requirements for company boards, as applicable from 1 January 2022.

The 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 sites in Deurne to gain a deeper knowledge and understanding of the company's operations, opportunities and challenges.

SUPERVISORY BOARD COMPOSITION

Name	Nationality	Financial expertise	Number of supervisory board* positions held
Derk Haank (male, 1953)	Dutch		2
Jeroen Drost (male, 1961)	Dutch	yes	3
Carin Gorter (female, 1963)	Dutch	yes	5
Ruud Spoor (male, 1958)	Dutch	yes	1
Roelf de Boer (male, 1949)	Dutch		1

Name	First appointment	Term expiration	Ebusco Supervisory Board Committee	Independent
Derk Haank	26 October 2021	AGM 2025	Nomination Committee, Remuneration Committee	Yes
Jeroen Drost	26 October 2021	AGM 2024	Nomination Committee (chair)	
Carin Gorter	26 October 2021	AGM 2024	Audit Committee (chair)	Yes
Ruud Spoor	26 October 2021	AGM 2025	Audit Committee	
Roelf de Boer	26 October 2021	AGM 2023, no reappointment	Remuneration Committee (chair)	

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

Supervisory Board members Carin Gorter and Derk Haank are considered independent members of the Supervisory Board, as defined in best practice provision 2.1.8 of the Dutch Corporate Governance Code. Pursuant to the existing Relationship Agreement entered into on the date of listing of Ebusco, all shareholders having ten percent (10%) or more of the total outstanding shares in the company have the right to nominate a candidate for the Supervisory Board.

Consequently, three (3) shareholders nominated a member of the Supervisory Board, thus the majority of the Supervisory Board is not qualified as independent as defined in best practise provision 2.1.8 of the Dutch Governance Code. Hence Ebusco does not comply with best practice provision 2.1.7 ii.

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

None of the Supervisory Board members were granted, nor do they own, any Ebusco shares or options on shares since their respective dates of appointment up to and including 31 December 2021.

SUPERVISORY BOARD MEETINGS IN 2021

Prior to the listing of Ebusco, the proposed Supervisory Board members met once in an informal setting. Once appointed, the Supervisory Board held one meeting physically and one meeting via video conferencing in 2021. All Supervisory Board members were present at both meetings. The entire Management Board was present during this meeting. 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.

All face-to-face meetings took place at the company's head office in Deurne, the Netherlands.

No Supervisory Board member was absent from any of the meetings. All members were able to devote sufficient time to the affairs of Ebusco, also outside of meetings. Recurring topics at the Supervisory Board meetings included:

- CEO and CFO updates
- Market and business updates
- Risk reports
- Legal updates, including compliance and governance-related matters

Topics that were discussed in more detail during these meetings:

- Expansion strategy
- Outlook
- Risk and control framework
- Related Party Transactions
- ESG related topics

The meetings addressed routine commercial, financial and operational matters, and focused on the implementation of the strategy. The Supervisory Board paid particular attention to the Related Party Transactions. The Supervisory Board approved all policies of the company which became applicable concurrent with the listing, including regulations governing the Management Board and Supervisory Board.

In view of the fact that Ebusco has only been listed since October 2021 and that both the Management Board and the Supervisory Board were only then installed, there was no need for the Supervisory Board to review its own composition and performance and that of its three committees. The Supervisory Board will perform a self-assessment in 2022 and report on it in the 2022 report of the Supervisory Board. The same goes for the evaluation of the performance of the Management Board.

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.

AUDIT COMMITTEE

The Audit Committee consists of two members, Carin Gorter (chair) 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 once in 2021 since its installation in October 2021. The meeting was attended by both members of the Committee and two members of the Management Board, namely the CEO and CFO. The meeting was attended by the external auditor. In addition to the official meeting, both members of the Audit Committee had regular contact with the CFO and the Finance Director, mainly in order to prepare for the Audit Committee meeting.

The items and topics on the agenda of the Audit Committee included:

- Interim results
- Revenue recognition Ebusco 3.0 (position paper)
- Accounting of Pondus acquisition
- Accounting policies
- 2021 external audit plan of the external auditor, including engagement conditions and audit policy for non-audit services and auditor independence
- Cash and treasury management

- IT and cybersecurity
- Tax-related issues
- Budget for 2022
- Risk and control framework
- Compliance framework
- Appointment Internal Auditor
- Appointment External Auditor

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. As part of these discussions, the audit committee obtained a clear picture of steps that have been taken to strengthen the IT security. The Audit Committee has been informed by the Management Board about the internal control framework and has been actively involved in the creation of the outsourced internal audit function.

The audit committee is aware that following the Initial Public Offering an auditor selection procedure should be started as soon as possible, as required by the mandatory auditor rotation legislation. In view of the rapid growth that Ebusco has experienced to date and the time and efforts management and the audit committee are expected to devote to the auditor rotation to safeguard a thorough tender process and an effective and efficient auditor transition while not disrupting the rapid growth that is anticipated in the foreseeable future, the audit committee considers it appropriate to commence an auditor selection process at the end of 2022 which will be finalised before the Annual General Meeting of Shareholders in 2023. In that meeting the proposed and recommended external auditor will be presented for appointment by the Annual General Meeting of Shareholders for the financial year starting 1 January 2024.

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 Supervisory Board reviewed its relationship with the Management Board and it concluded that the relationship allows for open, in-depth discussions. The Supervisory Board emphasized the importance of obtaining the required information in a timely manner and the Management Board acknowledged this.

Finally, the Nomination Committee observed that there is at present no vacancy. In the event of a vacancy in the Supervisory Board, it will, based upon the Diversity Policy as well as recent legalisation concerning the composition of Management Boards and Supervisory Boards, do its utmost to arrange that a woman is appointed as member of the Supervisory 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. Following its installation, the Remuneration Committee met once in an informal setting and held one formal meeting in 2021. Both members were present at both meetings. The main topics of discussion were:

- Assessment of the remuneration policy in place
- Performance and individual remuneration of the Management Board members
- Performance targets for 2022
- Share retention assignments for the Management Board members and key managers
- Performance of senior management and succession planning

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

OVERVIEW OF ATTENDANCE OF MEETINGS IN 2021

	Derk Haank	Jeroen Drost	Carin Gorter	Ruud Spoor	Roelf de Boer
SB meeting	100%	100%	100%	100%	100%
Audit Committee			100%	100%	
Remuneration Committee	100%				100%
Nomination Committee*	n/a	n/a			

* The Nomination Committee did not convene in 2021.

2021 FINANCIAL STATEMENTS

The Audit Committee reviewed and discussed the Management Board report and financial statements for the 2021 financial year. The financial statements for 2021 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 2022. 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 2021 financial statements meet all requirements for correctness and transparency. The 2021 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 25 May 2022, adopt the 2021 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 2021.

GRATITUDE

The past year was an exceptional year, with the listing on Euronext Amsterdam being a major milestone. Moreover, the official opening of the production plant in Deurne for the Ebusco 3.0 buses by His Majesty King Willem-Alexander, and the progress Ebusco made in strengthening its leading position throughout Europe as a manufacturer of zero-emission buses for public transport were important developments. The Supervisory Board wishes to thank Ebusco's shareholders for their trust in the company in the past year. More importantly, the Supervisory Board would also like to thank all Ebusco employees, under the inspiring leadership of the Management Board, for their great efforts and dedication to making this past year such a resounding success.

Deurne, the Netherlands, 11 April 2022

Derk Haank
on behalf of the Supervisory Board

REMUNERATION REPORT

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 which the Remuneration Committee must adhere to when preparing a remuneration report in line with the Dutch Corporate Governance Code with the requirements which the Management Board must comply with in the preparation of a remuneration report in line with Book 2 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 25 May 2022 for an advisory vote. There have been no previous votes by the AGM on the company's remuneration policy or previous remuneration reports that can be taken into account. This remuneration report is based on the current remuneration policy that was approved by the General Meeting of Shareholders on 17 October 2021, prior to the company's public listing on Euronext, and became effective immediately thereafter. Any subsequent amendments 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 2021. The report concludes with the details of the remuneration policy of the Supervisory Board and how this remuneration policy was implemented in 2021.

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 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 primarily focused on achieving growth at this time, which should be compensated fairly. In this context, the members of the Board are incentivised and motivated to focus on and achieve the projected growth of the company.

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
- Severance payments

PEER GROUP

In 2021, in anticipation of the listing, the company commissioned an expert audit firm, not being the auditor of the company, to provide an 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 considered to be consistent with the characteristics of Ebusco as well as in line with Ebusco's growth perspective.

FIXED REMUNERATION

The annual base salary of the members of the Management Board is a fixed compensation set by the Supervisory Board that takes into consideration 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. As a result, the annual base salary was set at €387,000 for the CEO and at €275,000 for both the CFO and COO, in line with the remuneration policy.

VARIABLE REMUNERATION

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 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 determine 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:

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

It was decided that no STI would be granted over 2021 in view of the fact that the period during which the company was listed was effectively two months.

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 2022 financial year onwards. 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. 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. 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).

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 payout of more than 25% is subject to prior approval by the General Meeting of Shareholders.

Ebusco STI plan

Financial target	**Realisation**	**Payout % of base salary**
Threshold	60% of roll-out plan target	15%
At Target	70% of roll-out plan target	30%
Outperformance	100% of roll-out plan target	50%

Ebusco LTI Plan

Financial measures: Ebusco 3.0 international roll-out plan, 3-year performance period

		Vesting percentage
Threshold	<60% achievement of roll-out plan	0%
At target	70% achievement of roll-out plan	100%
Outperformance	100% achievement of roll-out plan	150%

LTI vesting based on a linear payout between 0%-150% according to the above performance incentive zone

PENSION ALLOWANCE AND OTHER BENEFITS

The members of the board have been granted a pension allowance of an amount which is equal to approximately 16% of their base salary, excluding any allowances and bonus payments.
Other benefits include a holiday allowance of 8% of the base salary and 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 PROVISION

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.

MANAGEMENT BOARD REMUNERATION IN 2021

The total remuneration of each individual member of the Management Board in 2021 is as follows:

in EUR	Fixed Base Salary	Holiday Allowance	Pension Allowance	Car	Extraordinary Compensation	STI	LTI	Repaid Remuneration	Fixed Compensation as % of Total	Variable Compensation As % of Total
CEO	267,914	0	12,024	6,663	0	0	0	0	100.00%	0%
CFO	295,880	0	8,588	11,028	5,000,000	0	0	0	100.00%	0%
COO	182,516	0	18,069	11,961	0	0	0	0	100.00%	0%

FIXED COMPENSATION

Prior to Ebusco's listing, the service agreements in place at the time with each of the respective Management Board members were terminated and new service agreements were concluded and came into effect. Therefore all three members of the Management Board are included in the payroll administration of the company as from 17 October 2021. The fixed base salary for 2021 consists of both payments under the terminated service agreements and payments under the new service agreements.

When drawing up the remuneration policy and determining the remuneration of the members of the Management Board, the Supervisory Board considered possible outcomes of the variable remuneration elements and how they may affect the remuneration of the members of the Management Board. These scenario analyses were considered when defining the structure of the policy.

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 2021, 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. The Supervisory Board does not expect any significant modifications to the remuneration policy during the first three years after the company's listing.

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 also when determining the remuneration of individual members of the Management Board.

The Supervisory Board has the authority to make discretionary adjustments to the outcome of variable remuneration, if the outcome is deemed to be 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.

VARIABLE REMUNERATION

Considering that the company was effectively listed for two months in 2021, it was decided that no STI and LTI would be granted over 2021.

REPAID REMUNERATION

The Supervisory Board had no reasons to believe that any compensation paid over the year 2021 should be repaid in whole or in part based upon the grounds as stipulated in article 2:383 Dutch Civil Code.

EXTRAORDINARY COMPENSATION CFO

Paul van Beers negotiated that PBE Support B.V., a company wholly owned by him and through which he performed his services to Ebusco, would receive a success fee upon completion of, inter alia, an IPO. The shareholders of Ebusco and Paul van Beers agreed that as settlement of this success fee agreement, PBE Support B.V. would receive an one-time total amount of €5.0 million out of the proceeds of the IPO with the requirement to reinvest the cash consideration (net of income tax) into shares of Ebusco. This has been disclosed in the prospectus at listing and is reiterated in this report for transparency purposes.

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. 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 of members of the Management Board. 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.

Consequently, Ebusco's calculated CEO pay ratio in 2021 was 4.7 (2020: 4.6). These internal pay ratios are closely monitored by the Remuneration Committee. Apart from the absence of STIs and LTIs in 2021, an important observation is that the company has a relatively young workforce, resulting in a relatively low median employee remuneration level.

HISTORICAL PERSPECTIVE

The following table summarises the remuneration of the members of the Management Board and accompanying pay ratios in previous years. Information prior to 2018 is not available as the company's books were not audited at that time.

Remuneration Management Board (in EUR)	2021	2020	2019	2018
Total remuneration CEO	286,602	281,689	240,000	190,000
Total remuneration CFO	5,315,497	316,477	215,000	261,000
Total remuneration COO	212,546	-	-	-
Ebusco performance (all in EUR million)				
Revenue	24.3	100.0	48.9	21.4
Underlying EBITDA	(20.5)	27.1	8.8	3.2
Free cash flow	(25.6)	(15.9)	(5.5)	1.0
Pay ratio				
Pay ratio CEO	4.7	4.6	3.9	3.4
Average total remuneration Ebusco employees*	60,452	60,868	61,072	55,831

* The average total remuneration of Ebusco employees is excluding the total remuneration of the Management Board and Supervisory Board.

REMUNERATION OF THE MANAGEMENT BOARD IN 2022

It is expected that the base salary remuneration of the members of the Management Board will not be increased for the 2022 financial year. With regard to the variable remuneration components, targets will be set for the STI as well as the LTI which may be granted in 2022.

SUPERVISORY BOARD REMUNERATION 2021

The remuneration of the members of the Supervisory Board consists of fixed annual fees for their role as Supervisory Board members. In addition, the chairman 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. As per 31 December 2021, the members of the Supervisory Board have no loans outstanding with Ebusco, and no guarantees or advance payments have been granted to members of the Supervisory Board. Ebusco pays company-related travel and accommodation expenses related to meetings. The remuneration policy of the members of the Supervisory Board is considered to be market conform.

ANNUAL FEES PER FUNCTION IN THE SUPERVISORY BOARD (IN EUR)

Function	Remuneration
Chairman	50,000
Member	40,000

ANNUAL FEES PER FUNCTION IN SUPERVISORY BOARD COMMITTEES (IN EUR)

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 2021* (IN EUR)

Function	Remuneration
Derk Haank	14,500
Carin Gorter	12,500
Jeroen Drost	11,750
Roelf de Boer	11,750
Ruud Spoor	11,750

* No comparable figures in absence of a Supervisory Board prior to listing on Euronext. Fee quoted is excluding reimbursement of costs. Remuneration in book year 2021 is limited to the fourth quarter.

