UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2026
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission File Number 001-41066

Sono Group N.V.

(Exact name of registrant as specified in its charter)

The Netherlands	**98-1828632**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

Sono Group N.V.
4965 Trinidad Drive
Land O' Lakes**, FL 34639**
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: +1 352-502-1191

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares	**SSM**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

As of August 1, 2026, the registrant had 1,424,834 ordinary shares, 40,000 high voting shares and 1,401 preferred shares outstanding.

Sono Group N.V.

FORM 10-Q

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

SONO GROUP N.V.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share amounts)
(unaudited)

	June 30, 2026	December 31, 2025
	KUSD	KUSD
ASSETS		
Current Assets		
Cash	166	205
Digital assets / Bitcoin treasury	4,118	—
Prepaid taxes and VAT receivables	3	—
Prepaid expenses and other current assets	59	59
Right-of-use asset	631	—
Assets of discontinued operations classified as held for sale, including right-of-use assets	—	1,407
Total Assets	4,977	1,671
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable and accrued expenses	1,891	854
Accrued interest payable	189	—
Convertible notes payable, net	5,049	—
Derivative liabilities, written covered Bitcoin call options	8	—
Lease liability	631	—
Liabilities of discontinued operations classified as held for sale, including lease liabilities	—	943
Total Liabilities	7,768	1,797
Commitments and Contingencies (see Note 14)		
Shareholders' Equity (Deficit)		
Preferred Shares, par value €300.00 per share, 1,401 shares authorized, 1,401 and 1,401 shares issued and outstanding as of June 30, 2026 and December 31, 2025, respectively	456	456
Ordinary Shares, par value €0.01 per share, 120,000,000 shares authorized, 1,424,834 and 1,424,834 shares issued and outstanding as of June 30, 2026 and December 31, 2025, respectively	14	14
High Voting Shares, par value €0.25 per share, 40,000 shares authorized, 40,000 shares issued and outstanding as of June 30, 2026 and December 31, 2025, respectively	10	10
Additional paid-in capital	343,504	342,084
Accumulated deficit	(339,182)	(333,390)
Accumulated other comprehensive income (loss)	(7,593)	(9,300)
Total Shareholders' Equity (Deficit)	(2,791)	(126)
Total Liabilities and Shareholders' Equity (Deficit)	4,977	1,671

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

SONO GROUP N.V.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except share and per share amounts)
(unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2026	**2025**	**2026**	**2025**
	KUSD	KUSD	KUSD	KUSD
Revenue	—	—	—	—
Digital asset treasury loss, net	(578)	—	(890)	—
General and administrative expenses	(1,401)	(768)	(2,293)	(1,198)
Loss from operations	(1,979)	(768)	(3,183)	(1,198)
Other Income (Expenses)				
Gain on change in fair value of debt and derivative instruments	116	1,316	462	12,191
Interest expense, including amortization of debt discount	(468)	—	(614)	—
Foreign currency gain (loss), net	-	174	-	516
Total other income (expenses), net	(352)	1,490	(152)	12,707
(Loss) / Income from continuing operations before income taxes	(2,331)	722	(3,335)	11,509
Income tax expense	—	—	—	—
(Loss) / Income from continuing operations	(2,331)	722	(3,335)	11,509
Loss from discontinued operations, net of tax	(345)	(1,246)	(1,356)	(2,731)
Loss on deconsolidation of subsidiary	(1,101)	—	(1,101)	—
Net (Loss) / Income	(3,777)	(524)	(5,792)	8,778
Net (loss) / income per share to ordinary and high voting shareholders - basic:				
Continuing operations	(1.59)	0.50	(2.28)	7.94
Discontinued operations, including deconsolidation	(0.99)	(0.86)	(1.67)	(1.89)
Net (loss)/income per share - basic	(2.58)	(0.36)	(3.95)	6.05
Net (loss) / income per share to ordinary and high voting shareholders - diluted:				
Continuing operations	(1.59)	0.50	(2.28)	1.06
Discontinued operations, including deconsolidation	(0.99)	(0.86)	(1.67)	(0.25)
Net (loss)/income per share - diluted	(2.58)	(0.36)	(3.95)	0.81
Weighted average number of ordinary and high voting shares:				
Basic	1,464,834	1,449,921	1,464,834	1,449,919
Diluted	1,464,834	1,449,921	1,464,834	10,874,054

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

SONO GROUP N.V.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Amounts in thousands, except share and per share amounts)
(unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
	KUSD	KUSD	KUSD	KUSD
Net (loss) / income	(3,777)	(524)	(5,792)	8,778
Other comprehensive income (loss):				
Foreign currency translation adjustment	241	(1,774)	484	(1,234)
Reclassification of cumulative translation adjustment to net loss on deconsolidation of subsidiary	1,223	—	1,223	—
Total other comprehensive income (loss)	1,464	(1,774)	1,707	(1,234)
Comprehensive (loss) / income	(2,313)	(2,298)	(4,085)	7,544

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

SONO GROUP N.V.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Amounts in thousands, except share amounts)
(unaudited)

	Ordinary Shares Outstanding (#)	Ordinary Shares (KUSD)	High Voting Shares Outstanding (#)	High Voting Shares (KUSD)	Preferred Shares Outstanding (#)	Preferred Shares (KUSD)	Paid-in Capital (KUSD)	Accum. Deficit (KUSD)	AOCI (KUSD)	Total Equity (Deficit) (KUSD)
Six months ended June 30, 2025										
Balance at December 31, 2024	1,409,885	30	40,000	21	—	—	322,476	(347,012)	(1,212)	(25,697)
Issuance of Ordinary Shares in connection with December 2024 reverse share split	36	—	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—	7,802	—	7,802
Other comprehensive income, foreign currency translation adjustment	—	—	—	—	—	—	—	—	1,738	1,738
Balance at March 31, 2025	1,409,921	30	40,000	21	—	—	322,476	(339,210)	526	(16,157)
Net loss	—	—	—	—	—	—	—	(524)	—	(524)
Other comprehensive loss, foreign currency translation adjustment	—	—	—	—	—	—	—	—	(1,774)	(1,774)
Balance at June 30, 2025	**1,409,921**	**30**	**40,000**	**21**	**—**	**—**	**322,476**	**(339,734)**	**(1,248)**	**(18,455)**
Six months ended June 30, 2026										
Balance at December 31, 2025	1,424,834	14	40,000	10	1,401	456	342,084	(333,390)	(9,300)	(126)
Issuance of pre-funded warrant	—	—					1,420	—	—	1,420
Net loss	—	—					—	(2,015)	—	(2,015)
Other comprehensive loss, foreign currency translation adjustment	—	—					—	—	243	243
Balance at March 31, 2026	1,424,834	14	40,000	10	1,401	456	343,504	(335,405)	(9,057)	(478)
Net loss	—	—					—	(3,777)	—	(3,777)
Other comprehensive income, including 1,223 of cumulative translation adjustment released to net loss on deconsolidation	—	—					—	—	1,464	1,464
Balance at June 30, 2026	**1,424,834**	**14**	**40,000**	**10**	**1,401**	**456**	**343,504**	**(339,182)**	**(7,593)**	**(2,791)**

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

SONO GROUP N.V.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(unaudited)

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Cash flows from operating activities	KUSD	KUSD
Net income (loss)	(5,792)	8,778
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Digital asset treasury loss, net (non-cash)	890	—
Change in fair value of debt and derivative instruments	(462)	(12,191)
Non-cash interest - amortization of debt discount	424	—
Loss on deconsolidation of subsidiary	1,101	—
Loss from discontinued operations	1,356	2,731
Non-cash items settled through balance sheet accounts, net	(96)	(3,965)
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	1,078	(1,183)
Accrued interest payable	189	—
Prepaid expenses, VAT and other assets	—	798
Payment of withholding tax payable	(15)	—
Cash funding of discontinued operations	(708)	(321)
Advance to former subsidiary written off at deconsolidation	(54)	—
Net cash used in operating activities	(2,089)	(5,353)
Cash flows from investing activities		
Purchases of digital assets	(5,000)	—
Net cash used in investing activities	(5,000)	—
Cash flows from financing activities		
Proceeds from issuance of convertible debentures	5,050	—
Proceeds from pre-funded warrant	2,000	—
Net draws on convertible notes at fair value option	—	5,397
Net cash provided by financing activities	7,050	5,397
Effect of exchange-rate changes on cash	—	—
Net increase (decrease) in cash and cash equivalents	(39)	44
Cash and cash equivalents, beginning of period	205	100
Cash and cash equivalents, end of period	166	144
Supplemental disclosure: cash paid for interest	—	—
Supplemental non-cash items:		
Embedded conversion derivative liabilities recognized at issuance	1,698	—
Debt discount recognized at issuance	1,661	—
Right-of-use asset obtained in exchange for operating lease liability	645	—
Cumulative translation adjustment released on deconsolidation of subsidiary	1,223	—

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

1. Organization and Description of Business

Sono Group N.V. ("Sono N.V.") is a public company with limited liability (naamloze vennootschap) incorporated under the laws of the Netherlands. The Company is registered in the business register at the Netherlands Chamber of Commerce (trade register number: 80683568).

In November 2021, the Company completed its initial public offering, and its ordinary shares commenced trading on The Nasdaq Global Market on November 17, 2021 under the ticker symbol "SEV". On February 15, 2024, Nasdaq filed a Form 25 Notification of Delisting with the U.S. Securities and Exchange Commission (the "SEC") to complete the delisting of the Company's ordinary shares from Nasdaq. On July 2, 2024, the quoting of the Company's ordinary shares commenced on OTCQB under the ticker symbol "SEVCF". On September 4, 2025, the Company received approval to list its ordinary shares on Nasdaq, and the ordinary shares commenced trading on the Nasdaq Capital Market under the ticker symbol "SSM" on September 5, 2025.

The business address of Sono N.V. as of the date of this Quarterly Report is 4965 Trinidad Drive, Land O' Lakes, FL 34639, United States of America. Prior to the May 4, 2026 sale of Sono Motors GmbH, Sono N.V.'s wholly-owned subsidiaries were (i) Sono Motors GmbH, a German limited liability company (Gesellschaft mit beschränkter Haftung) ("Sono Motors GmbH"), registered in the commercial register (Handelsregister) at the local court (Amtsgericht) of Munich, Germany, under HRB 224131, with registered headquarters at Waldmeisterstraße 93, 80935 Munich, Germany, and (ii) Sono Group S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 8 Avenue de la Gare, L-1610 Luxembourg, Grand Duchy of Luxembourg, which was funded with $14,067.60 (€12,000) for purposes of providing share capital and had no operations during the six months ended June 30, 2026. On May 4, 2026, Sono N.V. sold Sono Motors GmbH pursuant to a Share Purchase and Transfer Agreement, dated May 4, 2026 (the "SPA"), as a result of which Sono N.V. ceased to be the ultimate parent of Sono Motors GmbH on May 4, 2026. Hereinafter, unless otherwise indicated or the context otherwise requires, the terms "Sono Group", "Sono", "the Company", "we", "our", "us" or similar terms, refer to Sono N.V. together with its consolidated subsidiaries for the periods presented.

Sono Group historically intended to develop and manufacture electric vehicles with integrated solar panels (the "Sion passenger car program") and to license its solar technology to other Original Equipment Manufacturers ("OEMs"). On February 24, 2023, the Company announced the decision to terminate the Sion passenger car program and to pivot the business model to exclusively retrofitting and integrating Sono Group's solar technology onto third party vehicles due to lack of available funding. As a consequence, management determined to apply for the opening of self-administration proceedings with respect to Sono N.V. and Sono Motors GmbH (the "Self-Administration Proceedings") on May 15, 2023. Sono N.V. withdrew its application for Preliminary Self-Administration Proceedings on January 31, 2024, and Sono Motors GmbH exited its Self-Administration Proceedings on February 29, 2024. The Company reconsolidated Sono Motors GmbH effective March 1, 2024 following its exit from the Self-Administration Proceedings.

On March 14, 2026, the Company's supervisory board resolved to terminate all current and future funding commitments to Sono Motors GmbH and to exit the legacy solar operations conducted through Sono Motors GmbH, with immediate effect. On the same date, the Company's management board, with the approval of the supervisory board, adopted a digital asset treasury strategy (the "Treasury Strategy"). Under the Treasury Strategy, the principal holding in the Company's treasury reserve on its balance sheet is allocated to digital assets, principally Bitcoin("Bitcoin" or "BTC"), by applying a covered-call yield strategy. In connection with the Treasury Strategy, on March 10, 2026, the Company entered into a 2002 ISDA Master Agreement, a related Schedule and a Credit Support Annex with Blockchain.com (BVI) II Limited ("Blockchain.com"), facilitating the Company to enter into derivative and/or hedging transactions to manage the risk associated with the Treasury Strategy.

As of March 31, 2026, management concluded that Sono Motors GmbH met the criteria to be classified as held for sale and that the planned disposition (which was completed on May 4, 2026, as further described in Note 4 (Discontinued Operations and Assets and Liabilities Held for Sale)) represents a strategic shift that has had, or will have, a major effect on the Company's operations and financial results. Accordingly, the results of operations of Sono Motors GmbH have been presented as discontinued operations, and the related assets and liabilities have been presented as assets and liabilities of discontinued operations classified as held for sale, for all periods presented. On May 4, 2026, the Company sold and transferred 100% of the outstanding share capital of Sono Motors GmbH to third-party purchasers. See Note 3 (Liquidity and Going Concern Analysis), Note 4 (Discontinued Operations and Assets and Liabilities Held for Sale), Note 5 (Digital Assets), Note 6 (Written Covered Bitcoin Call Options), and Note 8 (Convertible Notes, Embedded Derivatives and Pre-Funded Warrants) for additional information.

These unaudited condensed consolidated financial statements reflect all adjustments, including normal recurring adjustments, which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows for the periods presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

On a consolidated basis, the Company's operations during the periods presented are comprised of the parent company, Sono N.V., and, through the May 4, 2026 sale and deconsolidation of Sono Motors GmbH, Sono Motors GmbH. All significant intercompany transactions and balances have been eliminated upon consolidation. Certain amounts in the prior period unaudited condensed consolidated financial statements have been reclassified to conform to the current period presentation, including the presentation of Sono Motors GmbH as a discontinued operation. In addition, effective January 1, 2026, the Company changed its reporting currency from the euro to the U.S. dollar, and all prior-period financial information presented in these unaudited condensed consolidated financial statements has been recast into U.S. dollars as if the U.S. dollar had been the Company's reporting currency since the earliest period presented. See Note 2 (Basis of Presentation, Consolidation and Summary of Significant Accounting Policies) for additional information regarding the change in reporting currency.

2. Basis of Presentation, Consolidation and Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the presentation of the accompanying consolidated financial statements follows:

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and the rules and regulations of the SEC applicable to interim financial information. Accordingly, they do not include all information and footnotes required by U.S. GAAP for annual financial statements and should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments necessary for a fair presentation, consisting of normal recurring adjustments and the non-recurring classification, reporting-currency, fair-value, discontinued-operations and financing-related adjustments described in these notes. Results for the three and six months ended June 30, 2026 are not necessarily indicative of results for the full fiscal year.

Certain prior-period amounts have been reclassified to conform to the current-period presentation. These reclassifications did not affect total assets, total liabilities, shareholders' equity, net income (loss) or net decrease in cash and cash equivalents.

Reporting currency and functional currency

Effective January 1, 2026, the Company changed its reporting currency from the euro to the U.S. dollar. Management made the change to better align the Company's financial reporting with its U.S.-dollar denominated financing activities, U.S. capital-markets reporting environment, and the Treasury Strategy following the Company's strategic transition. The Company has recast all prior-period financial information presented in these condensed consolidated financial statements into U.S. dollars as if the U.S. dollar had been the Company's reporting currency since the earliest period presented. The change in reporting currency does not by itself change the underlying functional-currency determination for each distinct and separable operation.

Effective January 1, 2026, Sono Group N.V. determined that its functional currency is the U.S. dollar. Through the May 4, 2026 sale of Sono Motors GmbH, Sono Motors GmbH continued to have the euro as its functional currency. Assets and liabilities of euro-functional operations are translated into U.S. dollars at period-end exchange rates, and revenues, expenses, gains and losses are translated at transaction-date rates or appropriate weighted-average exchange rates. Translation effects are recognized as a component of accumulated other comprehensive income (loss) within shareholders' equity.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Significant estimates include going concern, held-for-sale and discontinued-operations classification and measurement, fair value measurements of digital assets and derivative liabilities, valuation of convertible notes and related debt discount, lease accounting assumptions, and income tax valuation allowances.

Digital assets and derivative instruments

Digital assets consisting principally of Bitcoin are accounted for under ASC 350-60. The Company's Bitcoin holdings are initially recognized at cost and subsequently measured at fair value in accordance with ASC 820, with changes in fair value recognized in net income each reporting period. Digital assets are presented as a separate line item in the condensed consolidated balance sheet. The Company does not present digital asset fair-value changes, realized digital asset gains or losses, written-call premiums, derivative settlements or related execution fees as revenue from contracts with customers because such activities do not arise from contracts with customers within the scope of ASC 606.

Written covered Bitcoin call options are accounted for as freestanding derivative liabilities under ASC 815 unless a specific scope exception applies. Premiums received are consideration for assuming a derivative obligation and are not recorded as revenue. Written-call liabilities are measured at fair value at inception and remeasured at fair value each reporting period, with changes recognized in earnings unless hedge accounting is formally designated and documented. The Company has not designated hedge accounting for the arrangements reflected in these condensed consolidated financial statements. The related economics are presented as digital asset treasury income or loss rather than revenue from contracts with customers.

Convertible debt, warrants and fair value measurements

The Company accounts for convertible debentures by recognizing the debt host net of unamortized debt discount and separately recognizing embedded conversion features that require bifurcation as derivative liabilities. Embedded conversion derivative liabilities are measured at fair value at inception and at each reporting date, with changes in fair value recognized in earnings. Debt discount is amortized to interest expense over the expected term of the convertible debentures.

The Company classifies pre-funded warrants in additional paid-in capital when the instruments meet the applicable equity-classification criteria. Cash proceeds from convertible debentures and pre-funded warrants are presented as financing cash inflows in the statement of cash flows, and equity-classified pre-funded warrant amounts are presented within shareholders' equity.

Fair value measurements are categorized within the fair value hierarchy based on the observability of inputs. Bitcoin is measured using the BTC-USD spot price observed at 23:59:59 UTC on the reporting date from the market in which the Company transacts through Blockchain.com and is classified within Level 1. Written covered Bitcoin call options and embedded conversion derivative liabilities are classified within Level 3 when valuation uses significant unobservable inputs, including volatility, term, conversion or settlement assumptions, and probability-weighted outcomes.