FINANCIAL STATEMENTS

CONTENT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of euro, unless stated otherwise

	Note	2021	2020
Revenue	6.1	24,265	99,994
Cost of materials	6.2	(23,045)	(60,337)
Employee benefit expenses	7	(23,106)	(9,745)
Amortisation and depreciation expenses	12, 13, 21	(5,331)	(3,359)
Other operating expenses	8	(12,354)	(2,777)
Operating expenses		**(63,836)**	**(76,218)**
Operating result		**(39,571)**	**23,776**
Finance expenses, net	9	(4,240)	(1,289)
Share of result of an associate	5	7,427	(112)
Result before tax		**(36,384)**	**22,375**
Income tax credit/(expense)	10	9,587	(5,716)
Result for the year		**(26,797)**	**16,659**
Result for the year attributable to			
Equity holders of the Group		(26,388)	16,659
Non-controlling interests		(409)	-

	Note	2021	2020
Result for the year		**(26,797)**	**16,659**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		(6)	-
Net gain/(loss) on cash flow hedges		1,444	(639)
Tax effect of changes in cash flow hedges		(361)	160
Net change in costs of hedging		40	64
Tax effect of changes in cost of hedging		(10)	(17)
Other comprehensive income/(loss)		**1,107**	**(432)**
Total comprehensive income/(loss) for the year		**(25,690)**	**16,227**
Total comprehensive income/(loss) for the year attributable to			
Equity holders of the Group		(25,281)	16,227
Non-controlling interests		(409)	-
Basic earnings per share (in euros) for result attributable to shareholders of the Group	11	**(0.56)**	**0.37**
Diluted earnings per share (in euros) for result attributable to shareholders of the Group	11	**(0.56)**	**0.37**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euro

	Notes	As at 31 December 2021	As at 31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	12	6,978	3,090
Right-of-use assets	21	8,046	1,428
Intangible assets	13	46,199	4,443
Deferred tax assets	10	7,139	909
Investments in associates	5	-	23
Non-current financial assets	14	205	305
		68,567	**10,198**
Current assets			
Inventories	15	22,330	3,640
Trade receivables	16	16,598	1,863
Receivables from related parties	24	24	505
Contract assets	6	13,450	59,989
Other current assets	17	3,823	1,402
Cash and cash equivalents	18	207,923	26,862
		264,148	**94,261**
Total assets		**332,715**	**104,459**

	Notes	As at 31 December 2021	As at 31 December 2020
Equity			
Share capital		590	24
Share premium		314,767	12,630
Reserves		9,207	2,904
Retained earnings		(20,553)	12,484
Equity attributable to equity holders of the Group	19.1	**304,011**	**28,042**
Non-controlling interests	19.2	**(63)**	**-**
Total Equity	19	**303,948**	**28,042**
Liabilities			
Non-current liabilities			
Loans and borrowings	20	463	12,877
Provisions	22	-	141
Non-current lease liabilities	21	7,250	1,238
		7,713	**14,256**
Current liabilities			
Loans and borrowings	20	215	45,188
Provisions	22	1,130	-
Trade payables	23	10,883	6,762
Payables to related parties	24	534	-
Contract liabilities	6	174	190
Other current liabilities	23	6,977	3,332
Current lease liabilities	21	1,132	544
Income tax payable	10	9	6,145
		21,054	**62,161**
Total liabilities		**28,767**	**76,417**
Total equity and liabilities		**332,715**	**104,459**

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 reserves	Retained Earnings	Total Equity attributable to Equity holders of the Group		
Balance as at 1 January 2020		**24**	**12,630**	**-**	**171**	**(71)**	**3,691**	**(4,508)**	**11,937**	**-**	**11,937**
Result for the year		-	-	-	-	-	-	16,659	16,659	-	16,659
Other comprehensive income	10, 28	-	-	-	(479)	47	-	-	(432)	-	(432)
Total comprehensive income for the year		**-**	**-**	**-**	**(479)**	**47**	**-**	**16,659**	**16,227**	**-**	**16,227**
Transfer to/from legal reserve	19	-	-	-	-	-	(333)	333	-	-	-
Transfer of cash flow hedge reserve		-	-	-	(122)	-	-	-	(122)	-	(122)
Balance as at 31 December 2020		**24**	**12,630**	**-**	**(430)**	**(24)**	**3,358**	**12,484**	**28,042**	**-**	**28,042**
Balance as at 1 January 2021		**24**	**12,630**	**-**	**(430)**	**(24)**	**3,358**	**12,484**	**28,042**	**-**	**28,042**
Result for the year		-	-	-	-	-	-	(26,388)	(26,388)	(409)	(26,797)
Other comprehensive income	10, 28	-	-	(6)	1,083	30	-	-	1,107	-	1,107
Total comprehensive income for the year		**-**	**-**	**(6)**	**1,083**	**30**	**-**	**(26,388)**	**(25,281)**	**(409)**	**(25,690)**
Shares issued	19	566	322,365	-	-	-	-	-	322,931	-	322,931
Share issuance expenses	19	-	(7,422)	-	-	-	-	-	(7,422)	-	(7,422)
Repayment convertible loan	19	-	-	-	-	-	-	(800)	(800)	-	(800)
Transfer to/from legal reserve	19	-	-	-	-	-	5,849	(5,849)	-	-	-
Transfer of cash flow hedge reserve		-	-	-	(653)	-	-	-	(653)	-	(653)
Acquisition of 60% share in associate	5	-	-	-	-	-	-	-	-	7,536	7,536
Acquisition of 20% non-controlling interest	5	-	(12,806)	-	-	-	-	-	(12,806)	(7,190)	(19,996)
Balance as at 31 December 2021		**590**	**314,767**	**(6)**	**-**	**6**	**9,207**	**(20,553)**	**304,011**	**(63)**	**303,948**

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euro

	Notes	2021	2020
Cash flows from operating activities			
Profit/(Loss) before tax		(36,384)	22,375
Non-cash adjustments:			
Depreciation of property, plant and equipment and right-of-use assets	12, 21	2,787	1,503
Amortisation of intangible assets	13	2,544	1,856
Gain/(Loss) on disposal of property, plant and equipment	12	(1)	1
Additions to/(releases from) provisions	22	3,935	60
Finance expenses, net	9	4,240	1,289
Share of results of an associate	5, 24	(7,427)	112
Movements in working capital:			
Inventories	15	(18,690)	(953)
Receivables and other current assets	16, 17	(17,595)	10,225
Contract assets/liabilities	6	46,809	(53,093)
Payables and other current liabilities	23	3,796	5,198
Cash generated from operations		**(15,986)**	**(11,427)**
Payment from provisions	22	(2,946)	-
Income tax paid	10	(458)	-
Net cash flows from operating activities		**(19,390)**	**(11,427)**

	Notes	2021	2020
Cash flows from investment activities			
Investments in property, plant and equipment	12	(4,137)	(1,362)
Proceeds from sale of property, plant and equipment	12	1	16
Investments in intangible assets	13	(795)	(2,452)
Investments in financial assets	14	(9)	(196)
Investments in subsidiaries	5	(22,344)	-
Net cash flows from investment activities		**(27,284)**	**(3,994)**
Cash flows from financing activities			
Acquisition of non-controlling interest	5	(19,996)	-
Net proceeds from issuance of share capital	19	316,118	-
Repayment of convertible loan		(800)	-
Repayments of borrowings	20	(105,517)	(2,600)
Proceeds from borrowings	20	41,500	43,525
Payment of principal portion of lease liabilities	21	(1,244)	(457)
Interest paid	20	(2,327)	(995)
Net cash flows from financing activities		**227,734**	**39,473**
(Decrease)/Increase in cash and cash equivalents		**181,060**	**24,052**
Exchange losses/gains on cash, cash equivalents	9	1	-
Cash and cash equivalents at 1 January	18	26,862	2,810
Cash and cash equivalents at 31 December	18	**207,923**	**26,862**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Ebusco Holding N.V. is 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"). 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.

Ebusco Holding N.V. (or 'the parent' respectively 'the Company'), formerly Ebusco Holding B.V., has been converted from a private limited liability company ('besloten vennootschap') into a public limited company ('naamloze vennootschap') in view of the IPO of the Ebusco Group, effective as of 22 October 2021. As from that date, the ordinary shares of Ebusco Holding N.V. are listed on Euronext Amsterdam.

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

2. BASIS OF CONSOLIDATION

ACCOUNTING POLICY – BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries (or 'group companies') as at 31 December 2021 with comparative information for the year ended 31 December 2020. 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.

An acquisition of a business under common control is accounted for by applying the pooling of interest method. Under the pooling of interest method assets, liabilities and reserves of two businesses are combined and recorded at carrying value.

NOTE - BASIS OF CONSOLIDATION

The following table provides an overview of the consolidated subsidiaries which the Parent controls as at 31 December:

Entity	Registered office	Date of incorporation	Ownership interest (%) 31 December 2021	Ownership interest (%) 31 December 2020
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 Holding B.V.[1]	Deurne, Netherlands	16 March 2017	100%	-
Pondus Operations B.V.[1]	Deurne, Netherlands	16 March 2017	90%	-
Pondus R&D B.V.[1]	Deurne, Netherlands	16 March 2017	100%	-
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 SAS	Paris, France	9 November 2020	100%	100%
Ebusco North America LLC	Delaware, United States	19 August 2021	100%	-
Ebusco New Energy (Xiamen) Co Ltd	Xiamen, China	17 September 2021	100%	-
Gr8 Technologies B.V.[2]	Amsterdam, Netherlands	1 December 2017	100%	-

1 Consolidated as of 19 April 2021
2 Consolidated as of 18 October 2021

3. 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 11 April 2022 and will be submitted for adoption to the General Meeting of Shareholders on 25 May 2022.

The consolidated financial statements have been prepared on a historical cost basis, except where otherwise indicated. All amounts are stated in thousands of EUR, unless otherwise stated.

The consolidated financial statements are prepared on a going concern basis.

PRESENTATION STATEMENT OF PROFIT OR LOSS

The 2020 'Employee benefit expenses' and 'Other operating expenses' comparative numbers have been brought inline with the current year presentation:

- other employee related expenses in the amount of €4,459 have been reclassified from 'Other operating expenses' to 'Employee benefit expenses'. This reclassification includes temporary and other staff expenses, car expenses and management fees charged by the members of the Management Board;
- additions to/(releases) from the provision for doubtful debts in the amount of €579 have been reclassified from 'Marketing expenses (included in Other operating expenses)' to 'General expenses (included in Other operating expenses)'.

COVID-19 IMPACT ON BUSINESS

The Covid-19 pandemic has impacted economic, government and social activity across the world since early 2020. In response to the pandemic, government regulations aimed at shifting social behaviours to limit or close non-essential transportation, business activities, government functions and person-to-person interactions, resulting in employees working from home. In some instances where these restrictions have been eased, governments have followed with actual or contemplated returns to stringent restrictions on gatherings or commerce or with reduced forms of restrictions that still limit transportation, business activities and other person-to-person interactions.

These trends have resulted in limited demand for public transport, which in turn has resulted in a reduced amount of income generated by Public Transport Authorities (PTAs) and Public Transport Operators (PTOs) who responded by offering fewer requests for tenders, bids or quotations for new buses in 2020 and the first half of 2021.

Despite the ongoing impact of Covid-19, the Group experienced an increase in orders for its zero-emission buses. Overall, the Group received more secured orders for its zero-emissions buses in 2021 compared to 2020. The Group continued to see an impact on orders and tender opportunities during the first half of 2021 as a result of the continued uncertainty related to public transit needs in the face of Covid-19 and the related regulatory responses, but its order book has strengthened in the course of 2021, mainly throughout the second half of the year. Furthermore, the Group has a promising opportunities pipeline.

Due to the slowdown in customer activity and orders during 2020 and early 2021, as well as some disruption to production and deliveries due to supply chain challenges, in each case as a result of Covid-19, the Group's revenue was significantly impacted in 2021. Compared to 2020, revenue was down by approximately 76%, mainly driven by a slow-down in orders due to Covid-19 combined with the global supply chain shortages.

Customer orders have continued to be subdued in the first half of 2021 as a result of Covid-19, the effect of which on the Group's revenues has been compounded by further supply chain disruptions that have reflected reduced production capacity at certain suppliers of the Group which scaled back production in response to Covid-19. As a result, the Group has experienced further delays in bus production and shipments in 2021 and anticipates that it may continue to do so into 2022.

The Group has in the past and continues to experience supply chain disruptions and supply shortages as a result of the prolonged Covid-19 pandemic. The Company is taking pro-active steps to manage the risk of further impact from the supply chain disruptions by building its safety stock, shipping components by air rather than sea (where this is an option and cost effective), designing alternative replacement parts, installing certain components at its headquarters in Deurne instead of its third-party assembly partner in China and by using exchange parts.

The Group continues to closely monitor the development of the Covid-19 outbreak by analyzing the risks which the pandemic imposes for its financial results, position and cash flows and implementing mitigating actions promptly.

Further information and considerations regarding areas of significant judgments and estimates have been included below.

LIQUIDITY AND RISK MANAGEMENT

At a very early stage of the Covid-19 outbreak, the Group identified a broad range of mitigating actions to preserve liquidity and continuity of the development and assembly process. These measures included, among others, savings in selling expenses, travel costs and procurement costs, applying for subsidies and concluding a capital increase of the shareholders. This will continue to be a focus point of the organisation in the coming years.

The Group has also implemented a range of measures to safeguard cash flow, including working capital management and the curtailment of uncommitted and non-essential capital expenditure.

The company obtained cash via the Initial Public Offering ('IPO') in October 2021 and repaid various components of loans and borrowings (reference is made to Note 20 of the consolidated financial statements).

GOING CONCERN

The Covid-19 pandemic has introduced new elements of uncertainty to the environment in which the Group operates and the effects of the pandemic are constantly being monitored by the Group's executive management. It is currently unclear what impact the virus will have on the spending patterns of the Group's customers and on consumer confidence in general. The prospects for the Group in the years ahead are good, given the need of cities and municipalities to provide environmentally friendly public transportation to their inhabitants.

In determining the appropriate basis for preparing the financial statements for the year ended 31 December 2021 and in light of the above, the Management Board considered the Group as a going concern:

- by evaluating the financial forecasts over a time horizon of – to a minimum – one year after the date of these financial statements;
- by analyzing, in particular, besides general macroeconomic trends and geopolitical events, order intake, order portfolio, cashflow, economics, working capital and sales forecast in the context of the current Covid-19 pandemic such as additional impact from (potential) supply chain disruptions; and
- taking into account the positive liquidity position as per 31 December 2021 following the IPO.

COVID-19 ON ACCOUNTING POLICIES

INTANGIBLE ASSETS

Despite the changes in the economic environment, the Group's review of its intangible assets including goodwill did not lead to identification and recognition of any impairments.

INVENTORIES

The Group's inventories are stated at the lower of cost or net realisable value. In determining the appropriate level of valuation allowance, certain businesses and markets impacted by Covid-19 were considered. In addition, current and potential excess inventory levels were analysed, incorporating revised expectations of future demand for these items. As a result of these procedures, the allowance for obsolescence increased to €523 as at 31 December 2021 (31 December 2020: €233).

TRADE RECEIVABLES

According to its accounting policy, the Group calculates the lifetime expected credit loss for trade receivables utilising the simplified expected credit loss approach in the form of a provision matrix based on historic inputs to determine the expected losses. The Group has taken into account historical and forward-looking information that might have an impact on the way the trade receivables will be settled in the future, including the Covid-19 impact. The Group's expected credit loss allowance as of 31 December 2021 (€514) decreased compared to its allowance as of 31 December 2020 (€638), mainly due to settlement of a claim from a specific customer (€600) and an addition to the provision for specific risks identified as per 31 December 2021 (€523). The Group is still pursuing collection of the receivables concerned.