The Company values written covered Bitcoin call options using a Black-Scholes option pricing model, with key inputs including the Bitcoin spot price, option strike price, contractual term, and implied volatility derived from observable Bitcoin options market data where available. The embedded conversion derivative liabilities are valued using a Monte Carlo simulation model, with key unobservable inputs including the Company's estimated credit-adjusted discount rate, probability-weighted conversion assumptions, and expected term. Changes in these inputs could result in materially different fair value measurements.

Credit risk and concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, digital assets, collateral arrangements and contractual rights arising from digital asset derivative activity. The Company maintains cash with financial institutions, holds Bitcoin and related rights through digital asset counterparties and custodial arrangements, and monitors counterparty and concentration risk; however, balances may exceed insured or protected limits and are subject to market, custody, liquidity and counterparty risks.

Leases

The Company accounts for leases under ASC 842, Leases. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Because the Company's leases generally do not provide an implicit rate, the Company uses its incremental borrowing rate based on information available at commencement. Lease expense is recognized on a straight-line basis over the lease term. The Company determined its incremental borrowing rate at the commencement of the Munich lease on May 1, 2026 by reference to the rate at which the Company could borrow funds on a collateralized basis over a similar term and in a similar economic environment to the lease, taking into consideration the Company's credit profile, the EUR-denominated nature of the lease, the going concern conditions existing at the commencement date, and the terms of the Company's outstanding convertible debentures as a market reference point for the Company's cost of borrowing. The Company has elected the short-term lease recognition exemption for leases with terms of twelve months or less. Through May 4, 2026, the Company's lease balances, including right-of-use assets, related to Sono Motors GmbH and were included in discontinued operations and the disposal group classified as held for sale; effective May 1, 2026, the right-of-use asset and lease liability for the Munich lease were re-established within continuing operations.

Income Taxes

The Company accounts for income taxes using the asset and liability method under ASC 740, Income Taxes. Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities, and for operating loss and tax credit carryforwards. Deferred tax balances are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled or realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period in which the enactment date occurs. The Company establishes a valuation allowance to reduce deferred tax assets to the amount that is more likely than not to be realized. As of June 30, 2026 and December 31, 2025, the Company maintains full valuation allowances against its deferred tax assets, reflecting the uncertainty regarding their realizability given the Company's history of cumulative losses and going concern conditions. The Company does not currently have any unrecognized tax benefits. See Note 11 (Income Taxes) for additional information.

Reporting Operating Segment

The Company reports its segment information to reflect the manner in which the Company's Chief Operating Decision Maker ("CODM") reviews and assesses performance. The Company's Chief Executive Officer has the responsibility as the CODM to review and assess the performance of the Company as a whole. The primary financial measures used by the CODM to evaluate performance and allocate resources are net income (loss) and operating income (loss).

Recently Adopted and Recently Issued Pronouncements

Effective January 1, 2025, the Company adopted ASU 2023-08, Intangibles, Goodwill and Other, Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets. The guidance requires in-scope crypto assets to be measured at fair value, with changes in fair value recognized in net income each reporting period and requires separate presentation and disclosure of crypto assets. The adoption did not have a material impact on the Company's consolidated financial statements upon adoption because the Company did not hold material crypto assets at the adoption date. The guidance is applicable to the Company's Bitcoin holdings acquired in connection with the Company's digital asset treasury strategy (the "Treasury Strategy").

In November 2024, the FASB issued ASU 2024-03, Income Statement, Reporting Comprehensive Income, Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. In January 2025, the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03. The guidance requires additional note disclosures about specified categories of expenses included in certain expense captions. The guidance is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is evaluating the effect of the guidance on its disclosures.

The Company has evaluated other recently issued accounting pronouncements and does not expect them to have a material effect on its condensed consolidated financial statements or related disclosures.

3. Liquidity and Going Concern Analysis

The Company is required to evaluate whether there is substantial doubt about its ability to continue as a going concern each reporting period, including interim periods. In evaluating the Company's ability to continue as a going concern, management considered the conditions and events that could raise substantial doubt about the Company's ability to continue as a going concern within twelve months after the date these unaudited condensed consolidated financial statements are issued, in accordance with ASC 205-40. Management considered the Company's current financial condition and liquidity sources, including current funds available, forecasted future cash flows, and the Company's obligations due within twelve months after the issuance date of these unaudited condensed consolidated financial statements.

As of June 30, 2026, the Company had cash and cash equivalents of $166 thousand, an accumulated deficit of $339.2 million, $4,118 thousand of Bitcoin measured at fair value, $5,050 thousand of convertible debenture principal outstanding and $5,049 thousand of convertible notes payable, net, including bifurcated embedded conversion derivative liabilities. For the six months ended June 30, 2026, the Company recognized a loss from continuing operations of $3,335 thousand and a net loss of $5,792 thousand. The Company has incurred recurring operating losses and historically negative cash flows from operations since inception, primarily attributable to Sono Motors GmbH. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

During the six months ended June 30, 2026, management completed financing transactions and strategic actions related to the Company's transition to the Treasury Strategy and its exit from legacy solar operations. The Company raised aggregate gross proceeds of approximately $7.1 million through the issuance of three secured convertible debentures to Yorkville on January 26, 2026, February 19, 2026 and March 10, 2026, respectively, in the aggregate principal amount of $4.35 million (the "Q1 2026 Debentures"), the issuance to Yorkville on March 10, 2026 of a pre-funded warrant for aggregate proceeds of $2.0 million, and the issuance to Yorkville on April 28, 2026 of an additional secured convertible debenture in the aggregate principal amount of $700 thousand (the "April 2026 Debenture"). A substantial portion of these proceeds was used to implement the Treasury Strategy, including the acquisition of Bitcoin and the establishment of the Company's institutional framework with Blockchain.com under the ISDA Master Agreement and the related Schedule and Credit Support Annex. Management also terminated all current and future funding commitments to Sono Motors GmbH and completed the Company's exit from the legacy solar operations through the execution and consummation of the SPA pursuant to which Sono Motors GmbH was sold on May 4, 2026, as further described in Note 4 (Discontinued Operations and Assets and Liabilities Held for Sale). These actions are relevant to management's liquidity plans but did not alleviate substantial doubt about the Company's ability to continue as a going concern.

Management considered the financing transactions, implementation of the Treasury Strategy and exit from legacy solar operations in its liquidity analysis. Although these actions may reduce certain cash outflows and provide additional potential liquidity sources, the Company continues to depend on monetization of digital asset holdings, performance of the Treasury Strategy and availability of external financing, and management did not conclude that substantial doubt was alleviated.

Management's plans to address these conditions include obtaining additional financing through further issuances of debt and equity securities, including pursuant to the Company's effective shelf registration statement, sales of a portion of the Company's Bitcoin holdings, and premium income generated from writing covered call options pursuant to the Treasury Strategy. The Company's Bitcoin holdings serve as collateral for outstanding written covered call options, which are written on a weekly basis, and are available for sale upon expiration of the applicable options. There can be no assurance that additional financing will be available in amounts or on terms acceptable to the Company, if at all, or that sales of digital assets, at then-prevailing prices, together with premium income, will be sufficient to fund the Company's obligations as they become due. In addition, the Company expects to continue to incur professional fees and other transaction costs in connection with the proposed Redomiciliation Transaction described in Note 16 (Subsequent Events), the completion of which is not assured.

The Company's ability to maintain adequate liquidity remains subject to significant uncertainties, including the price volatility and liquidity characteristics of digital assets, the terms and potential collateral requirements of transactions entered into in connection with the Treasury Strategy pursuant to the Credit Support Annex described in Note 5 (Digital Assets) and Note 6 (Written Covered Bitcoin Call Options), and the maturities of the convertible debentures issued during the six months ended June 30, 2026, which mature in 2027 and may require refinancing or conversion prior to or at maturity. Based upon this uncertainty, management has concluded that there is substantial doubt that the Company will continue as a going concern.

4. Discontinued Operations and Assets and Liabilities Held for Sale

On March 14, 2026, the Company's supervisory board resolved to terminate all current and future funding commitments to Sono Motors GmbH and to exit the legacy solar operations conducted through Sono Motors GmbH with immediate effect. The Company was in negotiations to sell Sono Motors GmbH before March 31, 2026 and executed the SPA on May 4, 2026. Management concluded that Sono Motors GmbH met the criteria to be classified as held for sale as of March 31, 2026 and that the planned disposition (which was completed on May 4, 2026, as further described in Note 4) represents a strategic shift that has had, or will have, a major effect on the Company's operations and financial results.

Management's held-for-sale conclusion was based on the approval of a plan to sell Sono Motors GmbH, management's commitment to the plan, active negotiations with a buyer, the availability of the disposal group for immediate sale in its then-present condition subject only to customary closing conditions, the expectation that the sale would be completed within one year, and the determination that actions required to complete the plan indicated it was unlikely that significant changes would be made or that the plan would be withdrawn.

Management's analysis confirmed satisfaction of each of the six criteria required under ASC 360-10-45-9 for held-for-sale classification as of March 31, 2026: (i) management having the authority to approve the plan committed to a plan to sell the disposal group; (ii) the disposal group was available for immediate sale in its present condition; (iii) an active program to locate a buyer had been initiated; (iv) the sale was probable and expected to be completed within one year; (v) the disposal group was being actively marketed at a price reasonable in relation to its current fair value; and (vi) it was unlikely that significant changes to the plan would be made or that the plan would be withdrawn.

The disposal group was measured at the lower of carrying amount or fair value less cost to sell. Based on the planned sale and nominal consideration subsequently documented in the executed SPA, management recognized a $519 thousand loss on classification as held for sale within discontinued operations, net of tax, during the three months ended March 31, 2026. The shareholder loan receivable from Sono Motors GmbH and corresponding payable of Sono Motors GmbH were intra-entity balances and were eliminated in consolidation while Sono Motors GmbH remained consolidated; accordingly, the shareholder loan was not included as a separate consolidated held-for-sale asset or impairment charge.

The results of operations of Sono Motors GmbH have been presented as discontinued operations for all periods presented. The related assets and liabilities have been presented separately as held for sale in the unaudited condensed consolidated balance sheets. Parent-company public-company costs, SEC reporting costs, financing costs, digital-asset treasury costs and general holding-company overhead remain in continuing operations unless directly attributable to the discontinued component. The discontinued operation was reported within the Company's single reportable segment.

As of December 31, 2025, certain lease-related amounts recorded by Sono N.V. related to lease arrangements associated with Sono Motors GmbH and the legacy solar business; because the right-of-use assets and related lease liabilities were attributable to the discontinued component, those amounts are included in discontinued operations and in the disposal group classified as held for sale. Following the May 4, 2026 sale of Sono Motors GmbH, the Company remained the lessee under the Munich lease, and the related right-of-use asset and lease liability were re-established within continuing operations effective May 1, 2026; see Note 10 (Leases).

Major classes of assets of discontinued operations classified as held for sale (USD in thousands)	**June 30, 2026**	**December 31, 2025**
Right-of-use assets	—	673
Inventories	—	238
Other disposal-group assets	—	496
Total assets of discontinued operations classified as held for sale	—	1,407

Major classes of liabilities of discontinued operations classified as held for sale (USD in thousands)	**June 30, 2026**	**December 31, 2025**
Lease liabilities	—	673
Other disposal-group liabilities	—	270
Total liabilities of discontinued operations classified as held for sale	—	943

	Three months ended June 30, 2026	Three months ended June 30, 2025
Loss of the disposal group, including operating results, held-for-sale measurement and translation	(345)	(1,246)
Loss from discontinued operations, net of tax	**(345)**	**(1,246)**

	Six months ended June 30, 2026	Six months ended June 30, 2025
Loss of the disposal group, including operating results, held-for-sale measurement and translation	(1,356)	(2,731)
Loss from discontinued operations, net of tax	**(1,356)**	**(2,731)**

Discontinued operations cash-flow information (USD in thousands)	Three months ended June 30, 2026	Six months ended June 30, 2026	Six months ended June 30, 2025
Cash of discontinued operations, beginning of period	205	38	1,301
Cash funding provided by the parent	—	708	1,666
Operating cash use of the disposal group, net	(14)	(555)	(2,711)
Cash of the disposal group derecognized at deconsolidation, April 30, 2026	(191)	(191)	—
Cash of discontinued operations, end of period	—	—	**256**

The following table reconciles total cash and cash equivalents, including amounts included in assets of discontinued operations classified as held for sale, to the amounts presented in the condensed consolidated statements of cash flows (USD in thousands):

	June 30, 2026	December 31, 2025
Cash and cash equivalents presented in continuing assets	166	205
Cash of discontinued operations included in assets held for sale	—	38
Total cash including discontinued operations	**166**	**243**

The condensed consolidated statements of cash flows presents only cash attributable to continuing operations in the beginning and ending balance line items. See above for a reconciliation of total cash to the amounts presented.

Upon the May 4, 2026 sale of Sono Motors GmbH and loss of control of Sono Motors GmbH, the Company deconsolidated Sono Motors GmbH, measured as of April 30, 2026, and recognized a loss on deconsolidation of $1,101 thousand, presented as a separate line item in the condensed consolidated statements of operations. The loss includes the reclassification of $1,223 thousand of cumulative foreign currency translation adjustments attributable to Sono Motors GmbH from accumulated other comprehensive income (loss) to earnings upon the loss of control, together with the derecognition of the carrying amounts of the assets and liabilities of Sono Motors GmbH and the nominal consideration received under the Share Purchase and Transfer Agreement.

5. Digital Assets

During the six months ended June 30, 2026, the Company acquired Bitcoin as part of the Treasury Strategy. The Company's digital asset holdings consist of Bitcoin and are presented separately on the face of the unaudited condensed consolidated balance sheets. See Note 2 (Basis of Presentation, Consolidation and Summary of Significant Accounting Policies) for the Company's accounting policies for crypto assets, written covered Bitcoin call options and digital asset treasury income (loss), net, and Note 7 (Fair Value Measurements) for the related fair value measurement disclosures.

The Company's Bitcoin holdings expose the Company to concentration risk in a single digital asset and to market, custody, counterparty, regulatory, execution and liquidity risks. The fair value of Bitcoin may change materially over short periods, and changes in fair value are recognized in earnings each reporting period. Bitcoin holdings may also be affected by written-call option arrangements, collateral requirements, settlement mechanics and restrictions or practical limitations associated with custody or monetization.

Digital asset rollforward (USD in thousands, except BTC units and USD price per BTC)	BTC units	USD amount
Balance, January 1, 2026	—	—
Bitcoin purchased	68.49	5,000
Option premiums settled in Bitcoin	3.12	70
Bitcoin delivered on calls exercised in the money	(1.82)	(124)
Fair value remeasurement, net (including value of May-June in-kind premiums)	—	(828)
Balance, June 30, 2026 (at $59,007.48 per Bitcoin)	69.78	4,118

BTC units in the table are rounded to the nearest hundredth for presentation. The unit rollforward and ending fair value are calculated using unrounded BTC units from the Company's Bitcoin treasury valuation support; therefore, rounded displayed unit amounts may not recompute exactly. The settled BTC premium line represents BTC premiums received on written covered calls that expired out of the money before quarter-end.

The digital asset rollforward reflects activity through June 30, 2026. The June 30, 2026 balance includes the original 68.49313568 BTC collateral deposit plus 1.29086595 BTC of cumulative premiums from written covered Bitcoin calls that expired out of the money.

6. Written Covered Bitcoin Call Options

The Company writes covered Bitcoin call options and receives option premiums. During the six months ended June 30, 2026, the Company received 1.29086595 BTC of premiums on written covered Bitcoin call options that expired out of the money before the end of the applicable option terms. Written call options are derivative liabilities while outstanding. Premiums received are not revenue from contracts with customers and are recognized through derivative fair-value remeasurement, expiration, close-out or settlement. The written-call strategy may generate premium income but may also limit the Company's participation in increases in Bitcoin prices and expose the Company to derivative valuation, collateral, counterparty, settlement and liquidity risks.

At June 30, 2026, the Company recognized an $8 thousand derivative liability for the open written covered Bitcoin call position. The liability was measured at fair value using BTC-USD market inputs observed at June 30, 2026 from the market in which the Company transacts through Blockchain.com, rounded to the nearest thousand. The fair value of written-call liabilities may increase with increases in Bitcoin spot price, implied volatility or remaining contractual term.

Written covered-call derivative liability rollforward (USD in thousands)	**Amount**
Written-call liabilities recognized at fair value	41
Liabilities released on expiration or settlement	(32)
Written covered-call liability, June 30, 2026 (contract expiring 7/3/26, strike $63,000)	8
Covered-call option income, net (within digital asset treasury loss, net)	93
Losses on calls exercised in the money - Bitcoin delivered	(124)

7. Fair Value Measurements

The Company measures Bitcoin and derivative liabilities at fair value in accordance with ASC 820. For directly held Bitcoin, management identified the market in which the Company transacts through Blockchain.com as the principal market for the Company's Bitcoin treasury transactions. Because Bitcoin trades continuously and does not have a single exchange closing time, the Company measures its period-end Bitcoin position using the BTC-USD spot price observed from that principal market at 23:59:59 UTC on the reporting date. For June 30, 2026, the spot price used was $59,007.48 per BTC. Bitcoin is classified as Level 1 because the valuation uses an observable quoted price in an active market. Written covered-call derivative liabilities and embedded conversion derivative liabilities are classified as Level 3 because valuation includes significant unobservable inputs. The Company had no assets or liabilities measured at fair value on a recurring basis at December 31, 2025. The fair value hierarchy and Level 3 rollforward below present the same June 30, 2026 embedded conversion derivative liability balance as the balance sheet caption for derivative liabilities for embedded conversion features and the convertible debt table in Note 8. (Convertible Notes, Embedded Derivatives and Pre-Funded Warrants).

Fair value hierarchy by instrument (USD in thousands)	**June 30, 2026 total fair value**	**Level 1**	**Level 2**	**Level 3**
Bitcoin digital assets	4,118	—	—	—
Embedded conversion derivative liabilities	—	—	—	1,236
Written covered Bitcoin call derivative liability	—	—	—	8

Level 3 derivative liability rollforward (USD in thousands)	**Embedded conversion derivative liability**	**Written covered Bitcoin call derivative liability**
Balance, January 1, 2026	—	—
Initial recognition at issuance	1,698	41
Change in fair value recognized in earnings, net	(462)	—
Settlements, expirations and releases	—	(32)
Balance, June 30, 2026	1,236	8

Instrument	Fair value hierarchy	Valuation technique / significant inputs
Bitcoin	Level 1	BTC-USD spot price observed from the market in which the Company transacts through Blockchain.com at 23:59:59 UTC on June 30, 2026; spot price used was $59,007.48 per BTC.
Written covered Bitcoin call options	Level 3	Open written covered Bitcoin call position at June 30, 2026; liability of $8 thousand measured using June 30, 2026 BTC-USD market inputs, including the spot price of $59,007.48 per BTC, and the remaining contractual term of the open written call.
Embedded conversion derivative liabilities	Level 3	Monte Carlo simulation for convertible-debenture embedded conversion features using SSM stock price $6.33, expected volatility 110.0%, risk-free rate 4.25%, expected term 0.85 years, conversion/floor terms and probability-weighted settlement assumptions.