GOVERNMENT SUPPORT

In response to Covid-19, many governments provided support through incentives, changed tax policies aimed at deferring tax filings and payments. The Group has been granted €1.3 million of wages relief in cash in connection with the "NOW 1.0" program from the Dutch government. The Group also received and applied payment deferrals on their loan from the Dutch government related to innovation (RVO loan; refer to Note 20). The Group has not benefitted from any rent concessions in relation to its leases.

DEFERRED TAXES

The Group recorded a net deferred tax asset of €7,139 as at 31 December 2021 (31 December 2020 €909). The deferred tax asset mainly relates to tax losses carried forward. The Group has assessed whether it will benefit from the net deferred tax asset and expects that utilisation (ultimately) will not be affected by the deferral or delay of orders due to the pandemic based on the expectation that sufficient taxable profits will be generated before the tax losses carried forward will expire (2021 tax losses will expire after six years).

ACCOUNTING POLICY – 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).

4. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The below table is a summary of the Group's significant accounting policies, estimates, and judgments. The table makes reference to the notes these topics are disclosed.

	Accounting Policies		Significant Accounting Estimates or Judgements
What it is	Accounting policies considered relevant for understanding the financial statements or required to be disclosed by law or IFRS.		These accounting policies involve a higher degree of judgement or complexity. The estimates applied are more likely to be materially adjusted due to inaccurate estimates and/or assumptions applied
Where?	Provided per note to the financial statements. The notes are organised into the following sections:		
	Key disclosures: In relation to its strategy the Group's management considers the following disclosures, based on the determination of operating profit, as key in understanding its financial performance or position. These disclosures provide a breakdown of individual line items in the financial statements that users of the financial statements consider most relevant.	**Notes:** 5 Acquisitions 6 Revenue, cost of materials and segment reporting 7 Employee benefit expenses 10 Income taxes 13 Intangible assets 22 Provisions	**Description:** 5 Acquisition 60% and remaining 20% of the voting shares in Pondus Holding B.V. 6 Percentage of completion of customer contracts 7 Share based payments and other compensation 10 Valuation deferred tax asset regarding tax losses carried forward 13 Annual goodwill impairment testing / Assumptions regarding cuseful life of intangible assets 22 Provision for warranties and disputes
	Other disclosures: Information on items required to be disclosed to be compliant with IFRS IASB and other legal requirements.	**Notes:** 9, 11, 14-21, 23-29	

STANDARDS ISSUED NOT YET ADOPTED

New standards, amendments and/or interpretations to existing IFRS standards became effective in 2021. These new standards, amendments and interpretations, as far as they are relevant to the Group, have no impact on the valuation and classification of assets and liabilities of the Group, nor on its income statement or cash flows.

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

- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Deferral of Effective Date (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU);
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU) Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after January 1, 2022, but not yet endorsed in the EU);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU);
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- The IFRS 17 Insurance Contracts standard (applicable for annual periods beginning on or after 1 January 2023), is not relevant to the Group and therefore will not be detailed further in these financial statements.

The impact of the adoption of the above new 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.

5. ACQUISITIONS

Acquisition of 60% of the voting shares of Pondus Holding B.V.

On 19 April 2021, the Group acquired 60% of the voting shares of its associate Pondus Holding B.V. (Pondus), raising its total shareholding of Pondus Holding to 80% and upon the acquisition date the Group gained control of Pondus.

Pondus Holding B.V. is the parent company of Pondus Operations B.V. (90% ownership) and Pondus R&D B.V. (100% ownership).

Pondus is involved in the research and production of lightweight composite materials suitable for use in constructing electric zero-emission buses. Pondus' principal place of business is the Netherlands. The Group acquired Pondus for the purpose of using proprietary technology to develop and manufacture lightweight carrying structures and parts for use in the Group's buses.

The considerations included the following:

- €16.6 million (the initial purchase price) paid by the Purchaser on completion of the acquisition;
- €5.0 million (the deferred purchase price) of contingent consideration paid by the Purchaser upon the initial public offering ("IPO") in October 2021;
- €0.75 million (earn out) of contingent consideration also paid upon the IPO in October 2021.

At the acquisition date, the fair value of the contingent consideration was estimated to be €5.8 million. The Group considered the IPO to be a probable event within the next three months; the IPO actually occurred on 22 October 2021. Considering the short period of time, the discounting was negligible.

The purchase price is as follows:

	Fair value of identifiable net assets
Non-current assets	
Property, plant and equipment	1,563
Intangible assets	4,246
Non-current financial assets	53
Total non-current assets	**5,862**
Net working capital	
Receivables from related parties	1,605
Other current assets	26
Trade payables	(110)
Payables to related parties	(1,051)
Other current liabilities	(351)
Total net working capital	**119**
Non-controlling interest (10% in Pondus Operations)	**(86)**
Loans and borrowings	**(7,909)**
Cash and cash equivalents	**6**
Subtotal: Identifiable net assets acquired at fair value	**(2,008)**
Fair value of non-controlling interest	7,450
Fair value of previously held equity interest	7,450
Fair value of consideration transferred:	
- Cash	16,600
- Contingent consideration	5,750
Subtotal: Consideration transferred	**37,250**
Goodwill arising on acquisition	**39,258**

Goodwill is attributable to the assembled workforce of Pondus, expected synergies, and expected future sales and customers. The goodwill is not deductible for income tax purposes.

At the acquisition date, the carrying value of the Group's 20% interest in Pondus was nihil. Accordingly, the Group recognised a gain of €7.5 million as a result of remeasuring the carrying amount of its 'Investment in associates' at fair value.

The Group has elected to measure the non-controlling interest in Pondus at fair value; the non-controlling interest is determined based on Pondus' full amount of goodwill. As a result, the value of the non-controlling interest is €7.5 million.

Acquisition of remaining 20% of the voting shares of Pondus Holding B.V.
On 18 October 2021, the Group acquired the remaining 20% of the shares in Pondus through the acquisition of 100% of the shares of Gr8 Technologies B.V., owning the remaining 20% of the voting shares of Pondus Holding B.V. The Group acquired the shares of Gr8 Technologies B.V. from its previous shareholders, being two persons (participating for 50% each) affiliated to VDVI B.V., one of the existing shareholders of Ebusco Holding N.V. Holding the shares in Pondus Holding B.V. was the only activity of Gr8 Technologies B.V.; Gr8 Technologies B.V. is expected to be liquidated in the first half of 2022.

The net cash outflow amounted to €19,996 (being €20,000 less cash acquired). Following the acquisition, the carrying value of the non-controlling interest of €7,190 has been reclassified to the equity of Ebusco Holding N.V., and the difference between the fair value of the consideration paid and the carrying value of the non-controlling interest being €12,806 has been charged against the Company's share premium.

Accordingly, the total cash outflow from investments in group companies (net of cash acquired) amounted to €22,344 and cash outflow from acquisition of non-controlling interest amounted to €19,996.

In 2021, Pondus did not contribute to the Group's consolidated revenue and contributed a loss of €1,713 to the Group's consolidated operating result. If the acquisition had occurred on 1 January 2021, the acquired business would not have contributed to consolidated revenue and would have contributed a loss of €2,381 to consolidated operating result.

Total transaction costs incurred amount to €85 thousand for both acquisitions.

6. 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.

6.1 ACCOUNTING POLICIES - 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. The Group does not have any contracts with material variable consideration.

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 attributable costs of the contract.

The Group has two 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 eight to fourteen 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, 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. The Group also offers limited bus leasing arrangements, income from which is recognised in accordance with IFRS 16; refer to Note 21 for leases.

The accounting policies regarding trade receivables, contract assets, and contract liabilities are set out in the corresponding notes (refer to Note 16 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.

SIGNIFICANT ESTIMATE: PERCENTAGE OF COMPLETION OF 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 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.

NOTE – 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, and repair and maintenance services. 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.

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

Revenue type	2021	2020
Revenue from zero-emission buses	20,736	97,828
Revenue from charging systems and ancillary services and goods	3,529	2,166
Total	**24,265**	**99,994**

Revenue recognised over time relates to contracts regarding the sale of zero-emission buses, support services and lease (lessor) income which relates to buses leased out to customers (refer to Note 21, Leases). Revenue recognised at a point in time relates to contracts for the sale of charging systems and parts. Transfer of control occurs when the Group has transferred physical possession of the asset and revenue is recognised at that point of time.

Revenue recognition	2021	2020
Revenue recognised over time	19,266	98,401
Revenue recognised at point in time	4,999	1,593
Total	**24,265**	**99,994**

As at 31 December 2021 the remaining performance obligations amount to €34.9 million (31 December 2020: €6.5 million). The Group estimates 81% (31 December 2020: 65%) 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.

The Group enters into sales contracts which include also a repurchase clause or a buy-back guarantee. The contract obliges the Group to repurchase the asset at a price lower than the original sales price, if requested by the customer.

The Group has assessed that there is no significant economic incentive for the customer to exercise this option, as such, the repurchase clauses are classified as sale contracts with the right of return. Furthermore, the Group has concluded, based on historical data and market information, that the probability of returns being recorded is not materially significant.

NOTE – CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets / (liabilities) – 31 December	2021	2020
Contract assets (positive balance of work in progress)	13,450	59,989
Contract liabilities (negative balance of work in progress)	(174)	(190)
Balance of contract assets and liabilities	**13,276**	**59,799**

The contract assets balance as per 31 December 2021 is €13.5 million (2020: €60.0 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 have been recorded for contract assets for the periods presented.

Revenue received in advance (contract liability) as per 31 December 2021 is €174 (2020: €190).

The significant decrease in contract assets in 2021 is primarily due to the decrease in contracts with customers for this period. During 2021 the Group experienced lower demand and orders for its zero-emission buses. Contract assets are related exclusively to work in progress assets for zero-emission buses and the decrease in orders combined with invoicing resulted in a correspondingly lower amount of contract assets.

6.2 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, and import duties.

6.3 SEGMENT REPORTING

ACCOUNTING POLICY – 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.

NOTE – SEGMENT REPORTING

The Group has identified the Management Board, which consists of the CEO, CFO and COO, as the CODM. Based on the Group's business of selling zero-emission buses and ancillary revenue streams from these buses the Group has determined it has a single operating segment.

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

Revenue – Geographical breakdown	2021	2020
DACH[1]	9,722	9,446
Nordics[2]	8,418	75
Benelux	6,035	90,153
Rest of the World (RoW)	90	320
Total	**24,265**	**99,994**

[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 2021, the revenues from external customers attributed to the entity's country of domicile (the Netherlands) amounted to €4.9 million (2020: €84.6 million).

At 31 December 2021 €68.5 million of the non-current assets were in the Netherlands (the country of domicile for the Group) (31 December 2020: €10.2 million).

LARGE CUSTOMERS

In 2021, one customer generated 31% of total revenue. In 2020, one customer (different one) generated 84% of total revenue.

7. EMPLOYEE BENEFIT EXPENSES AND REMUNERATION KEY MANAGEMENT

ACCOUNTING POLICY – 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.

The Company's new long-term incentive plan referred to as the 'Performance Share Unit Plan' will be applicable as from 2022.

Refer to Note 7.1 for a specification of the remuneration of key management.

ACCOUNTING POLICY – PENSIONS

The Group has a defined contribution plan (which is capped at an annual pensionable salary of €112). 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.

NOTE – 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	2021	2020
Wages and salaries	8,974	4,187
Social security charges	1,481	884
Pension costs	422	215
Other compensation[1]	5,000	-
Temporary staff	5,491	3,178
Car expenses	229	117
Management fee	443	598
Other staff expenses	1,066	566
Total	**23,106**	**9,745**

1 Reference to Note 7.1: Remuneration key management

Wages and salaries include the remuneration of the members of the Management Board (including the CEO and CFO as from 17 October 2021) and the Supervisory Board.

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.

The management fee includes management fees charged by the CEO and CFO based on service contracts up to 17 October 2021.

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	2021	2020
Active within the Netherlands	167	103
Active outside the Netherlands	4	3
Total	**171**	**106**

7.1 REMUNERATION KEY MANAGEMENT

The Group's key management consists of the CEO, CFO, COO, CTO, CPO and HR Director per 31 December 2021. Total remuneration for the Group's key management amounted to €6,183 for 2021 (2020: €1,055). 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 2021 and 2020.

					2021					2020
	Base salary	Pension costs	Other compensation	Other[2]	Total	Base salary	Pension costs	Other compensation	Other[2]	Total
Peter Bijvelds (CEO)	268	12	-	7	287	240	-	-	42	282
Paul van Beers (CFO)	295	9	5,000	11	5,315	312	-	-	4	316
Bob Fleuren (COO)[1]	183	18	-	12	213	-	-	-	-	-
Total	**746**	**39**	**5,000**	**30**	**5,815**	**552**	**-**	**-**	**46**	**598**

[1] Appointed as COO and member of the Management Board as from 1 April 2021
[2] Other expenses include company car expenses, car allowances, commuting allowance (up to October 2021)

BASE SALARY

All three members of the Management Board are included in the payroll administration of the Company as from 17 October 2021. Accordingly, the service contracts entered into with the CEO and CFO were cancelled as from that date. The COO was transferred from the payroll administration of Ebusco B.V. to the payroll administration of the Company as from 17 October 2021.

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.

For the period up to 17 October 2021 the COO joined the standard pension plan and had access to an excedent pension plan: an extra pension accrual on top of the standard pension plan. The CEO and CFO did not have access to the pension plans as they were not yet employed by the Group.

OTHER COMPENSATION

The Group agreed a success fee for certain key management personnel. Under this plan, upon the realisation of a qualifying exit wherein the shareholders sell all of their interest in or otherwise recapitalise the Group (events which could include a strategic sale), those key management personnel who participate in the arrangement were eligible for awards. These awards consisted of cash payments and the value of the award is based on the enterprise value of the Group at the time of the exit event.

The success fee arrangements were awarded by way of a board resolution on 19 April 2019 to the CEO and on 25 November 2020 to the CFO.

Due to the fact that a qualifying exit event, as defined above, was still not likely as at 31 December 2020, the fair value of the liability was assessed to be zero.

In preparation for the IPO in October 2021, both the CEO and CFO signed a waiver agreement on 18 October 2021 in respect of the success fee arrangements. Only the CFO received a settlement fee of €5.0 million, with the requirement to re-invest the net proceeds of the settlement in shares of the Company.

7.2 SUPERVISORY BOARD REMUNERATION EXPENSES

	Fixed		Other compensation		Total	
In euro	2021	2020	2021	2020	2021	2020
Derk Haank[1]	14,500	-	150	-	14,650	-
Carin Gorter[2]	12,500	-	300	-	12,800	-
Jeroen Drost[3]	11,750	-	150	-	11,900	-
Ruud Spoor[4]	11,750	-	-	-	11,750	-
Roelf de Boer[5]	11,750	-	150	-	11,900	-
Total	**62,250**	**-**	**750**	**-**	**63,000**	**-**

[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 as been appointed as Chair of the Remuneration 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 Nomination Committee and member of the Supervisory Board

It has been agreed that the remuneration of the members of the Supervisory Board would start as from 1 October 2021. Accordingly, the fixed compensation relates to the fourth quarter of 2021.