8. Convertible Notes, Embedded Derivatives and Pre-Funded Warrants

During the six months ended June 30, 2026, the Company issued four convertible debentures and one pre-funded warrant to YA II PN, Ltd. The following tables summarize the contractual terms and reconcile the related debt host, embedded conversion derivative liability, accrued interest payable, pre-funded warrant proceeds and APIC allocation to the balance sheet, statement of operations, statement of cash flows and shareholders' equity presentation.

Convertible debenture terms	January Debenture	February Debenture	March Debenture	April Debenture
Issue date	Jan. 26, 2026	Feb. 19, 2026	Mar. 10, 2026	Apr. 28, 2026
Principal amount	$600,000	$750,000	$3,000,000	$700,000
Maturity	Jan. 26, 2027	Feb. 19, 2027	Mar. 10, 2027	Apr. 28, 2027
Interest rate	12%; 18% upon event of default	12%; 18% upon event of default	12%; 18% upon event of default	12%; 18% upon event of default
Fixed conversion price (ceiling)	$18.75	$18.75	$18.75	$18.75
Variable conversion price	85% of lowest daily VWAP over 7 trading days, subject to floor	Same	Same	Same
Floor price	**$1.42**	**$1.45**	**$1.39**	**$1.28**

Convertible debt, warrant and related financial statement presentation reconciliation (USD in thousands)	Amount, KUSD
Gross convertible notes payable	5,050
Unamortized debt discount	(1,237)
Convertible notes payable, net of discount	3,813
Embedded conversion derivative liability	1,236
Convertible notes payable, net, as presented on the condensed consolidated balance sheet	**5,049**
Accrued interest payable	189
Pre-funded warrant - additional paid-in capital, at the corrected allocation	1,964
Six months ended June 30, 2026:	
Gain on change in fair value of embedded conversion derivatives	462
Coupon interest expense	(189)
Amortization of debt discount	(424)
Total interest expense	**(614)**

The embedded conversion features were bifurcated and recognized as derivative liabilities measured at fair value. Changes in fair value are recognized in earnings. Debt discount is amortized to interest expense over the expected term of the convertible debentures. The balance sheet presents the convertible debt host, net of unamortized discount, together with the bifurcated embedded conversion derivative liabilities in a single caption, convertible notes payable, net. Accrued interest payable is presented separately because it represents separately accrued contractual coupon interest. Cash proceeds from convertible debentures and pre-funded warrants are presented as financing cash inflows, the pre-funded warrant APIC allocation is presented within shareholders' equity, and the embedded conversion derivative liabilities and convertible debt host are presented in a single balance sheet caption, with the components disclosed in the table above.

9. Accounts Payable, Accrued Expenses and Other Liabilities

Accounts payable and accrued expenses detail (USD in thousands)	June 30, 2026	December 31, 2025
Legal fees	1,447	635
Accounting and auditing fees	38	103
Other accounts payable and accrued expenses	406	116
Total accounts payable and accrued expenses	1,891	854

Balance sheet caption (USD in thousands)	June 30, 2026	December 31, 2025
Accounts payable and accrued expenses	1,891	854
Accrued interest payable	189	—
Withholding and other tax liabilities	—	—
Liabilities of discontinued operations held for sale	—	943

10. Leases

The Company accounts for leases under ASC 842, Leases. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Because the Company's lease does not provide an implicit rate, the Company uses its incremental borrowing rate based on information available at commencement. Lease expense is recognized on a straight-line basis over the lease term. The Company has elected the short-term lease recognition exemption for leases with terms of twelve months or less. In addition, the Company elected the practical expedient to combine lease and non-lease components.

The Company's lease balances relate to the office building lease located at Waldmeisterstraße 93, 80935 Munich, Germany, originally associated with Sono Motors GmbH and the legacy solar business. The lease commenced March 1, 2021 with a 122-month term ending April 30, 2031. Through May 4, 2026, the related right-of-use asset and lease obligations were included in assets and liabilities of discontinued operations classified as held for sale because the lease was associated with the discontinued component; lease cost and cash paid for lease liabilities for periods through May 31, 2026, including the May 2026 rent settled through Sono Motors GmbH, related to the discontinued component and are included in the discontinued operations amounts disclosed in Note 4 (Discontinued Operations and Assets and Liabilities Held for Sale). Following the May 4, 2026 sale of Sono Motors GmbH, the Company remained the lessee under the lease, and the related right-of-use asset and lease liability were re-established within continuing operations effective May 1, 2026.

The lease is denominated in euros and provides for fixed monthly payments of EUR 13,954.25. The right-of-use asset and lease liability were re-established at EUR 549,522.12, translated at the April 30, 2026 spot rate of 1.1736, or $645 thousand, and the lease is measured in U.S. dollars from that date at a fixed monthly amount of $16,377 over the 60 months remaining in the lease term at that date, using a weighted-average discount rate of 18.0%. Occupancy charges for parking and waste disposal are not included in the measurement of the lease liability and are recognized as variable lease cost as incurred, together with differences between the fixed U.S. dollar amount and the U.S. dollar cost of the euro payment settled on the payment date. The lease has no renewal options that the Company is reasonably certain to exercise and no residual value guarantees. As of June 30, 2026, the operating lease right-of-use asset and operating lease liability were $631 thousand each.

In connection with the Share Purchase and Transfer Agreement described in Note 4 (Discontinued Operations and Assets and Liabilities Held for Sale), the Company and the buyer agreed to use their best efforts to transfer the Munich lease to Sono Motors GmbH as lessee by no later than June 30, 2026, with a full release of the Company from further liability under the lease. The transfer was not completed as of June 30, 2026. See Note 4 (Discontinued Operations and Assets and Liabilities Held for Sale) for the related disclosures.

Following the May 4, 2026 sale of Sono Motors GmbH, the Company no longer occupies the Munich premises. Management identified the vacancy as a triggering event and evaluated the operating lease right-of-use asset for impairment under ASC 360-10-35. Because the Company retains both the intent and the ability to obtain economic benefit from the leased premises, through a transfer of the lease, a successor lessee or a negotiated termination with the landlord, the right-of-use asset has not been abandoned, and the asset was evaluated under the held and used model. For purposes of the assessment, the right-of-use asset was evaluated as its own asset group because the cash flows expected from the premises are largely independent of the cash flows of the Company's other assets. Management concluded that the carrying amount of the right-of-use asset was recoverable at June 30, 2026, and no impairment was recognized. The assessment requires significant judgment, including estimates of the amount and timing of the cash flows expected from a transfer, a successor lessee or a negotiated termination, and a change in those estimates could result in an impairment charge in a future period.

Components of lease cost

The components of lease cost recognized in continuing operations were as follows (USD in thousands):

	Three months ended June 30, 2026	Six months ended June 30, 2026
Operating lease cost	16	16
Variable lease cost	2	2
Short-term lease cost	—	—
Total lease cost	**18**	**18**

Operating lease cost of $16 thousand represents the June 2026 fixed monthly lease cost under the U.S. dollar lease schedule, the single month of lease cost recognized in continuing operations for both periods presented; the May 2026 lease cost was settled through Sono Motors GmbH and is included in loss from discontinued operations, net of tax (Note 4). Variable lease cost represents the parking and waste-disposal occupancy charges and the settlement difference on the June payment. Total lease cost equals the June 2026 building lease cost recorded in general and administrative expenses.

Supplemental cash flow and non-cash information

Supplemental cash flow and non-cash information related to the operating lease were as follows (USD in thousands):

	Three months ended June 30, 2026	Six months ended June 30, 2026
Operating cash flows from operating leases	16	16
Right-of-use asset obtained in exchange for new operating lease liability (non-cash)	645	645

Balance sheet classification

The following table presents the classification of the operating lease right-of-use asset and operating lease liability on the condensed consolidated balance sheet (USD in thousands):

	June 30, 2026
Operating lease right-of-use asset	631
Operating lease liability, current portion	90
Operating lease liability, non-current portion	541
Total operating lease liability	**631**

The current portion of the operating lease liability represents the present value of the 12 monthly payments due within the twelve months following June 30, 2026.

Maturity analysis of operating lease liability

The following table presents the maturity analysis of the Company's operating lease liability at June 30, 2026, and a reconciliation of the undiscounted lease payments to the present value of the lease payments recognized on the condensed consolidated balance sheet (USD in thousands):

Period ending December 31,	Undiscounted lease payments	Less: imputed interest	Present value of lease payments
Remainder of 2026 (six months)	98	55	43
2027	196	98	98
2028	197	79	118
2029	197	56	141
2030	196	28	168
2031	65	2	63
Total	**949**	**318**	**631**

The present value of lease payments of $631 thousand equals the operating lease liability recognized on the condensed consolidated balance sheet at June 30, 2026. Undiscounted lease payments comprise the 58 monthly payments of $16,377 remaining at June 30, 2026, payable through April 30, 2031.

Weighted-average lease term and discount rate

	June 30, 2026
Weighted-average remaining lease term (in years)	4.83
Weighted-average discount rate	18.0%

The weighted-average discount rate of 18.0% reflects the Company's incremental borrowing rate at the May 2026 commencement date of the Munich lease, determined by reference to the Company's current cost of secured borrowing as evidenced by the terms of the convertible debentures issued during 2026, adjusted for the collateralized nature, EUR denomination, and term of the lease obligation, and taking into account the going concern conditions existing at the commencement date.

11. Income Taxes

The Company recorded no income tax expense for the three and six months ended June 30, 2026 or the three and six months ended June 30, 2025. The Company continues to maintain valuation allowances against deferred tax assets where realization is not more likely than not. Income tax expense associated with discontinued operations was not material for the periods presented.

The Company accounts for income taxes under the asset and liability method as described in Note 2 (Basis of Presentation, Consolidation and Summary of Significant Accounting Policies). The Company is subject to income taxation in the Netherlands and, for periods prior to the May 4, 2026 sale of Sono Motors GmbH, in Germany through its subsidiary. The Company recorded no income tax expense or benefit for the three and six months ended June 30, 2026, or for the three and six months ended June 30, 2025. The absence of income tax expense reflects the Company's full valuation allowance position against its net deferred tax assets. The Company continues to maintain full valuation allowances against deferred tax assets in all jurisdictions where realization is not more likely than not, reflecting the Company's history of cumulative losses and the uncertainty regarding future taxable income described in Note 3 (Liquidity and Going Concern Analysis). Income tax expense or benefit associated with discontinued operations was not material for the periods presented. The Company does not currently have material unrecognized tax benefits or significant uncertain tax positions.

12. Shareholders' Equity (Deficit)

During the six months ended June 30, 2026, the Company recognized $1,964 thousand of additional paid-in capital related to pre-funded warrants. Nominal values of the Company's share capital are denominated in euros under Dutch corporate law.

The accumulated other comprehensive income (loss) column in the statement of shareholders' equity reflects cumulative translation adjustments arising from the change in reporting- currency realignment and the translation of euro-functional operations, as described in Note 2 (Basis of Presentation, Consolidation and Summary of Significant Accounting Policies). Total shareholders' equity in the statement of shareholders' equity reconciles to total shareholders' equity presented in the condensed consolidated balance sheet for each period presented.

Share capital	Authorized	Issued and outstanding at June 30, 2026	Issued and outstanding at December 31, 2025	Nominal value under Dutch corporate law
Ordinary shares	120,000,000	1,424,834	1,424,834	EUR 0.01
High voting shares	40,000	40,000	40,000	EUR 0.25
Preferred shares	1,401	1,401	1,401	EUR 300.00

13. Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted-average shares outstanding during the period. Diluted net income (loss) per share gives effect to potentially dilutive securities when their effect is dilutive. For the three and six months ended June 30, 2026 and the three months ended June 30, 2025, potentially dilutive securities were excluded from the computation of diluted net income (loss) per share because the Company reported a net loss for those periods and their inclusion would have been anti-dilutive; diluted weighted-average shares outstanding therefore equal basic for those periods. For the six months ended June 30, 2025, the computation of diluted net income per share includes the dilutive effect of potential ordinary shares relating to the convertible notes outstanding during that period.

Net income (loss) per share	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Numerator:				
Income (loss) from continuing operations	(2,331)	722	(3,335)	11,509
Loss from discontinued operations, net of tax, including loss on deconsolidation	(1,446)	(1,246)	(2,457)	(2,731)
Net income (loss)	(3,777)	(524)	(5,792)	8,778
Denominator:				
Weighted average shares outstanding - basic	1,464,834	1,449,921	1,464,834	1,449,919
Dilutive effect of potential ordinary shares	—	—	—	9,424,135
Weighted average shares outstanding - diluted	1,464,834	1,449,921	1,464,834	10,874,054
Net income (loss) per share - basic:				
Continuing operations	(1.59)	0.50	(2.28)	7.94
Discontinued operations, including deconsolidation	(0.99)	(0.86)	(1.67)	(1.89)
Net income (loss) per share - basic	(2.58)	(0.36)	(3.95)	6.05
Net income (loss) per share - diluted:				
Continuing operations	(1.59)	0.50	(2.28)	1.06
Discontinued operations, including deconsolidation	(0.99)	(0.86)	(1.67)	(0.25)

Net income (loss) per share - diluted	(2.58)	(0.36)	(3.95)	0.81

14. Commitments and Contingencies

From time to time, the Company may be involved in claims and proceedings arising in the ordinary course of business. The Company records a liability for loss contingencies when a loss is probable and reasonably estimable. Management is not currently aware of any matter that it believes would have a material adverse effect on the Company's condensed consolidated financial statements, except as otherwise disclosed in this Quarterly Report.

The Company's commitments and contingencies include matters associated with the exit from Sono Motors GmbH, lease-related obligations included in the discontinued operations disposal group, public-company obligations, financing arrangements and the Treasury Strategy.

Exit from Sono Motors GmbH. Matters associated with the May 4, 2026 sale of Sono Motors GmbH, including residual obligations and indemnification matters arising under the sale and purchase agreement. See Note 4 (Discontinued Operations and Assets and Liabilities Held for Sale) for additional information.

Munich Lease Obligations. Subsequent to the May 4, 2026 sale of Sono Motors GmbH, the Company remains the lessee under the lease for the Munich premises formerly used by Sono Motors GmbH. In June 2026, preliminary insolvency proceedings were opened with respect to Sono Motors GmbH. As a result, the contemplated transfer of the Munich lease to the new owners of Sono Motors GmbH has not been completed, and the Company continues to be obligated under the lease, which has a remaining term through April 30, 2031 and aggregate undiscounted future payments of approximately $949 thousand. The Company is monitoring the status of the insolvency proceedings and their potential impact on the Company's lease obligations. See Note 10 (Leases) for the maturity analysis of the Munich lease liability.

Public-Company Obligations. Matters associated with the Company's ongoing public-company reporting obligations, including obligations and costs related to the proposed Redomiciliation Transaction described in Note 16 (Subsequent Events).

Financing Arrangements. Matters associated with the Company's convertible debentures issued to Yorkville during 2026, including the debentures' maturity in 2027 and potential obligations upon conversion or at maturity. See Note 8 (Convertible Notes, Embedded Derivatives and Pre-Funded Warrants) and Note 15 (Related Party Transactions) for additional information.

Treasury Strategy. Matters associated with the Company's Bitcoin collateral obligations under the ISDA Master Agreement and Credit Support Annex with Blockchain.com, and risks arising from written covered Bitcoin call options. See Note 2 (Basis of Presentation), Note 3 (Liquidity and Going Concern Analysis), Note 5 (Digital Assets) and Note 6 (Written Covered Bitcoin Call Options) for additional information.

15. Related Party Transactions

The Company evaluates relationships and transactions for related-party disclosure under applicable SEC and U.S. GAAP requirements. The Company considered its financing arrangements, preferred share arrangements, voting limitations, conversion rights, applicable beneficial-ownership limitations, including the 4.99% limitation, and other contractual arrangements with Yorkville in evaluating related-party disclosure. Based on this evaluation and consistent with the Company's historical treatment of similar arrangements, management identified Yorkville as a related party on the basis that YA II PN, Ltd. is the sole holder of the Company's outstanding Preferred Shares, which constitute 100% of that class of the Company's issued share capital, and that Yorkville has maintained a long-standing and material financing relationship with the Company. See Note 8 (Convertible Notes, Embedded Derivatives and Pre-Funded Warrants) and Note 12 (Shareholders' Equity) for additional information. No additional related-party transactions have been identified other than matters disclosed elsewhere in this Quarterly Report relating to financing, governance and the disposition of the legacy solar operations conducted through Sono Motors GmbH.

16. Subsequent Events

Proposed Redomiciliation Transaction

On July 14, 2026, the Company's management board and supervisory board unanimously approved a proposal to change the legal seat of the Company from the Netherlands, via Luxembourg, to the State of Delaware, to be effected through two substantially concurrent transactions: (i) a cross-border merger of the Company with and into Sono Group S.à r.l., a wholly owned Luxembourg subsidiary of the Company to be transformed into a public limited company (*société anonyme*) prior to the merger ("***Sono Luxembourg***"), with Sono Luxembourg being the surviving entity and succeeding the Company as the SEC registrant, and (ii) as soon as practicable thereafter, the conversion of Sono Luxembourg into a corporation organized under the laws of the State of Delaware under the name "Sono Group, Inc." (collectively, the "***Redomiciliation Transaction***"). On July 15, 2026, Sono Luxembourg filed with the SEC a registration statement on Form S-4 (File No. 333-297478), as amended by Amendment No. 1 to the registration statement filed with the SEC on August 4, 2026 (the "***Registration Statement***"), which includes a proxy statement/prospectus for the extraordinary general meeting of the Company's shareholders to be held for the purpose of voting on the Redomiciliation Transaction and the other proposals described in the Registration Statement, and which has not yet been declared effective by the SEC. Completion of the Redomiciliation Transaction is subject to, among other things, the Registration Statement having been declared effective by the SEC, receipt of the requisite approval by the Company's shareholders, submission of a notification form to the Nasdaq Capital Market, and the lapse of certain mandatory waiting periods and the fulfillment of statutory formalities under Dutch and Luxembourg law, and there can be no assurance as to whether or when the proposed Redomiciliation Transaction will be completed. The Redomiciliation Transaction is structured to preserve shareholders' existing economic and voting interests in the Company, and, if completed, will change only the Company's jurisdiction of incorporation and legal form and is expected to be accounted for as a reorganization of entities under common control, with no significant impact on the Company's consolidated financial statements, other than professional fees and other transaction costs, which are expensed as incurred. For a description of the treatment of each class of the Company's shares in the Redomiciliation Transaction, refer to the Registration Statement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and related notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (this "Quarterly Report") and our audited consolidated financial statements and related notes thereto for the fiscal year ended December 31, 2025 included in our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") on April 1, 2026 (our "2025 Form 10-K"). This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the section titled "Risk Factors" in Part I, Item 1A of our 2025 Form 10-K and those referred to in Part II, Item 1A of this Quarterly Report, including risks relating to the proposed Redomiciliation Transaction described in Note 16 (Subsequent Events), as updated from time to time in our other filings with the SEC. You should carefully read those sections titled "Risk Factors" to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements. Please also see "Cautionary Note Regarding Forward-Looking Statements" below.