8. OTHER OPERATING EXPENSES

ACCOUNTING POLICY – OTHER OPERATING EXPENSES

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

NOTE – OTHER OPERATING EXPENSES

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

Other operating expenses	2021	2020
General expenses	8,176	1,188
Distribution expenses	1,449	303
Marketing expenses	552	551
Facility expenses	450	142
Office expenses	136	108
Other expenses	1,591	485
Total other operating expenses	**12,354**	**2,777**

General expenses mainly include audit, advisory and insurance fees. In addition, general expenses include listing costs and other fees related to the IPO of €4.8 million and 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 utilities, insurance, and other non-rent related expenses associated with the Group's facilities. Office expenses include telecom expenses, office supplies, and subscriptions. Other expenses consist of various expenses that are incurred as part of the Group's daily operations, including IT expenses.

9. FINANCE EXPENSES, NET

ACCOUNTING POLICY – FINANCE (INCOME)/EXPENSE

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

NOTE – FINANCE (INCOME)/EXPENSE

Finance costs	2021	2020
Foreign currency exchange rate results, including (gains)/losses on derivatives	470	(751)
Interest and similar expenses on loans and borrowings	3,642	1,970
Interest on lease liabilities	128	70
Total	**4,240**	**1,289**

For a specification of interest and similar expenses on loans and borrowings and leases, reference is made to Note 20: Loans and borrowings respectively Note 21: Leases.

10. INCOME TAX

ACCOUNTING POLICY – 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.

NOTE – INCOME TAX

The major components of income tax expense for the years ended 31 December 2021 and 31 December 2020 are presented below.

Income tax expense	2021	2020
Current tax (expense)/benefit:		
Relating to current year	4,837	(5,693)
Adjustment prior year	837	-
	5,674	**(5,693)**
Deferred tax (expense)/benefit:		
Relating to changes in tax rates	224	108
Relating to origination and reversal of temporary differences	211	(134)
Relating to tax losses	4,143	3
Relating to limitation interest deduction	146	-
Adjustment prior year and others	(811)	-
	3,913	**(23)**
Income tax (expense)/benefit reported in the statement of profit or loss	**9,587**	**(5,716)**

Deferred tax (expense)/benefit related to items recognised in OCI during the year	2021	2020
Derivatives	(371)	143
Deferred tax charged to OCI	**(371)**	**143**

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. established a Dutch fiscal unity as from 1 December 2021; all Dutch subsidiaries have joined the fiscal unity except for Pondus Operations B.V. as the Group's shareholding in this entity is only 90% and Gr8 Technologies B.V.

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

Effective tax rate	2021	2020
Accounting profit before tax	(36,384)	22,375
Domestic income tax rate	25.0%	25.0%
Theoretical income tax (expense)/benefit	**9,096**	**(5,594)**
Tax effect of:		
Deviating rates	(3)	-
Change in tax rates	224	108
Income tax relief	-	17
Non-deductible expenses, tax exempt income and other permanent differences	721	(133)
Benefit from previously unrecognised and unused tax losses	3	3
Effect of unrecognised and unused tax losses	(467)	(55)
Other effects including adjustments prior year	13	(62)
Total income tax (expense)/benefit	**9,587**	**(5,716)**
Effective tax rate	**26,3%**	**25.5%**

The effect of the change in tax rates relates to changes in the enacted income tax rate in the Netherlands. As per 31 December 2021, the enacted income tax rate in the Netherlands increased from 25.0% to 25.8%.

Non-deductible expenses, tax exempt income and other permanent differences in 2021 mainly include the tax effect of tax exempt income from associates (including the remeasurement gain on the Group's 20% investment in Pondus), non-deductible employee benefit expenses related to the termination of the success fee agreement of the CFO, non-deductible interest cumulative preference shares and non-deductible advisory fees related to the acquisition of Pondus and other expenses.

The effect of unrecognised and unused tax losses in 2021 mainly relates to fiscal tax losses incurred by Pondus.

Prior year adjustments mainly include differences between initial and final tax assessments and the impact of timing differences materialising in a different year as assumed.

The balances and movements for current tax and deferred tax for the years ended 31 December 2021 and 31 December 2020 are presented below:

Current income tax liabilities	As at 31 December 2021	As at 31 December 2020
Income tax payable	9	6,145

The (net) deferred tax asset position of the Group as per 31 December 2021 mainly relates to tax losses carried forward, limitation of interest deduction, right-of-use asset and lease liability positions resulting from the application of IFRS 16, the depreciation pattern of property, plant and equipment and derivative positions resulting from the application of hedge accounting. The (net) deferred tax positions as per 31 December 2020 related to amongst others the amortisation pattern of intangibles and revenue recognition from the application of IFRS 15 reversed in 2021 (adjustment prior year deferred versus current tax) following the Company's decision to prepare the income tax return of the Dutch entities for the year 2020 and 2021 in accordance with IFRS (instead of Dutch GAAP).

Deferred tax assets	As at 31 December 2021	As at 31 December 2020
Intangible assets	-	745
Property, plant and equipment	147	95
Right-of-use assets	(2,058)	(346)
Derivatives	(89)	(82)
Contract assets	-	62
Lease liabilities	2,164	432
Tax losses carried forward	6,824	-
Limitation of interest deduction	151	-
Other	-	3
Total net deferred tax asset	**7,139**	**909**

Changes in deferred tax assets and (liabilities), net	2021	2020
Carrying amount as at 1 January	909	747
Changes:		
Recognised in income statement	3,913	(22)
Recognised in other comprehensive income	(371)	143
Recognised against share premium	2,474	-
Other	214	41
Balance as at 31 December	**7,139**	**909**

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 amortisation pattern of intangible assets and revenue recognition from the adoption of IFRS 15 (see above). 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 19: Equity).

Tax losses carried forward available as at 31 December 2021 amount to €30.0 million (31 December 2020: €0.2 million) of which €26.3 million has been recognised resulting in a deferred tax asset of €6.8 million. The remaining balance of €3.7 million mainly relates to unrecognised tax carried forward losses of Pondus.

11. 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 result 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 result 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.

NOTE - EARNINGS PER SHARE

The Group's equity structure as per 31 December 2021 consists of 59,039,380 ordinary shares with a nominal value of €0.01.

Earnings per share can be specified as follows:

Share information	2021	2020
Net profit attributable to ordinary shareholders (in euro thousands)	(26,388)	16,659
Weighted average number of ordinary shares for the period	47,502,302	44,999,000
Dilutive number of shares	-	48,000
Total number of dilutive ordinary shares	47,502,302	45,047,000
Basic earnings per share (in euro's)	(0.56)	0.37
Dilutive earnings per share (in euro's)	(0.56)	0.37

DILUTIVE NUMBER OF SHARES

In order to meet its cash demands in 2016, the Group received an amount of €600. In the contractual agreement it is stipulated that the counterparty has the option to convert the deposit of €600 into 2% of equity stake, as ordinary shares. Consequently, the aforementioned instrument has been considered in the calculations of diluted earnings per share as per 31 December 2020. As no interest expense has been associated with this arrangement, the dilutive effect has been determined only for the weighted average number of ordinary shares. As the convertible loan was repaid in April 2021, the dilutive number of shares was zero as per 31 December 2021.

12. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY – 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. Transportation assets, which include buses used for demonstration and engineering purposes, as well as buses which the Group has leased out on an operational basis, have an estimated useful life of between 3 to 10 years. Assets under construction refer to assets which are not available for use yet and therefore not depreciated.

The Group has performed an impairment assessment with regard to its property, plant and equipment assets; no indications of impairment have been identified and no impairment has been recorded.

For right-of-use assets reference is made to Note 21: Leases.

NOTE – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	Equipment and office inventory	Transportation	Assets under construction	Total
Balance as of 1 January 2021				
Cost	1,448	3,688	560	5,696
Accumulated depreciation	(434)	(2,172)	-	(2,606)
Net book value	**1,014**	**1,516**	**560**	**3,090**
Change in net book value:				
Acquisitions through business combinations	1,519	45	-	1,564
Additions	3,377	7	780	4,164
Transfer to contract assets	-	(154)	-	(154)
Transfer from assets under construction	-	820	(820)	-
Depreciation	(803)	(883)	-	(1,686)
Total changes	**4,093**	**(165)**	**(40)**	**3,888**
Balance as of 31 December 2021				
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**
Balance as of 1 January 2020				
Cost	624	3,703	-	4,327
Accumulated depreciation	(293)	(1,283)	-	(1,576)
Net book value	**331**	**2,420**	**-**	**2,751**
Change in net book value:				
Additions	826	-	560	1,386
Disposals	(1)	(15)	-	(16)
Depreciation	(142)	(889)	-	(1,031)
Total changes	**683**	**(904)**	**560**	**339**
Balance as of 31 December 2020				
Cost	1,448	3,688	560	5,696
Accumulated depreciation	(434)	(2,172)	-	(2,606)
Net book value	**1,014**	**1,516**	**560**	**3,090**

13. INTANGIBLE ASSETS

ACCOUNTING POLICY – INTANGIBLE ASSETS

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

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 (at fair value) 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 being 5 years. 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 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.

Intangible assets with finite lives are amortised over the useful economic life 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. 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.

SIGNIFICANT ESTIMATE – 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, the result for the year. The estimated useful life of intangible assets is between 3 - 5 years.

NOTE – INTANGIBLE ASSETS

Intangible assets	Goodwill	Development assets	Software	Assets under construction	Total
Balance as of 1 January 2021					
Cost	-	10,417	1,191	-	11,608
Accumulated amortisation	-	(7,059)	(106)	-	(7,165)
Net book value	**-**	**3,358**	**1,085**	**-**	**4,443**
Change in net book value:					
Acquisitions through business combinations	39,258	4,246	-	-	43,504
Additions	-	120	482	194	796
Amortisation	-	(2,013)	(531)	-	(2,544)
Total changes	**39,258**	**2,353**	**(49)**	**194**	**41,756**
Balance as of 31 December 2021					
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**
Balance as of 1 January 2020					
Cost	-	8,955	162	40	9,157
Accumulated amortisation	-	(5,264)	(45)	-	(5,309)
Net book value	-	**3,691**	**117**	**40**	**3,848**
Change in net book value:					
Additions	-	1,462	989	-	2,451
Transfer from assets under construction	-	-	40	(40)	-
Amortisation	-	(1,795)	(61)	-	(1,856)
Total changes	**-**	**(333)**	**968**	**(40)**	**595**
Balance as of 31 December 2020					
Cost	-	10,417	1,191	-	11,608
Accumulated amortisation	-	(7,059)	(106)	-	(7,165)
Net book value	**-**	**3,358**	**1,085**	**-**	**4,443**

Following the acquisition of 60% of the voting shares in Pondus, goodwill has been recognised in the financial statements of Ebusco Holding N.V.

As the Group will perform the annual goodwill impairment test with a reference date as per 31 October, and Ebusco became a listed company on the Euronext after a successful IPO towards the end of October, the Company decided to assess the recoverable amount of the cash-generating unit, being the Ebusco business is total, on a fair value less cost of disposal basis for 2021 annual goodwill impairment testing purposes. Accordingly, the fair value less cost of disposal has been determined using an observable market price being the IPO offer share price of €23.00 per share implying a market capitalisation post listing for Ebusco of approximately €1.3 billion. As the recoverable amount on a fair value less cost of disposal basis is significantly higher than the carrying amount, no impairment has been identified for 2021.

Development assets refer to the design, construction and testing of a chosen alternative for the new low floor bus which is 100% electrically powered. The additions to cost of development reflect costs incurred by the Group, except the addition incurred in 2020, which has been sourced from its associate, Pondus Operations B.V.

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

The Group has no aggregate amount of R&D expenditures recognised as an expense during the reporting period.

The intangible assets which are not yet in use were tested for impairment, no impairment was identified. The Group has performed an impairment assessment with regards to its remaining intangible assets and has not identified impairment indicators.

14. NON-CURRENT FINANCIAL ASSETS

ACCOUNTING POLICY – 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.

NOTE – NON-CURRENT FINANCIAL ASSETS

Non-current financial assets	As at 31 December 2021	As at 31 December 2020
Long-term deposits	205	305
Total	**205**	**305**

The Group's non-current financial assets consist of long-term deposits. Instead of providing a bank guarantee as security for a 3-year factory warranty, the Group agreed with one customer to keep 5% of the sales invoices as a deposit instead of a bank guarantee. This deposit has a duration of 3 years.

Considering the relatively low value of the deposit, the Group estimates the carrying amount is not materially different from its fair value.

15. INVENTORIES

ACCOUNTING POLICY – INVENTORIES

Inventories are the assets sold in the ordinary course of business. Inventories are measured at the lower of cost and net realisable value.

The Group adjusts the valuation of inventory with a provision for inventory that is obsolete or defective. Early 2021, the Group implemented a new operational system, which gave better insights in slow moving trade goods and spare parts. With this new system the Group is able to determine a more accurate allowance for obsolescence. The impact compared to the old approach is immaterial.

NOTE – 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 2021	As at 31 December 2020
Trade goods for sale and spare parts	22,853	3,873
Inventories, gross	**22,853**	**3,873**
Allowance for obsolescence	(523)	(233)
Inventories, net	**22,330**	**3,640**

The amount of write down of inventories recognised as an expense during 2021 was €290 (2020: €233).

16. TRADE RECEIVABLES

ACCOUNTING POLICY – 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. At 31 December 2021, the Group had 6 customers (2020: 3) that owed more than €500,000 each and which accounted for approximately 94% (2020: 80%) of all the receivables outstanding. There were three customers (2020: 0 customers) with balances greater than €1 million accounting for just over 78% (2020: 0%) of the total amounts of trade receivable.

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.

NOTE – TRADE RECEIVABLES

Trade receivables	As at 31 December 2021	As at 31 December 2020
Trade receivables	17,112	2,501
Doubtful debtor provision	(514)	(638)
Net trade debtors	**16,598**	**1,863**

In 2020, a provision has been recognised of €600 for a claim made by one of the Group's customers. This claim has been settled in 2021 for an amount of €650, of which €600 was charged against the doubtful debtor provision and €50 against the statement of profit or loss. In 2021, €389 has been added to the doubtful debtor provision for certain specific trade receivables with an impairment indication.

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 2021					
	Contract assets	Trade receivables - Days past due				
		<30 days	30-60 days	60-90 days	>91 days	Total
Expected credit loss rate	0%	0,5%	0,5%	6%	6%	
Estimated total gross carrying amount at default	13.450	4.672	4.300	830	7.310	**17.112**
Expected credit loss	-	25	17	52	420	**514**

	31 December 2020					
	Contract assets	Trade receivables - Days past due				
		<30 days	30-60 days	60-90 days	>91 days	Total
Expected credit loss rate	0%	0%	0%	0%	50%	
Estimated total gross carrying amount at default	59.989	783	383	60	1.275	**2.501**
Expected credit loss	-	-	-	-	638	**638**

17. OTHER CURRENT ASSETS

ACCOUNTING POLICY – OTHER CURRENT 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.

NOTE – OTHER CURRENT ASSETS

Other current assets	As at 31 December 2021	As at 31 December 2020
Taxes and social securities	2,898	5
Derivatives	343	331
Other accrued assets	582	1,066
Total other current assets	**3,823**	**1,402**

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

18. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY – 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.

Cash is classified at amortised cost, initially recognised at fair value and subsequently measured at amortised cost less impairments based on the general ECL approach.

NOTE – CASH AND CASH EQUIVALENTS

Cash and cash equivalents	As at 31 December 2021	As at 31 December 2020
Cash at hand	1	1
Cash at bank	207,922	26,861
Total cash and cash equivalents	**207,923**	**26,862**

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.

As per 31 December 2021, an amount of €30.0 million has been blocked and provided as pledge to ING Bank N.V. by Ebusco B.V. as security for the payment or repayment of everything that Ebusco B.V. and Ebusco Manufacturing B.V. may owe to ING Bank N.V. In addition, an amount of €1.8 million has been blocked and provided as pledge to Coöperatieve Rabobank U.A. as coverage for outstanding letter of credit amounts. As per 31 December 2020, an amount of €10.2 million of the bank accounts had been blocked as coverage of outstanding letter of credit amounts.

In addition, an amount of €668 of the bank accounts has been blocked as per 31 December 2021 (31 December 2020: €462) as coverage for outstanding bank guarantees. The outstanding bank guarantees include a bank guarantee for the rental agreement of the premises in Deurne as at 31 December 2021 of €132 (31 December 2020: €132).

19. EQUITY

19.1 EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE GROUP

ACCOUNTING POLICY – 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.

A single depository receipt can be exchanged for one ordinary share of the Group. Depository receipts are classified as equity instruments under IFRS.

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.

NOTE – 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.

The IPO in October had a significant positive impact on the financial position of the Group. With the IPO proceeds, the Group has been able to repay almost all loans and borrowings outstanding before year-end 2021 and will be able to fund the development of its business and medium-term international expansion and growth strategy. Being a listed Company, Ebusco will also have access to the equity market for future financing needs.

NOTE – EQUITY AND CAPITAL MANAGEMENT

ISSUED AND PAID IN ORDINARY SHARE CAPITAL

The issued and paid in ordinary share capital amounts to €590 as at 31 December 2021 (31 December 2020: €24) and is subdivided into: 59,039,380 ordinary shares with a nominal value of €0,01 (31 December 2020: 18,000 ordinary shares A and 5,999 ordinary shares B both with a nominal value of €1).

In 2021 the following changes in the issued and paid in ordinary share capital were made:

– *Issuance of ordinary shares (May 2021)*

On 28 May 2021, the Group issued at par value 15,750 ordinary shares A and 5,250 ordinary shares B to its existing shareholders. The shares have been distributed as follows:

- 9,450 ordinary shares A to Peter Bijvelds Holding Erp B.V. having a nominal value of €1 and an issue price of €1;
- 6,300 ordinary shares A to Van Der Valk Investments B.V. having a nominal value of €1 and an issue price of €1;
- 5,250 ordinary shares B to ING Corporate Investments Participaties B.V. having a nominal value of €1 and an issue price of €1.

Considering that the par value of the shares is equal to the issue price, no share premium has been recorded. The shares are issued at par and satisfied at the expense of the general share premium reserve. Accordingly, no cash payments were made.

Subsequent to the share issuance, the shareholders have retained the same equity stake in the Group to be specified as follows: Peter Bijvelds Holding Erp B.V. (45%), Van Der Valk Investments B.V. (30%) and ING Corporate Investments Participaties B.V. (25%).

– *Capital restructuring (October 2021)*

In preparation for the IPO, the 33,750 ordinary shares A with a nominal value of €1 and 11,249 ordinary shares B with a nominal value €1 have been converted into 44,999,000 ordinary shares with a nominal value of €0,01. The conversion resulted in an increase of the issued and paid in ordinary share capital of €405 satisfied at the expense of the general share premium reserve.

– *Issuance of ordinary shares – IPO and Over-Allotment option (October/November 2021)*

Following the listing on Euronext Amsterdam in October 2021, the Group issued 14,040,380 ordinary shares with a nominal value of €0,01 and gross proceeds of €323 million. As a result, issued and paid in ordinary share capital increased by €140 and share premium by €312,265 (net of share issuance costs in the amount of €7,422 net of tax (tax rate: 25%)).

CUMULATIVE PREFERENCE SHARES

As at 31 December 2020, 3 cumulative preference shares with a nominal value of €1 were outstanding. The cumulative preference shares issued in 2020 provided for an exit/liquidation waterfall mechanism, that would ensure the recovery of the original investment amount of €10.0 million for the cumulative preference share holders. Moreover, the holders of preferred shares were entitled to an 8% share of the investment amount, to be paid on an annual basis, based on profits available for distribution.

The preference shares issued to each of the 3 shareholders represented a contractual obligation to deliver cash to another entity and therefore have been classified as a liability.

The preferences shares including accrued interest have been redeemed in October 2021 from the IPO proceeds for the total amount of €11,065.

Reference is made to Note 20: Loans and borrowings.

CONVERTIBLE LOAN

As per 31 December 2020, the Group's equity position included an amount of €600 granted by an external investor in 2016. The terms of the loan did not specify any contractual repayments, repayment date or interest to be paid and provided the option of conversion into 2% of Ebusco B.V.'s share capital. Accordingly, the convertible loan qualified as equity instrument.

On 11 April 2021, the Group entered into an agreement with the external investor for the settlement of the outstanding arrangement respectively repayment of the convertible loan. To settle the arrangement the Group paid €800 in cash.

RESERVES

The Group has recorded cash flow and cost of hedging reserves as a result of application of hedge accounting, linked to its foreign currency risk management policy as at 31 December 2021 of €6 (31 December 2020: €(454)).

In addition, the Group has recorded a 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 2021 of €1,757 (31 December 2020: €3,358) 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.

Reference is made to Note 5: Acquisitions and the Consolidated statement of changes in equity.

ACQUISITION NON-CONTROLLING INTEREST IN PONDUS

The net cash outflow amounted to €19,996 (being €20,000 less cash acquired). Following the acquisition, the difference between the fair value of the consideration paid and the carrying value of the non-controlling interest being €12,806 has been charged against the Company's share premium.

Reference is made to Note 5: Acquisitions and the Consolidated statement of changes in equity.

19.2 NON-CONTROLLING INTERESTS

Non-controlling interests included the remaining 20% of the shares in Pondus held by Gr8 Technologies B.V. after the acquisition of 60% of Pondus in April 2021. The fair value of the non-controlling interest was assessed at €7,450.

On 18 October 2021, the Group acquired the remaining 20% of Pondus through the acquisition of 100% of the shares of Gr8 Technologies B.V. Following the acquisition, the carrying value of the non-controlling interest of €7,190 (including loss for the period of €260) has been reclassified to the equity of Ebusco Holding N.V.

The non-controlling interest as at 31 December 2021 of €63 (asset) includes the carrying value of 10% of Pondus Operations B.V. held by minority shareholders.

Reference is made to Note 5: Acquisitions and the Consolidated statement of changes in equity.

20. LOANS AND BORROWINGS (LONG-TERM AND SHORT-TERM)

ACCOUNTING POLICY – FINANCIAL LIABILITIES (NON-DERIVATIVES)

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

NOTE – FINANCIAL LIABILITIES (NON-DERIVATIVES)

Loans and borrowings consist of the following:

Loans and borrowings	As at 31 December 2021			As at 31 December 2020		
	Non-current	Current	Total	Non-current	Current	Total
Debt to credit institutions	-	215	215	-	41,788	41,788
RVO loan	-	-	-	2,436	3,000	5,436
Cumulative preference shares	-	-	-	10,000	400	10,400
Debts to other related parties	463	-	463	441	-	441
Total	**463**	**215**	**678**	**12,877**	**45,188**	**58,065**

DEBT TO CREDIT INSTITUTIONS

The Group had a €80.0 million credit facility agreement as at 31 December 2020, divided in two parts:

1. A multicurrency revolving facility in an aggregate amount equal to €70.0 million to Ebusco B.V., to be utilised by way of letters of credit ("Facility A"), with an (uncommitted) accordion option subject to a condition that the increase of the total commitments as a result of the exercise of the accordion options may not exceed €30.0 million in aggregate; and

2. A revolving credit facility in an aggregate amount equal to €10.0 million to Ebusco B.V. and Ebusco Manufacturing B.V. ("Facility B" and, together with Facility A, the "Facilities"), to be utilised by way of ancillary facilities (each an "Ancillary Facility"), with all amounts borrowed thereunder to be applied for (a) issuing performance guarantees or performance bonds, with a maximum tenor of 36 months, or (b) towards the general working capital purposes of the borrowers, with an (uncommitted) accordion option subject to a condition that the increase of the total commitments as a result of the exercise of the accordion options may not exceed €30.0 million in aggregate. The borrowers have entered into (i) a €1.0 million Ancillary Facility with ING, (ii) a €1.0 million Ancillary Facility with ABN AMRO Bank N.V. and (iii) a €1.0 million Ancillary Facility with Coöperatieve Rabobank U.A.

The facility was established on 21 September 2020 for €80.0 million, replacing previous arrangements for €60.0 million in 2019.

With the cash generated from the IPO in October 2021, the credit facility agreement has been cancelled with approval of all banks in December 2021.

The outstanding balance as at 31 December 2021 of €215 includes a letter of credit entered into with Rabobank.

MEZZANINE FACILITY (ING CREDIT AGREEMENT)

On 15 April 2021, the Group and ING Corporate Investments Mezzanine Fonds B.V. (as lender) entered into a €32.5 million credit agreement.

The loan under the ING Credit Agreement had to be utilised only for the following:

- The acquisition of 60% of Pondus by the Company;
- Repayment of the existing financial indebtedness of Pondus;
- Financing of the costs involved in the run-up to a potential listing or private placement of shares of the Company;
- Financing of initial investments for the realisation of the Group's roll-out plan; and
- Working capital financing required by the Group and not covered by the Facilities Agreement.

The interest rate for the ING Credit Agreement is equal to (i) 3.50% per annum until 15 July 2021, (ii) 4.00% per annum from 15 July 2021 to 15 October 2021 and (iii) 4.50% per annum from 15 October 2021 until the maturity date (15 March 2022).

The Company decided to repay this loan including accrued interest from the IPO proceeds in October 2021.

RVO LOAN

The RVO (Rijksdienst voor Ondernemend Nederland) loan relates to a loan received from the Dutch government for the development of new products (Ebusco 2.0, Ebusco 2.1 and related bus types) and bears an interest rate of 7%. Interest is added to the principal amount; the total interest amount is payable at the extended maturity date of 1 June 2022. The Company decided however, to early repay the loan from the IPO proceeds.

The following guarantees were provided in relation to the loan from RVO:

- Right of pledge on all intangible and tangible fixed assets which were financed by the loan from RVO.
- Guarantee to RVO from Peter Bijvelds Holding Erp B.V. in fulfilling the obligations related to the loan.

These guarantees were cancelled after repayment of the RVO loan.

DEBT TO SHAREHOLDERS

The loan from shareholders as per 1 January 2020 consists of three subordinated loans: one from Bijvelds Car Trading B.V. amounting to €900, one from Van der Valk Investments B.V. amounting to €600 and one from ING Corporate Investment Participaties B.V. amounting to €500.

The subordinated loans bear a 7% (annual) interest. Repayment was contractually set for 31 December 2019. However, shareholders mutually agreed to extend the subordinated loans, which were fully repaid to the shareholders in December 2020.

In addition, the Group obtained a shareholder loan through the acquisition of 60% of the voting shares in Pondus Holding B.V. in April 2021. VDVI B.V. (formerly Van Der Valk Investments B.V.) granted a subordinated loan of €1,500 to Pondus to ensure repayment of RVO proceeds which were granted to Pondus. The loan bears an interest rate of 12% per year; interest is added to the loan. With the repayment of the RVO proceeds in April 2021 by the Group after the acquisition, the subordinated loan was not required anymore. The Group agreed with VDVI B.V. to repay the net outstanding balance of €534 as per 31 December 2021 early 2022. Reference is made to Note 24: Related party transactions.

CUMULATIVE PREFERENCE SHARES

Reference is made to Note 19: Equity.

DEBTS TO OTHER RELATED PARTIES

Debts to other related parties include a payable to BaBoDiDa Ltd. The long-term loan from BaBoDiDa Ltd. bears an interest rate of 5% per year. The interest is added to the loan. No security nor repayment terms have been provided with regards to the loan.

CONTINGENT CONSIDERATION

The contingent consideration relates to the acquisition of 60% of the voting shares of Pondus Holding B.V. (reference is made to Note 5: Acquisitions). At the acquisition date, the fair value of the contingent consideration was estimated to be €5,750. The contingent consideration of €5,750 has been paid in October 2021 from the IPO proceeds.

The Group used a discounted cash flow method, with reference to the borrowing rate of the issuer as at end of the reporting period in order to determine the fair value of the borrowings. However, the Group reached the conclusion that the difference between the carrying amount of the loan and their fair value was not material and therefore no fair value adjustment was recorded.

The following table sets out the reconciliation from the net cash flows from financing activities with the financing positions of loans and borrowings as at 31 December 2021 and 2020.

	Debt to credit institutions	Mezzanine facility	RVO Loan	Debt to shareholders	Cumulative preference shares	Debts to other related parties	Leases	Total
Balance as at 1 January 2021	**41,788**	**-**	**5,436**	**-**	**10,400**	**441**	**1,782**	**59,847**
Changes from financing cash flows								
Proceeds from loans & borrowings	9,000	32,500	-	-	-	-	-	41,500
Repayment of loans & borrowings	(50,923)	(33,168)	(11,426)	-	(10,000)	-	-	(105,517)
Payment of lease liabilities	-	-	-	-	-	-	(1,244)	(1,244)
Interest paid	(1,262)	-	-	-	(1,065)	-	-	(2,327)
Total changes from financing cash flows	**(43,185)**	**(668)**	**(11,426)**	**-**	**(11,065)**	**-**	**(1,244)**	**(67,588)**
Other changes								
Acquisition through business combination	-	-	5,696	2,213	-	-	-	7,909
New leases / remeasurements	-	-	-	-	-	-	7,716	7,716
Interest and similar expense	1,612	668	294	(85)	665	22	128	3,304
Transfer to payables to related parties	-	-	-	(2,128)	-	-	-	(2,128)
Total liability-related other changes	**1,612**	**668**	**5,990**	**-**	**665**	**22**	**7,844**	**16,801**
Balance as at 31 December 2021	**215**	**-**	**-**	**-**	**-**	**463**	**8,382**	**9,060**

	Debt to credit institutions	Mezzanine facility	RVO Loan	Debt to shareholders	Cumulative preference shares	Debts to other related parties	Leases	Total
Balance as at 1 January 2020	**8,213**	**-**	**5,647**	**2,000**	**-**	**420**	**1,650**	**17,930**
Changes from financing cash flows								
Proceeds from loans & borrowings	33,525	-	-	-	10,000	-	-	43,525
Repayment of loans & borrowings	-	-	(600)	(2,000)	-	-	-	(2,600)
Payment of lease liabilities	-	-	-	-	-	-	(457)	(457)
Interest paid	(855)	-	-	(140)	-	-	-	(995)
Total changes from financing cash flows	**32,670**	**-**	**(600)**	**(2,140)**	**10,000**	**-**	**(457)**	**39,473**
Other changes								
New leases / remeasurements	-	-	-	-	-	-	519	519
Interest expense	905	-	389	140	400	21	70	1,925
Total liability-related other changes	**905**	**-**	**389**	**140**	**400**	**21**	**589**	**2,444**
Balance as at 31 December 2020	**41,788**	**-**	**5,436**	**-**	**10,400**	**441**	**1,782**	**59,847**

21. LEASES

ACCOUNTING POLICY - 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 lease term and tested for impairment whenever events or changes in circumstances indicates that the carrying amount may not be recoverable. Interest on lease liability is recognised as an expense in the statement of profit or loss.