During the period from January 1, 2026 through March 14, 2026, Sono Group N.V. ("Sono N.V.") conducted its business through its subsidiary, Sono Motors GmbH, a German limited liability company (Gesellschaft mit beschränkter Haftung) (Sono Motors GmbH). Unless otherwise indicated or the context otherwise requires, the terms "Sono Group", "Sono", "the Company", "we", "our", "us" or similar terms refer to Sono Group N.V. together with its consolidated subsidiaries for the periods presented. On March 14, 2026, the Company's supervisory board resolved to terminate all current and future funding commitments to Sono Motors GmbH and to exit the legacy solar operations conducted through Sono Motors GmbH with immediate effect. On May 4, 2026, the Company sold and transferred 100% of the outstanding share capital of Sono Motors GmbH to third-party purchasers; see "Recent Developments" below and Note 4 (Discontinued Operations and Assets and Liabilities Held for Sale) to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report for additional information.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that relate to our current expectations and views of future events. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under "Risk Factors" in Item 1A of Part I of our 2025 Form 10-K, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as "believe," "may," "will," "expect," "estimate," "could," "should," "anticipate," "aim," "intend," "plan," "potential," "forecast," "project," "target," "continue," "is/are likely to" or other similar or comparable expressions (including the negative of any of the foregoing). These forward-looking statements include all matters that are not historical facts and are statements regarding our intentions, beliefs or current expectations. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and could cause our actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements contained in this Quarterly Report include, but are not limited to, statements about:

- our digital asset treasury strategy (the "Treasury Strategy"), including our planned acquisition and holding of Bitcoin, our covered-call yield strategy, our arrangements with Blockchain.com (BVI) II Limited ("Blockchain.com") under the ISDA Master Agreement and related transaction documents, and any associated derivative and hedging transactions;
- the price and volatility of Bitcoin and other digital assets, and the related impact on our financial condition, results of operations and liquidity;
- our exit from the legacy solar operations conducted through Sono Motors GmbH, which was completed on May 4, 2026 through the execution and consummation of the SPA pursuant to which the Company sold Sono Motors GmbH on May 4, 2026;
- the planned solicitation of the ratification by our shareholders of our engagement in the Treasury Strategy at an extraordinary general meeting of shareholders;
- our ability to maintain compliance with the continued listing standards of The Nasdaq Stock Market LLC ("Nasdaq");
- our liquidity and our ability to continue as a going concern;
- the effectiveness of our internal control over financial reporting and disclosure controls and procedures, and our plans to remediate identified material weaknesses; and
- our expectations regarding the regulatory environment for digital assets and the development of the markets in which we operate.

We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions, many of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are neither promises nor guarantees of future performance. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the markets in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this Quarterly Report. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risks, uncertainties and assumptions described under "Risk Factors" in Item 1A of Part I of our 2025 Form 10-K, in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report.

Any forward-looking statements made herein speak only as of the date of this Quarterly Report, and you should not rely on forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance or achievements reflected in the forward-looking statements will be achieved or will occur. Except as required by applicable law, we undertake no obligation to update any of these forward-looking statements for any reason after the date of this Quarterly Report or to conform these statements to actual results or revised expectations.

Investors and others should note that we may announce material business and financial information using our investor relations website at https://ir.sonomotors.com. We therefore encourage investors and others interested in the Company to review the information that we make available on our website, in addition to following our filings with the SEC, webcasts, press releases and conference calls. Information contained on our website is not part of this Quarterly Report.

Business Overview

During the period from January 1, 2026 through March 14, 2026, our business consisted of the legacy solar operations conducted through Sono Motors GmbH.

On March 14, 2026, the Company's supervisory board resolved to terminate all current and future funding commitments to Sono Motors GmbH and to exit the legacy solar operations conducted through Sono Motors GmbH with immediate effect. The Company's decision was driven by Sono Motors GmbH's historical lack of profitability, which has resulted in the Company having to continuously provide funding to Sono Motors GmbH, and thus incur losses, and a determination by our management board that there was not a clear path for Sono Motors GmbH to achieve profitability in a reasonably desirable timeframe, and thereby avoid future losses to the Company. This decision was made in conjunction with the decision on March 14, 2026 by our management board, with the approval of our supervisory board, to adopt the Treasury Strategy effective that same day. Under the Treasury Strategy, the principal holding in our treasury reserve on our balance sheet is allocated to digital assets, principally Bitcoin ("Bitcoin" or "BTC"), by applying a covered-call yield strategy. The Treasury Strategy is projected to generate cash flow for the Company in the first year of its execution. The Company is also exploring other strategic alternatives to maximize shareholder value. We intend to solicit the ratification by our shareholders of our engagement in the Treasury Strategy at an extraordinary general meeting of shareholders. Under Dutch law, the ratification by our shareholders of our engagement in the Treasury Strategy is required to successfully implement the Treasury Strategy.

In connection with the Treasury Strategy, on March 10, 2026, Sono N.V. entered into a 2002 ISDA Master Agreement with Blockchain.com (the "ISDA Master Agreement"), facilitating Sono N.V. to enter into derivative and/or hedging transactions (collectively, the "Transactions") to manage the risk associated with the Treasury Strategy. The derivative and hedging transactions are governed by the ISDA Master Agreement, including the related Schedule executed on March 10, 2026 (the "Schedule"). The structure of the Transactions may include forwards, swaps, futures, options or other derivative transactions in respect of digital assets. In addition, Sono N.V. and Blockchain.com entered into a Credit Support Annex to the Schedule, dated as of March 10, 2026 (the "Credit Support Annex"), which sets forth the terms upon which Sono N.V. is required to deliver additional collateral to Blockchain.com (and Blockchain.com is required to return collateral to Sono N.V.) depending upon the mark-to-market exposure under the ISDA Master Agreement and the value of the collateral. The ISDA Master Agreement, the Schedule and the Credit Support Annex are governed by the laws of England and Wales.

Through May 4, 2026, Sono Motors GmbH was presented as a discontinued operation and disposal group classified as held for sale; on May 4, 2026, Sono Motors GmbH was sold and deconsolidated. Our continuing operations consist of parent-company activities, public-company obligations, financing-related items and our digital asset treasury activities. As a result of these developments, our financial information for the periods presented in this Quarterly Report may in many respects not be comparable to our historical financial information.
We operate as a single business segment.

Recent Developments

Proposed Redomiciliation Transaction

On July 14, 2026, the Company's management board and supervisory board unanimously approved a proposal to change the legal seat of the Company from the Netherlands, via Luxembourg, to the State of Delaware, to be effected through two substantially concurrent transactions: (i) a cross-border merger of the Company with and into Sono Luxembourg, a wholly owned Luxembourg subsidiary of the Company to be transformed into a public limited company (société anonyme) prior to the merger, with Sono Luxembourg being the surviving entity and succeeding the Company as the SEC registrant, and (ii) as soon as practicable thereafter, the conversion of Sono Luxembourg into a corporation organized under the laws of the State of Delaware under the name "Sono Group, Inc.". Sono Luxembourg has filed with the SEC the Registration Statement, which includes a proxy statement/prospectus for the extraordinary general meeting of the Company's shareholders to be held for the purpose of voting on the Redomiciliation Transaction and the other proposals described in the Registration Statement, and which has not yet been declared effective by the SEC. Completion of the Redomiciliation Transaction is subject to, among other things, the Registration Statement having been declared effective by the SEC, receipt of the requisite approval by the Company's shareholders, submission of a notification form to the Nasdaq Capital Market, and the lapse of certain mandatory waiting periods and the fulfillment of statutory formalities under Dutch and Luxembourg law, and there can be no assurance as to whether or when the proposed Redomiciliation Transaction will be completed. The Redomiciliation Transaction is structured to preserve shareholders' existing economic and voting interests in the Company, and, if completed, will change only the Company's jurisdiction of incorporation and legal form. The Company expects to continue to incur professional fees and other transaction costs in connection with the Redomiciliation Transaction, which are expensed as incurred. See Note 16 (Subsequent Events) to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report for additional information, including the expected accounting treatment of the Redomiciliation Transaction, and Part II, Item 1A of this Quarterly Report for information regarding related risk factors.

Munich Lease and Insolvency of former subsidiary Sono Motors GmbH

In June 2026, preliminary insolvency proceedings (*vorläufiges Insolvenzverfahren*) were opened in Germany with respect to Sono Motors GmbH, the former subsidiary of the Company that was sold on May 4, 2026. The Company holds no ownership interest in, and has no funding commitments to, Sono Motors GmbH, and Sono Motors GmbH's results are not included in the Company's continuing operations. The Company remains the lessee under the lease agreement for the premises in Munich, Germany formerly used by Sono Motors GmbH in the legacy solar operations. The contemplated transfer of the lease to Sono Motors GmbH has not been completed as a result of the preliminary insolvency proceedings, and the Company is pursuing a transfer of the lease, a successor lessee or a negotiated termination of the lease with the landlord, while reserving its claims in respect of Sono Motors GmbH's use of the premises. There can be no assurance as to the timing or outcome of these efforts, and the Company expects to remain obligated under the lease until a transfer, replacement or termination is completed. See Note 4 (Discontinued Operations and Assets and Liabilities Held for Sale) to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report for additional information.