NOTE – LEASES AS LESSEE

Lease liability	As at 31 December 2021	As at 31 December 2020
Lease liability (non-current)	7,250	1,238
Lease liability (current)	1,132	544
Total	**8,382**	**1,782**

The Group has several lease agreements in which it acts as a lessee. The main lease concerns a contract for office and manufacturing space in Deurne, the Netherlands with a lease term of 5 years ending 30 September 2023. This lease contains an extension period of 5 additional years which the Group did not expect to exercise priorly, but expects to exercise as at the end of the current reporting period. Furthermore, additional facility space has been rented in the course of 2021, due to the growth of the business. Both the expectation that the extension option will be exercised and the additional facility space rented resulted in an increase of both the ROU asset and lease liabilities of €7,486.

The Group also has lease contracts which consist of cars for company personnel. The lease term for the aforementioned lease contracts is 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 €233 and €230 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 2021			
Cost	1,881	575	2,456
Accumulated depreciation	(840)	(188)	(1,028)
Net book value	**1,041**	**387**	**1,428**
Change in net book value:			
Additions and remeasurements	7,486	233	7,719
Depreciation	(954)	(147)	(1,101)
Total changes	**6,532**	**86**	**6,618**
Balance as of 31 December 2021			
Cost	9,367	808	10,175
Accumulated depreciation	(1,794)	(335)	(2,129)
Net book value	**7,573**	**473**	**8,046**
Balance as of 1 January 2020			
Cost	1,629	308	1,937
Accumulated depreciation	(477)	(78)	(555)
Net book value	**1,152**	**230**	**1,382**
Change in net book value:			
Additions and remeasurements	252	267	519
Depreciation	(363)	(110)	(473)
Total changes	**(111)**	**157**	**46**
Balance as of 31 December 2020			
Cost	1,881	575	2,456
Accumulated depreciation	(840)	(188)	(1,028)
Net book value	**1,041**	**387**	**1,428**

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	2021	2020
As at 1 January	1,782	1,650
Additions and remeasurements	7,716	519
Accretion of interest	128	70
Payments	(1.244)	(457)
As at 31 December	**8,382**	**1,782**

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 2021 is €92 in total (2020: €10).

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 9: Finance expenses, net.

ACCOUNTING POLICY - LEASES (THE GROUP AS A LESSOR)

OPERATING LEASES

Leases in which the Group does not substantially transfer all the risks and rewards incidental to ownership of an asset, are classified as operating leases. The Group records assets which are leased on an operational basis within Property, Plant and Equipment. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

For subsequent measurement of operating leases, the Group recognises lease income from the lease within the statement of profit or loss. Depreciation and possible impairments are consistent with the Group's policy for similar assets. We refer to the accounting policy for Property, Plant and Equipment.

FINANCE LEASES

Leases in which the Group transfers substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. The Group will recognise at initiation a finance lease receivable at the amount equal to the net investment in the lease. This equals the present value of the future minimum lease payments and the residual value, after any accumulated impairment losses. Initial direct costs are included in the initial measurement of the net investment in the lease and reduce the amount of income recognised over the lease term.

For subsequent measurement of finance leases, the Group recognises finance income equal to the interest implicit in the lease of the lease receivable, adjusted for any possible impairment. Finance lease income is calculated using the effective interest method.

Impairment requirements are applied to finance lease receivables in accordance with the simplified approach as prescribed in IFRS 9. The loss allowance is measured at lifetime expected credit losses.

The Group recognises an allowance for expected credit losses for all financial assets, including finance lease receivables based on lifetime ECLs at each reporting date.

NOTE - GROUP AS A LESSOR

The Group has entered into operating leases on some of its electric buses. At year-end 2021, the Group has 2 operating lease contracts. The rental income recognised by the Group during the year is presented in the table below.

Lease income	2021	2020
Lease income	126	431
Total	**126**	**431**

As of 31 December 2021, only one bus is still leased to a customer. When the Group enters into operating lease agreements with its customers, each contract specifies that the buses must be returned to the Group in working condition and any damage to the bus must be repaired prior to the return of the asset to the Group. Any other risks associated with leasing buses to customers are minimal.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

Minimum rentals receivable	2021	2020
Within one year	15	-
After one year but not more than five years	-	-
More than five years	-	-
Total	**15**	**-**

22. PROVISIONS

ACCOUNTING POLICY - 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.

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. The increase in the provision due to passage of time is recognised as interest expense.

NOTE – PROVISIONS

Details of the provisions are presented in the table below:

Provisions	As at 31 December 2021	As at 31 December 2020
Provision for disputes	1,130	-
Provision for energy costs	-	141
Total	**1,130**	**141**

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, of which €2,809 has been used. As per 31 December 2021 the provision amounts to €1,130 to cover remaining costs to be incurred in 2022 as replacement has not been completed yet as per 31 December 2021.

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 2021 has been recognised in the balance sheet.

PROVISION FOR ENERGY COSTS

A provision for energy costs invoiced by the landlord of the Deurne office space but disputed by the Group has been booked. The dispute relates to service charges invoiced by the landlord. In May 2021, the Group has reached an agreement with the landlord and settled for an amount of €138. The remaining balance of the provision for energy costs has been released to the statement of profit or loss.

SIGNIFICANT ACCOUNTING JUDGEMENT: PROVISION FOR WARRANTIES

The Group is unable to reliably estimate warranty expense related to its assurance-type warranties. The production of zero-emission buses is based on new technology for a relatively small customer base for which sufficient historical information regarding warranty expenses is not available, whether from the Group's experience or based on similar publicly available information from industry peers. The Group does not record a provision for warranty expense.

23. TRADE PAYABLES AND OTHER CURRENT FINANCIAL LIABILITIES

ACCOUNTING POLICY - 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.

NOTE - FINANCIAL LIABILITIES (INCLUDING DERIVATIVES)

The breakdown of the trade creditors and other current liabilities is as follows:

Trade payables and other current liabilities	As at 31 December 2021	As at 31 December 2020
Trade payables	10,883	6,762
Pension funds liabilities	29	3
Taxes and social securities	741	1,133
Other current liabilities	6,207	2,196
Total	**17,860**	**10,094**

Trade payables are non-interest bearing and are normally settled on 30-days terms. Due to the short duration of the payables, the fair value approximates the carrying value. Other current liabilities are non-interest bearing and have an average term of two months.

Other current liabilities increased by €4,011 to €6,207 as at 31 December 2021 mainly due to accrued IPO expenses of €3,083.

24. RELATED PARTY TRANSACTIONS

ACCOUNTING POLICY – 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.

NOTE – 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 3 provides information about the Group's structure, including details of the subsidiaries and the holding company.

Until the IPO, the Group's shareholders consist of Peter Bijvelds, Van der Valk Investments, and ING. All 3 shareholders remained shareholders after the IPO. Paul van Beers also became shareholder after the IPO following execution of the waiver agreement (reference is made to Note 7.1). 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 parties	Interest owed by/ (to) related parties	Amounts owed by related parties	Amounts owed to related parties
Bijvelds Car Trading B.V.	2021	-	-	24	-
	2020	-	-	-	-
Pondus Operations B.V.	2021	-	-	-	-
	2020	-	10	505	-
Babobida Ltd.	2021	-	(22)	-	463
	2020	-	(23)	-	441
VDVI B.V.	2021	-	-	-	534
	2020	-	-	-	-
Trimados Holding B.V.	2021	22,344	-	-	-
	2020	-	-	-	-
B. van den Nieuwenhuijzen	2021	9.998	-	-	-
	2020	-	-	-	-
B.A. van den Nieuwenhuijzen	2021	9.998	-	-	-
	2020	-	-	-	-
ING Bank N.V.	2021	-	609	-	-
	2020	-	995	-	45.800

RECEIVABLES AND PAYABLES FROM RELATED PARTIES

As at 31 December 2021, there was an outstanding balance of €24 of receivables from related parties, being Bijvelds Car Trading B.V. As at 31 December 2020 receivables from related parties amounted to €505 being a receivable from Pondus Operations B.V. The latter bears 2% interest and fair value approximates carrying value.

The non-current loans and borrowings include a payable to BaBoDiDa Ltd (related party of shareholder VDVI B.V.). The long-term loan from BaBoDiDa Ltd. bears an interest rate of 5% per year. No security nor repayment terms have been provided with regards to the loan.

Payables to related parties as at 31 December 2021 includes an outstanding liability of €534 towards VDVI B.V. which has been repaid in January 2022. The net payable relates to an agreed settlement of 2 positions outstanding as per 31 December 2020 including:

- A subordinated loan granted by VDVI B.V. (formerly Van Der Valk Investments B.V.) to the Group in December 2017 of €1.5 million to the Group to ensure repayment of RVO proceeds which were granted to the Group. The loan had an interest rate of 12% per year (added to the loan) and had to be repaid in 10 years; and
- A loan provided at the same time by the Group to VDVI B.V. of €1.5 million. Interest amounted 2% per year with an indefinite duration.

With the repayment of the RVO proceeds in April 2021 by the Group the subordination was not required anymore resulting in a repayment of the net liability in January 2022 of €534. Further reference is made to Note 20.

Tridamos Holding B.V. is owned by the COO and sold his 60% share in Pondus Holding B.V. to the Group in April 2021. Reference is made to Note 5: Acquisitions.

On 18 October 2021 the Group acquired the remaining 20% of the shares in Pondus Holding B.V. through the acquisition of 100% of the shares of Gr8 Technologies B.V., which were owned by B. and B.A. van den Nieuwenhuijzen. The acquisition price of €20.0 million was based on the further manufacturing roll-out of the composite buses and external market data. Both persons were each participating for 50% in Gr8 Technologies B.V. and are related to VDVI B.V. which is one of the existing shareholders of Ebusco Holding N.V. Reference is made to Note 5: Acquisitions.

During the normal course of business, the Group engages in transactions with ING, including loan facilities and issuance of letters of credit. All transactions are carried out at arms-length. The interest incurred and paid in 2021 amounts to €609 (2020: €995). As a result of the cash generated from the IPO in October 2021, the credit facility agreement has been cancelled with approval of all banks in December 2021. 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 7.

25. COMMITMENTS AND CONTINGENCIES

PURCHASE COMMITMENTS

The Group made commitments for the purchasing of electric buses for an amount of €9.4 million at 31 December 2021 (2020: €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 under dispute and the Group plans to pursue collection of the amount receivable. The outcome is neither probable nor estimable and no significant expected credit loss 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 to uncertainty no receivable as per 31 December 2021 is recognised in the balance sheet. Reference is made to Note 22: Provisions.

26. POLICY NOTE: 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.

ACCOUNTING POLICY – 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.

ACCOUNTING POLICY: 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 rate 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 – NOT DERIVATIVES
The Group measures its financial liabilities at amortised cost.

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, IFRS 15 contract assets and lease receivables.

PERFORMING (NON-CREDIT IMPAIRED) FINANCIAL ASSETS (STAGE 1)
Each reporting date, the Group decreases its receivables, by deducting the payments, with an amount that is equal to the payment by the borrower or debtor (minus the interest income, if applicable). When the end of the payment term is reached, the receivable will amount to zero.

The simplified ECL approach is applied for trade receivables and contract assets. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

CREDIT IMPAIRED FINANCIAL ASSETS – (DEFAULT) (STAGE 2 & 3)
For purposes of assessing, recognising and reporting credit impaired assets, the Group defines a credit impaired asset as any receivable from a borrower or debtor who is considered unable to pay its credit obligations. The definition of credit impaired by the Group is in line with the Group's own credit risk approach. The assessment whether a receivable is credit impaired is based on management individual assessment and takes into account quantitative and qualitative measures. Any subsequent changes in lifetime ECL, both with a positive and negative effect, will be recognised immediately in the profit and loss statement of the Group.

The Group's policy focuses exposures to financial institutions with high quality credit ratings. Therefore, the Group applies the low credit risk simplification, hence all assets are considered to be in stage 1 and a 12-month expected credit loss is applied (e.g. cash). In case the probability of default increases on cash or granted loans, the Group shall, based on management judgement, consider lifetime expected credit losses if deemed necessary.

The Group's policy requires an assessment of the counter party before exposure is taken with respect to "non-trade receivables". The Group's assessment requires a credit quality check and limits the exposure to a maximum amount. As a result, the Group applies the low credit risk simplification, hence all assets (not originating from a contract with financial institutions) are considered to be in stage 1 and a 12-month expected credit loss is applied. In case the probability of default increases on such a financial instrument, the Group shall, based on management judgement, consider lifetime expected credit losses if deemed necessary.

The simplified approach is applied to trade receivables, IFRS 15 contract assets and lease receivables. 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:

- 1-30 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.

27. 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.

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: • Payments associated with letters of credit to suppliers • 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 2021 and 31 December 2020). Approximately 73% of the liabilities of the Group are short-term (this amounts to €21.1 million, including income tax payable); the Group's current assets (maturity shorter than 1 year) amount €264.1 million, including cash and cash equivalents of €207.9 million. Based on this, the Group considers the residual liquidity risk to be low. The remaining risk is limited.	Limited
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), Swiss Franc (CHF) and Australian Dollar (AUD) based on: • Sales in NOK, CHF and AUD • Trade and other receivables denominated in NOK, CHF and AUD • Purchases in RMB, NOK, CHF and AUD • Trade and other payables denominated in RMB, NOK, CHF and AUD For its RMB 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 NOK, CHF and AUD sales are immaterial. The Group accepts the limited remaining risk.	Limited
	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 almost all outstanding balances have been repaid in 2021 from the IPO proceeds. 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. It has been assumed that the loan from related parties will be repaid after 5 years:

As at 31 December 2021	Carrying amount	Total Cash-flows	0 to 3 months	3 to 12 months	1 - 5 years	More than 5 years
Debits to credit institutions	215	215	-	215	-	-
Loan from related parties	463	591	-	-	-	591
Lease liabilities	8.382	9,099	364	1,130	6,672	933
Trade creditors	10,883	10,883	10,883	-	-	-
Payables to related parties	534	534	534	-	-	-
Contract liabilities	174	174	174	-	-	-
Other current liabilities	6,977	6,977	2,626	4,351	-	-
Total	**27,628**	**28,473**	**14,581**	**5,696**	**6,672**	**1,524**
Derivatives	**(343)**	**(343)**	**(303)**	**(40)**	**-**	**-**

As at 31 December 2020	Carrying amount	Total Cash-flows	0 to 3 months	3 to 12 months	1 - 5 years	More than 5 years
Debits to credit institutions	41,788	42,491	19,754	22,737	-	-
Loan from RVO	5,436	5,812	300	2,700	2,812	-
Cumulative preference shares	10,400	14,400	-	400	3,200	10,800
Loan from related parties	441	562	-	-	-	562
Lease liabilities	1,782	1,887	158	488	1,241	-
Trade creditors	6,762	6,762	6,762	-	-	-
Contract liabilities	190	190	190	-	-	-
Other current liabilities	3,332	3,332	3,332	-	-	-
Total	**70,131**	**75,436**	**30,496**	**26,325**	**7,253**	**11,362**
Derivatives	**(331)**	**(331)**	**(331)**	**-**	**-**	**-**

28. 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 excludes the forward element and currency basis spreads by only designating the spot element.

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 collateralization 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 2021	As at 31 December 2020
Carrying amount hedging instruments	40	331
Notional amount hedging instruments	(387)	(46,323)

As at 31 December 2021, the carrying amount of the derivatives includes one derivative with no hedge designation. The fair value of this contract amounts to €303.

The derivatives used for cash flow hedge accounting are included in the statement of financial position line-item Other current financial assets respectively liabilities.

The average currency exchange rate used in cash flow hedge accounting is for 2021 €/RMB 7.5819 (2020: 7.9718).

Cash flow hedging – change in fair value of hedged items	Change in value used for calculating hedge ineffectiveness for the period	Of which are changes in spot rates (hedged risk)	Of which are amortisation of forward element	Of which are changes in fair value attributable to currency basis spreads
As at 31 December 2021				
FX	22	1	29	(8)
As at 31 December 2020				
FX	331	(573)	936	(32)

Gains and losses on the effective portions of derivatives (changes in spot rates) designated under cash flow hedge accounting are recognised in Other Comprehensive Income (hedge reserve). Gains and losses attributable to changes in currency basis spread are recognised in a separate component in Other comprehensive income (cost of hedging reserve). The changes in fair value of the forward element of a forward contract and foreign currency basis spread of a financial instrument, in relation to a transaction-related hedged item accumulated in the cost of hedging reserve, are reclassified to profit or loss only when the hedged transaction affects profit or loss, or included as a basis adjustment to the non-financial hedged item.

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 (-)	Amortisation of forward element	Amount reclassified from cash flow hedge reserve
As at 31 December 2021				
FX	(8)	-	-	(870)
As at 31 December 2020				
FX	(605)	-	936	(163)

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 2021 and 2020	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 - CNH	31 December 2021	343	-	343	-
Foreign exchange forward/swaps contracts - CNH	31 December 2020	331	-	331	-

There were no transfers between Level 1 and Level 2 during 2021 and 2020.

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.

29. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to 31 December 2021 the following event occurred:

Ebusco Energy B.V. acquired 40% of the shares in Zero Emission Services B.V. (ZES) from Engie New Business S.A.S. on 28 January 2022. The transaction is not expected to have a material impact on revenues of Ebusco and its subsidiaries.

In April 2022, the Company has signed an uncommitted guarantee and letter of credit facility with two different financial institutions for €30.0 million, one of these financial institutions being ING (related party). These credit facilities do not include any financial covenants. These facilities will enable the Group certain guarantees which are required for specific tenders.

COMPANY FINANCIAL STATEMENTS

CONTENT

COMPANY STATEMENT OF PROFIT OR LOSS

In thousands of euro

	Notes	2021	2020
Other operating income	B	659	628
Total operating income		**659**	**628**
Employee benefit expenses	C	(5,778)	(598)
Amortisation and depreciation expenses		(2)	-
Other operating expenses	D	(5,933)	(6)
Total operating expenses		**(11,713)**	**(604)**
Operating result		**(11,054)**	**24**
Finance expenses, net	E	(576)	(10)
Result before income tax		**(11,630)**	**14**
Income tax credit/(expense)	F	2,113	(4)
Share of result of an associate	G	7,427	(112)
Result from group companies	H	(24,298)	16,761
Result after income tax		**(26,388)**	**16,659**

COMPANY STATEMENT OF FINANCIAL POSITION

Before appropriation of profit, in thousands of euro

	Notes	As at 31 December 2021	As at 31 December 2020
Assets			
Right-of-use assets		41	-
Intangible assets		48	-
Investments in group companies	H	44,577	28,512
Investments in associates	G	-	23
Loans to group companies associates	I	23,250	9,750
Deferred tax assets	F	4,587	-
Non-current assets		**72,503**	**38,285**
Receivables from group companies	J	73,828	390
Receivables from related parties		24	-
Other current assets	K	1,192	-
Cash and cash equivalents	L	164,834	109
Current assets		**239,878**	**499**
Total assets		**312,381**	**38,784**

	Notes	As at 31 December 2021	As at 31 December 2020
Equity			
Share capital		590	24
Share premium		314,767	12,630
Legal reserves		9,207	2,904
Retained earnings		5,835	(4.175)
Net result		(26,388)	16,659
Total Equity	M	**304,011**	**28,042**
Provisions	N	**3,976**	**260**
Loans and borrowings	O	-	10,000
Lease liabilities		28	-
Non-current liabilities		**28**	**10,000**
Loans and borrowings	O	-	400
Trade payables		372	73
Other current liabilities	P	3,981	3
Current lease liabilities		13	-
Income tax payable	F	-	6
Current liabilities		**4,366**	**482**
Total liabilities		**8,370**	**10,742**
Total equity and liabilities		**312,381**	**38,784**

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.

Ebusco Holding N.V. (or 'the parent'), formerly Ebusco Holding B.V., has been converted from a private limited liability company ('besloten vennootschap') into a public limited company ('naamloze vennootschap') in view of the IPO of the Ebusco Group, effective as of 22 October 2021. The ordinary shares of Ebusco Holding N.V. are listed on Euronext Amsterdam.

All amounts are presented in euros (EUR x 1,000), unless stated otherwise.

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. (including management service fees charged by the members of the Management Board to the Company in the period as of 1 October 2019 to 17 October 2021).

C. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses can be specified as follows:

Employee benefit expenses	2021	2020
Wages and salaries	692	552
Pension costs	29	-
Other compensation expenses	5,000	-
Temporary staff	46	-
Car expenses	3	-
Other staff expenses	8	46
Total	**5,778**	**598**

All three members of the Management Board are included in the payroll administration of the Company as of 17 October 2021. Accordingly, the management service contracts entered into with the CEO and CFO were cancelled as from that date. The remuneration of members of the Supervisory Board is included in 'wages and salaries'.

The number of persons with an employment contract at 31 December 2021 was 3 (31 December 2020: 0), including all members of the Management Board; all persons have their place of residence in the Netherlands.

The number of persons having a management services contract with the Company at 31 December 2021 was 0 (31 December 2020: 2).

Further reference is made to Note 7 of the consolidated financial statements.

D. OTHER OPERATING EXPENSES

Other operating expenses mainly consist of insurance expenses, audit and advisory fees, and other expenses associated with the listing of the Company on Euronext Amsterdam.

E. FINANCE EXPENSES, NET

Finance expenses, net can be specified as follows:

Finance expenses, net	2021	2020
Net foreign exchange result	(4)	-
Interest income intercompany	(1,210)	(390)
Financial income	**(1,214)**	**(390)**
Interest expense cumulative preference shares	665	400
Interest Mezzanine facility	668	-
Interest expense third party	213	-
Other finance expenses	244	-
Total	**1,790**	**400**
Finance expenses, net	**576**	**10**

F. INCOME TAX

The deferred tax asset recognised in 2021 of €4,587 relates to tax losses carried forward (€17,778 multiplied by the enacted domestic income tax rate of 25.8%). In 2021, IPO expenses in the amount of €9,897 were directly charged against share premium, which resulted in the recognition of a deferred tax asset of €2,474. The income tax credit of €2,113 (2020: €(4)) has been recognised in the statement of profit or loss.

G. INVESTMENTS IN ASSOCIATES

The Company had a 20% interest in Pondus Holding B.V. and its subsidiaries as at 31 December 2020, and acquired an additional 60% interest in April 2021 and the remaining 20% in October 2021. Accordingly, Pondus Holding B.V. is a 100% subsidiary of the Company as at 31 December 2021.

Reference is made to Note 5 of the consolidated financial statements.

H. 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	2021	2020
As at 1 January	**28,512**	**12,114**
Foreign exchange differences	(4)	-
Acquisition through business combinations	36,989	-
Result of group companies	(24,298)	16,761
Reclassification to provision participations in group companies	3,718	191
Cash flow hedge, net of tax	460	(554)
Repayment of convertible loan	(800)	-
As at 31 December	**44,577**	**28,512**

I. LOANS TO GROUP COMPANIES

Loans to group companies include a contractual right to receive cash from Ebusco B.V. of €17,750 (31 December 2020: €9,750) following the acquisition of 1 preference share issued by Ebusco B.V. on 1 July 2021 for the amount of €9,750 and a subordinated loan on 15 July 2021 for the amount of €8,000. The latter became an ordinary intercompany loan after cancellation of the credit facility agreement in December 2021.

Ebusco Holding N.V. is entitled to an 8% share of the investment amount, to be paid on an annual basis, based on profits available for distribution. As the contractual right is classified as a long-term receivable, an interest income accrual has been recognised against the statement of profit or loss of €780 in 2021 (2020: €390). The interest income accrual has been recorded in the current account with Ebusco B.V.

In addition, 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.

Loans to group companies can be specified as follows:

Loans to group companies	As at 31 December 2021	As at 31 December 2020
Loan receivable from Ebusco B.V.	17,750	9,750
Loan receivable from Pondus Operations B.V.	5,500	-
Total	**23,250**	**9,750**

The movement schedule of loans to group companies can be specified as follows:

Loans to group companies	2021	2020
As at 1 January	9,750	-
Acquisition through business combination	5,255	-
New loan receivable	8,000	9,750
Interest	245	-
Total	**23,250**	**9,750**

J. RECEIVABLES FROM GROUP COMPANIES

Receivables from group companies can be specified as follows:

Receivables from group companies	As at 31 December 2021	As at 31 December 2020
Current account Ebusco B.V.	72,713	128
Current account Ebusco Australia Pty Ltd	261	261
Current account Pondus Operations B.V.	703	-
Current account Ebusco Manufacturing B.V.	150	-
Current account Ebusco Energy B.V.	1	1
Total	**73,828**	**390**

K. OTHER CURRENT ASSETS

Other current assets as at 31 December 2021 mainly include refundable VAT of €1,150 and prepaid expenses of €42.

L. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are all freely available to the Company.

M. EQUITY

For a breakdown of equity attributable to equity holders, see the Consolidated Statement of Changes in Equity and related notes including Note 19 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 2021	As at 31 December 2020
Foreign exchange differences	(6)	-
Hedge reserves	6	(454)
Revaluation reserve	7,450	-
Development assets at subsidiaries	1,757	3,358
Total	**9,207**	**2,904**

LIMITATIONS IN THE DISTRIBUTION OF SHAREHOLDERS' EQUITY

As at 31 December 2021, 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 €9,213 (2020: €3,358). The translation reserve €(6) (31 December 2020: cash flow hedge reserve of €(454)) reduces the distributable amount due to the fact that the reserve is negative.

N. PROVISIONS

Provisions have been recognised for the negative net asset value of certain subsidiaries of the Company, which can be specified as follows:

Provisions	As at 31 December 2021	As at 31 December 2020
Ebusco Australia Ply Ltd	245	245
Ebusco Energy B.V.	1	1
Ebusco Norway A/S	-	13
Pondus Holding B.V.	3,730	-
Ebusco Manufacturing B.V.	-	1
Total	**3,976**	**260**

O. LOANS AND BORROWINGS

The preference shares issued to each of the three shareholders on 1 July 2020 represent a contractual obligation to deliver cash to another entity and are classified as a liability of €10,000.

The holders of preferred shares are entitled to an 8% share of the investment amount, to be paid on an annual basis, based on profits available for distribution. As the contractual obligation is classified as a liability, an interest accrual has been recognised against the statement of profit or loss of €665 in 2021 (2020: €400). Following the IPO in October 2021, both the contractual obligation and interest accrual of in total €1,065 were repaid. Reference is made to Note 19 and 20 of the consolidated financial statements.

P. OTHER CURRENT LIABILITIES

Other current liabilities as at 31 December 2021 mainly consists of accrued IPO expenses.

Q. REMUNERATION

Reference is made to Note C to the Company financial statements and Note 7 to the consolidated financial statements.

R. 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.

The Group engages with its shareholders Peter Bijvelds, VDVI and ING in certain related party transactions disclosed in Note 7 to the Company financial statements and Note 19, 20, and 24 to the consolidated financial statements.

S. COMMITMENTS AND CONTINGENCIES

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.

Further reference is made to Note 25 to the consolidated financial statements.

T. DIVIDEND AND APPROPRIATION OF RESULT

No dividends have been paid in both 2020 and 2021.

As the Company incurred a loss in 2021, 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 2021.

U. AUDIT FEES

The audit fees in the reporting period amount to €1,542 (2020: €136) of which €365 was accounted for through equity.

Audit, Other assurance and Other non-audit fees incurred related to the financial years 2021 and 2020 can be specified as follows:

	2021			2020		
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	50	-	50	928	-	928
Other assurance services	-	-	-	625	-	625
Other non-audit services	-	-	-	-	1,513	1,513
Total	**50**	**-**	**50**	**1,533**	**1,513**	**3,046**

Fees relating to 2020 are incurred before the Initial Public Offering on 22 October 2021 and mainly relate to the services performed for the Special Purpose Financial Statements 2018-2020 as included in the Prospectus for the Initial Public Offering.

V. SUBSEQUENT EVENTS

For information regarding subsequent events, reference is made to Note 29 to the consolidated financial statements.

Deurne, 11 April 2022

Management Board

P.H.A.M. Bijvelds
Chief Executive Officer

P. van Beers
Chief Financial Officer

B.H.M.J. Fleuren

Chief Operating Officer

OTHER INFORMATION

CONTENT

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 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 2021 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 2021 of €26.4 million (2020: net profit of €16.7 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 2021 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements 2021 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 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) 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 2021 and of its result for 2021in 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 2021
- The following statements for 2021: the consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company statement of financial position as at 31 December 2021
- The company statement of profit or loss for 2021
- 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. 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.

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 since October 2021. 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 start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order 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. 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.

MATERIALITY

Materiality	€500,000 (2020: €1,100,000).
Benchmark applied	1% of a three year average of revenue over the period 2019 to 2021.
Explanation	Based on our professional judgment, we consider (average) revenue to be the most appropriate basis to determine materiality. We consider (average) revenue to be the most relevant measure as this is a key performance indicator for the company. As revenues have been impacted by the Covid-19 pandemic due to lower order intake and supply chain constraints, we have used the average revenues of the company for the years 2019, 2020 and 2021 as a basis instead of profit before tax as applied last year.

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 €25,000, 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 of Ebusco Holding N.V.

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. For the entities Ebusco B.V. and Ebusco Holding N.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. We have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements. In total these procedures represent 99% of the group's total assets and 100% of gross revenues.

By performing the procedures mentioned above we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

TEAMING AND USE OF SPECIALISTS

We ensured that the audit team has 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 and valuation.

OUR FOCUS ON CLIMATE RISKS AND THE ENERGY TRANSITION

Climate objectives will be high on the public agenda in the next decades. Issues such as CO_2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets ("stranded assets") and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO_2 footprint.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition are taken into account in estimates and significant assumptions by Ebusco Holding N.V., especially in the area of impairment of goodwill. Furthermore, we read the management board report and considered whether there is any material inconsistency between the non-financial information in the Our Responsibility section and the financial statements.

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.

OUR AUDIT RESPONSE RELATED TO FRAUD RISKS

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Ebusco Holding N.V. and its environment and the components of the system of internal control, including the risk assessment process and the management board'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 management'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 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 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.

As in all of our audits, we addressed the risks related to management override of controls and when identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. For the risk related to management override of controls we have performed among others procedures 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 4 to the financial statements. We have also used data analysis to identify and address high-risk journal entries.

We identified the following fraud risk and performed the following specific procedures:

Presumed risks of fraud in revenue recognition	
Fraud risk	When identifying and assessing fraud risks we presume that there are risks of fraud in revenue recognition. 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 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 6.1 of the financial statements.
Our audit approach	We describe the 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) in the description of our audit approach for the 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 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 AUDIT RESPONSE RELATED TO GOING CONCERN

As disclosed in section Going concern in Note 3 to the financial statements, management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months. We discussed and evaluated the specific assessment with the management board exercising professional judgment and maintaining professional skepticism. We considered whether the management board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify serious doubts on the entity's ability to continue as a going concern for the next 12 months.

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 a company to cease to continue as a going concern.

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.

Fraud risk related to the occurrence of revenue recognition	
Risk	As presented in Note 6 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 2021 amounted to €24.3 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 complete satisfaction of the performance obligations taking into account all aspects in order to finalize the projects in line with contractual agreements. Inherent to the nature of estimates and assumptions is that these could be influenced by the management board and consequently we identified the risk of inappropriate revenue recognition and inaccurate valuation of the contract assets (as mentioned in the section Our audit response related to fraud risks), specifically relating to the determination of 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 management's estimate of the progress measure for the 2.2 buses to assess the reasonableness of the assumptions made by management. We evaluated the disclosures in accordance with the requirements of EU-IFRS relevant to accounting estimates and whether significant judgments by management are disclosed and particularly whether disclosures adequately convey the degree of estimation uncertainty and the range of possible outcomes.
Key observations	We concur with the estimates and assumptions made by management relating to revenue recognition and assessed that the related disclosures is 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.

Acquisition of Pondus and valuation of the related goodwill	
Risk	Ebusco Holding N.V. has acquired 80% of shares in Pondus Holding B.V. in 2021. As part of the Purchase Price Allocation (PPA), the Company has recognised goodwill which amounted to €39.3 million. Considering the nature, assumptions and complex accounting involved in performing the Purchase Price Allocation, we have identified a key audit matter in relation to the significant risk with regard to valuation of goodwill. The management board has disclosed the acquisition of Pondus in Note 5 of the financial statements.
Our audit approach	We audited the accounting for the acquisition of Pondus Holding B.V. As part of our audit procedures we focused on the assumptions and methodologies used by management in performing the PPA. Given the complexity around this topic, we involved our internal valuation specialists to evaluate the valuation methodologies used by management and challenged the main assumptions by comparing them to historical trends and external data. A significant amount of the purchase consideration of the Pondus Holding B.V. resulted in the recognition of goodwill. Furthermore, we have reconciled the PPA calculation to underlying source documentation and we have tested whether the accounting applied met the criteria and disclosure requirements of IFRS 3 "Business combinations".
Key observations	We consider management's key assumptions and estimates to be within an acceptable range. We assessed that the disclosures related to the acquisition (Note 5) in the financial statements are appropriate.

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 for the management board report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 subsection 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.

The management board is responsible for the preparation of the other information, including the management board 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 subsection 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AND ESEF

ENGAGEMENT

We were engaged by the management board as auditor of Ebusco Holding N.V. on 30 October 2020, 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.

The management board 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.

Our procedures, taking into account Alert 43 of the NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package
- 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-IFRS 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, 11 April 2022

Ernst & Young Accountants LLP

signed by J.C.F. Lemmens

FOUR YEAR OVERVIEW

	2021	2020	2019	2018
Results (in thousands of euro)				
Revenue	24,265	99,994	48,924	21,357
Gross profit[1/2]	1,220	39,657	16,785	7,374
Result for the year	(26,797)	16,659	3,374	391
Result for the year attributable to Equity holders of the Group	(26,388)	16,659	3,374	391
EBITDA[2/3]	(34,240)	27,135	8,775	3,218
Underlying EBITDA[2/4]	(20,546)	27,135	8,775	3,218
EBIT[2/5]	(39,571)	23,776	5,463	821
Underlying EBIT[2/6]	(25,877)	23,776	5,463	821
Capital expenditure[2/7]	(4,932)	(3,814)	(418)	(1,997)
Net cash flow from operating activities	(19,390)	(11,427)	(4,959)	3,121
Net cash flow from investing activities	(27,284)	(3,994)	(194)	(2,247)
Net cash flow from financing activities	227,734	39,473	(1,337)	6,693
Free cash flow[2/8]	(25,574)	(15,878)	(5,457)	1,039
Balance sheet (in thousands of euro)				
Total Assets	332,715	104,459	35,271	31,267
Total Equity	303,948	28,042	11,937	8,748
Net debt, excluding lease liabilities [2/9]	(207,245)	31,203	13,470	6,642
Net debt, including lease liabilities [2/10]	(198,863)	32,985	15,120	8,421
Net working capital[2/11]	41,321	58,540	20,297	5,873
Capital employed[2/12]	311,662	42,298	18,239	14,905
Ratios				
Gross profit as % of revenue	5.0%	39.7%	34.3%	34.5%
EBITDA as % of revenue	(141.1%)	27.1%	17.9%	15.1%
Underlying EBITDA as % of revenue	(84.7%)	27.1%	17.9%	15.1%
EBIT as % of revenue	(163.1%)	23.8%	11.2%	3.8%
Underlying EBIT as % of revenue	(106.6%)	23.8%	11.2%	3.8%

	2021	2020	2019	2018
Non-financial				
Orders received (# buses)	240	39	191	102
Buses delivered (# buses)	139	103	101	5
km (in millions) driven[13]	39	17		
Full-time employees per year-end, excluding temporary employees	219	124	89	44
Full-time employees yearly average, excluding temporary employees	171	106	59	34
Full-time employees per year-end, including temporary employees	309	145	105	57
Full-time employees yearly average, including temporary employees	227	122	76	46
Number of shares outstanding (in thousands)				
At year-end[14]	59,039	44,999	44,999	44,999
On average[14]	47,502	44,999	44,999	44,999
Per ordinary share				
Basic earnings per share[14]	(0.56)	0.37	0.07	0.01
Highest share price	31.30	-	-	-
Lowest share price	21.85	-	-	-
Share price at year-end	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 materials, excluding employee expenses).

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 as of page 127.

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 Data for 2019 and 2018 not available.

14 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.

NON-IFRS MEASURES

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):

	2021	2020
Revenue	24,265	99,994
Cost of materials	(23,045)	(60,337)
Gross profit	**1,220**	**39,657**

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)

EBITDA is Result for the year before net finance costs, income taxes, result from associates and depreciation and amortisation. Thus, 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):

	2021	2020
Result for the Year	(26,797)	16,659
Amorisation & depreciation expenses	5,331	3,359
Finance expenses (net)	4,240	1,289
Share of result from associates	(7,427)	112
Income taxes	(9,587)	5,716
EBITDA	**(34,240)**	**27,135**

UNDERLYING EBITDA

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.

The reconciliation of EBITDA to underlying EBITDA is as follows (in thousands of euro):

	2021	2020
EBITDA	(34,240)	27,135
Euronext listing expenses	4,755	-
Extraordinary compensation	5,000	-
Climate system expenses	3,939	-
Underlying EBITDA	**(20,546)**	**27,135**

2021 ONE-OFFS ARE:

- Euronext listing expenses recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. These expenses amounted to €4,755 in 2021;
- One-off compensation related to the termination of a success fee agreement with the CFO amounted to €5,000;
- Expenses occurred to replace the climate system in buses for one of our customers. Expenses have been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, whilst potential income, awaiting a settlement or final court hearing has not been recognised. This has been recognised as a Contingent Asset. Refer the Note 25. These expenses amounted to €3,939 in 2021.

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

EBIT is Result for the year before net finance costs, income taxes and result from associates. Thus, 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):

	2021	2020
Result for the Year	(26,797)	16,659
Finance expenses (net)	4,240	1,289
Share of result from associates	(7,427)	112
Income taxes	(9,587)	5,716
EBIT	**(39,571)**	**23,776**

UNDERLYING EBIT

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 performance.

The reconciliation of EBIT to underlying EBIT is as follows (in thousands of euro):

	2021	2020
EBIT	(39,571)	23,776
Euronext listing expenses	4,755	-
Extraordinary compensation	5,000	-
Climate system expenses	3,939	-
Underlying EBIT	**(25,877)**	**23,776**

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):

	2021	2020
Net cash from operating activities	(19,390)	(11,427)
Net cash from investing activities	(27,284)	(3,994)
Payment of principal portion of lease liabilities	(1,244)	(457)
Investment in subsidiaries, associates	22,344	-
Free cash flow	**(25,574)**	**(15,878)**

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):

	As at 31 December 2021	As at 31 December 2020
Loans and borrowings - non-current	463	12,877
Loans and borrowings - current	215	45,188
Cash and cash equivalents	(207,923)	(26,862)
Net debt excluding lease liabilities	**(207,245)**	**31,203**

NET DEBT, INCLUDING LEASE LIABILITIES

Net debt, including lease liabilities is defined as the non-current and current loans and borrowings, including 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):

	As at 31 December 2021	As at 31 December 2020
Loans and borrowings - non-current	463	12,877
Lease liabilities - non-current	7,250	1,238
Loans and borrowings - current	215	45,188
Lease liabilities - current	1,132	544
Cash and cash equivalents	(207,923)	(26,862)
Net debt including lease liabilities	**(198,863)**	**32,985**

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):

	As at 31 December 2021	As at 31 December 2020
Inventories	22,330	3,640
Trade receivables	16,598	1,863
Contract assets	13,450	59,989
Trade payables	(10,883)	(6,762)
Contract liabilities	(174)	(190)
Net working capital	**41,321**	**58,540**

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):

	As at 31 December 2021	As at 31 December 2020
Total assets	332,715	104,459
Current liabilities	(21,053)	(62,161)
Capital employed	**311,662**	**42,298**

GROSS PROFIT AS % OF REVENUE

Gross profit as % of revenue is calculated as follows (gross profit and revenue in thousands of euro):

	2021	2020
Gross profit	1,220	39,657
Revenue	24,265	99,994
Gross profit % of revenue	**5.0%**	**39.7%**

EBITDA AS % OF REVENUE

EBITDA as % of revenue is calculated as follows (EBITDA and revenue in thousands of euro):

	2021	2020
EBITDA	(34,240)	27,135
Revenue	24,265	99,994
EBITDA % of revenue	**(141.1%)**	**27.1%**

UNDERLYING EBITDA AS % OF REVENUE

Underlying EBITDA as % of revenue is calculated as follows (underlying EBITDA and revenue in thousands of euro):

	2021	2020
Underlying EBITDA	(20,546)	27,135
Revenue	24,265	99,994
Underlying EBITDA % of revenue	**(84.7%)**	**27.1%**

EBIT AS % OF REVENUE

EBIT as % of revenue is calculated as follows (EBIT and revenue in thousands of euro):

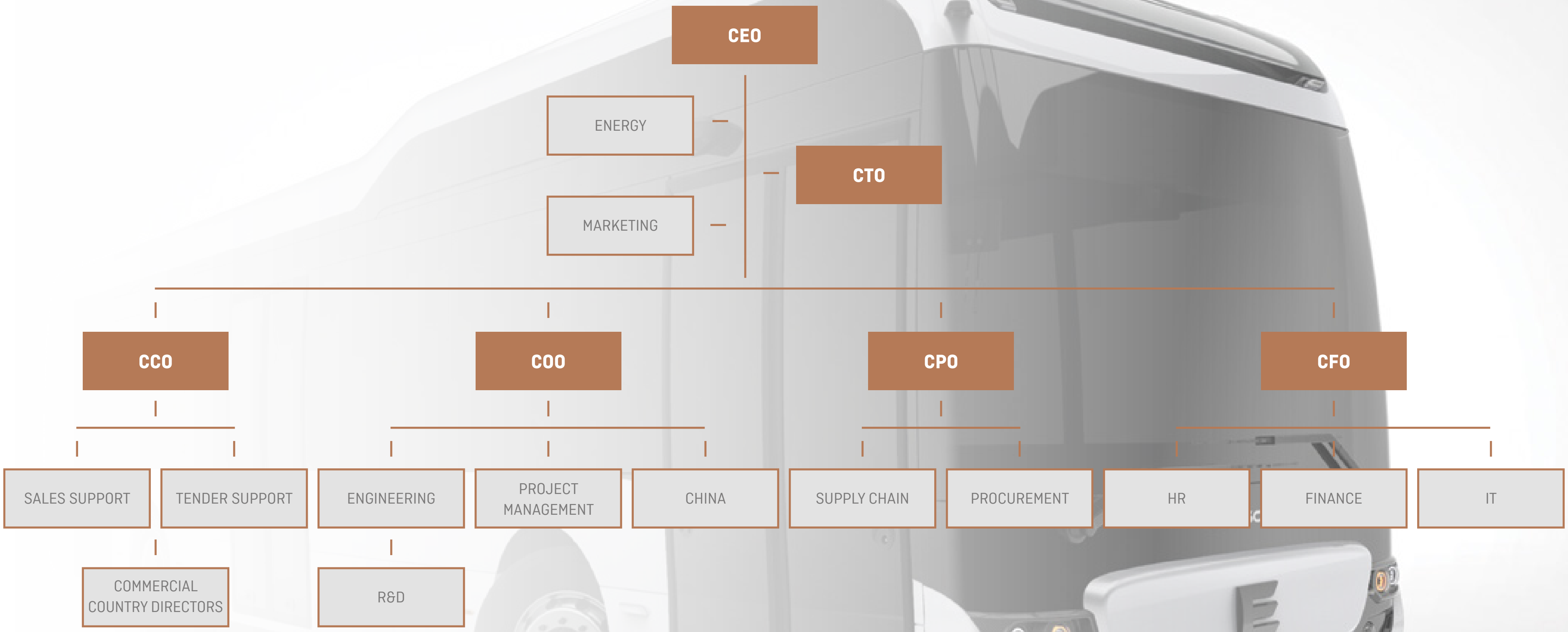
	2021	2020
EBIT	(39,571)	23,776
Revenue	24,265	99,994
EBIT % of revenue	**(163.1%)**	**23.8%**

UNDERLYING EBIT AS % OF REVENUE

Underlying EBIT as % of revenue is calculated as follows (underlying EBIT and revenue in thousands of euro):

	2021	2020
Underlying EBIT	(25,877)	23,776
Revenue	24,265	99,994
Underlying EBIT % of revenue	**(106.6%)**	**23.8%**

ORGANISATION EBUSCO



COLOPHON

This annual report is a publication by Ebusco.

Ebusco
Vuurijzer 23
5753 SV Deurne
The Netherlands

T +31 (0)88 1100 200
E info@ebusco.nl
www.ebusco.nl

Editing and texts
Ebusco
Lindner & van Maaren

Design and layout
Monter, Amsterdam