Components of Our Results of Operations

Revenue

We did not generate revenue from continuing operations during the three and six months ended June 30, 2026 or the three and six months ended June 30, 2025. Revenue generated by the legacy solar operations conducted through Sono Motors GmbH has been presented within discontinued operations for all periods presented.

Digital Asset Treasury Loss, Net

Digital asset treasury income (loss), net consists of (i) realized and unrealized fair-value changes on Bitcoin holdings, (ii) realized gains or losses on settlement, expiration or close-out of written covered Bitcoin call options accounted for as freestanding derivative liabilities, and (iii) fair-value changes on open written covered Bitcoin call option positions. Premiums received on written covered call options are consideration for assuming a derivative obligation and are not recorded as revenue from contracts with customers. See Note 5 (Digital Assets) and Note 6 (Written Covered Bitcoin Call Options) to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

General and Administrative Expenses

General and administrative expenses include professional fees (including legal, audit, accounting and financing- and transaction-related fees), public-company and SEC reporting costs, insurance, office and rent expense, software and subscriptions and other holding-company overhead.

Change in Fair Value of Debt and Derivative Instruments

Change in fair value of debt and derivative instruments represents period-to-period fair-value remeasurements of (i) certain predecessor convertible notes that were accounted for under the fair-value election and (ii) the embedded conversion derivative liabilities bifurcated from the convertible debentures issued during 2026, which are accounted for using the debt-host plus embedded-derivative model, in each case with changes in fair value recognized in earnings. The fair-value election is not applicable to the convertible debentures issued during 2026; accordingly, remeasurements of convertible notes under the fair-value election are not expected to recur in respect of the convertible debentures issued during 2026. See Note 8 (Convertible Notes, Embedded Derivatives and Pre-Funded Warrants) to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

Interest Expense, Including Amortization of Debt Discount

Interest expense, including amortization of debt discount consists of contractual coupon interest accrued on outstanding convertible debentures and amortization of the related debt discount over the term of the instruments.

Foreign Currency Loss, Net

Foreign currency gain (loss), net consists of realized and unrealized gains and losses arising on monetary balances denominated in currencies other than the relevant entity's functional currency.

Loss From Discontinued Operations, Net of Tax

Loss from discontinued operations, net of tax represents the results of operations of Sono Motors GmbH, which has been presented as a discontinued operation for all periods presented in connection with our decision to terminate funding to, and exit the legacy solar operations conducted through, Sono Motors GmbH. See Note 4 (Discontinued Operations and Assets and Liabilities Held for Sale) to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

Loss on Deconsolidation of Subsidiary

Loss on deconsolidation of subsidiary represents the loss recognized upon the sale of Sono Motors GmbH on May 4, 2026, measured as the difference between the consideration received and the carrying amount of Sono Motors GmbH's net assets at the date of deconsolidation, including the derecognition of Sono Motors GmbH's assets and liabilities and amounts of accumulated other comprehensive income (loss) attributable to Sono Motors GmbH reclassified to earnings, principally cumulative foreign currency translation adjustments. This line item relates to the completed exit from the legacy solar operations and is not expected to recur. See Note 4 (Discontinued Operations and Assets and Liabilities Held for Sale) to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

Results of Operations

Comparison of the three months ended June 30, 2026 and 2025

The following table summarizes our consolidated results of operations for the period indicated:

	Three months ended June 30,		
	2026	**2025**	**Change**
	(in thousands)		
Digital asset treasury income (loss), net	(578)	–	(578)
General and administrative expenses	(1,401)	(768)	(633)
Loss from operations	**(1,979)**	**(768)**	**(1,211)**
Change in fair value of debt and derivative instruments	116	1,316	(1,200)
Interest expense, including amortization of debt discount	(468)	–	(468)
Foreign currency gain (loss), net	–	174	(174)
Income (loss) from continuing operations	**(2,331)**	**722**	**(3,053)**
Loss from discontinued operations, net of tax	(345)	(1,246)	901
Loss on deconsolidation of subsidiary	(1,101)	–	(1,101)
Net loss	**(3,777)**	**(524)**	**(3,253)**

Digital Asset Treasury Loss, Net

For the three months ended June 30, 2026, digital asset treasury loss, net was $578 thousand, consisting principally of unrealized fair-value remeasurement losses on Bitcoin holdings, partially offset by net premium income from written covered Bitcoin call options. We did not hold digital assets and did not write covered Bitcoin call options during the three months ended June 30, 2025.

General and Administrative Expenses

For the three months ended June 30, 2026, general and administrative expenses were $1,401 thousand, compared to $768 thousand for the three months ended June 30, 2025. The increase principally reflects higher professional fees associated with the convertible debenture and pre-funded warrant financings, the preparation of the proposed Redomiciliation Transaction described in Note 16 (Subsequent Events), the exit from the legacy solar operations and continuing public-company costs. General and administrative expenses related to the legacy solar operations have been presented within discontinued operations for all periods presented.

Change in Fair Value of Debt and Derivative Instruments

For the three months ended June 30, 2026, we recognized a net gain of $116 thousand on the change in fair value of debt and derivative instruments, compared to a gain of $1,316 thousand for the three months ended June 30, 2025. The amounts are not directly comparable between periods. The gain recognized in the 2025 period arose from the fair-value remeasurement of the predecessor convertible debentures, which were accounted for under the fair-value election; the fair-value election is not applicable to the convertible debentures issued during 2026, which are accounted for using the debt-host plus embedded-derivative model, and the amount recognized in the 2026 period accordingly reflects changes in the fair value of the embedded conversion derivative liabilities associated with those debentures. The three-month 2026 amount presents the quarter after allocating the correction recorded on April 1, 2026 to the first quarter, to which it relates; see Note 2 (Basis of Presentation, Consolidation and Summary of Significant Accounting Policies). See Note 8 (Convertible Notes, Embedded Derivatives and Pre-Funded Warrants) to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

Interest Expense, Including Amortization of Debt Discount

For the three months ended June 30, 2026, interest expense, including amortization of debt discount, was $468 thousand, consisting of accrued coupon interest on the convertible debentures and amortization of the related debt discount. There was no comparable interest expense recognized in continuing operations for the three months ended June 30, 2025, because the predecessor convertible notes were accounted for at fair value, with all changes in fair value recognized within the fair-value line item.

Foreign Currency Loss, Net

For the three months ended June 30, 2026, we recorded no foreign currency gain or loss within continuing operations. For the three months ended June 30, 2025, we recognized net foreign currency gains of $174 thousand within continuing operations.

Loss From Discontinued Operations, Net of Tax

For the three months ended June 30, 2026, loss from discontinued operations, net of tax was $345 thousand, compared to $1,246 thousand for the three months ended June 30, 2025. The decrease reflects the wind-down of operating activity at Sono Motors GmbH following our March 14, 2026 decision to terminate funding to, and exit, the legacy solar operations, and the May 4, 2026 sale of Sono Motors GmbH, after which Sono Motors GmbH's results are no longer included in the Company's results.

Loss on Deconsolidation of Subsidiary

For the three months ended June 30, 2026, we recognized a loss on deconsolidation of Sono Motors GmbH of $1,101 thousand in connection with the May 4, 2026 sale of Sono Motors GmbH, with no comparable amount in the 2025 period. See Note 4 (Discontinued Operations and Assets and Liabilities Held for Sale) to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

Net Loss

For the three months ended June 30, 2026, we reported a net loss of $3,777 thousand, compared to a net loss of $524 thousand for the three months ended June 30, 2025. The increase in net loss principally reflects the $1,101 thousand loss on deconsolidation of Sono Motors GmbH, a lower net gain on the change in fair value of debt and derivative instruments ($116 thousand in the 2026 period, compared to $1,316 thousand in the 2025 period, which is not directly comparable, as described above), higher general and administrative expenses (an increase of $633 thousand, from $768 thousand in the 2025 period to $1,401 thousand in the 2026 period), the digital asset treasury loss, net, of $578 thousand and interest expense of $468 thousand on the convertible debentures issued during 2026, partially offset by a $901 thousand decrease in loss from discontinued operations.

Comparison of the six months ended June 30, 2026 and 2025

The following table summarizes our consolidated results of operations for the period indicated:

	Six months ended June 30,		
	2026	**2025**	**Change**
	(in thousands)		
Digital asset treasury income (loss), net	(890)	–	(890)
General and administrative expenses	(2,293)	(1,198)	(1,095)
Loss from operations	**(3,183)**	**(1,198)**	**(1,985)**
Change in fair value of debt and derivative instruments	462	12,191	(11,729)
Interest expense, including amortization of debt discount	(614)	–	(614)
Foreign currency gain (loss), net	–	516	(516)
Income (loss) from continuing operations	**(3,335)**	**11,509**	**(14,844)**
Loss from discontinued operations, net of tax	(1,356)	(2,731)	1,375
Loss on deconsolidation of subsidiary	(1,101)	–	(1,101)
Net loss	**(5,792)**	**8,778**	**(14,570)**

Digital Asset Treasury Loss, Net

For the six months ended June 30, 2026, digital asset treasury loss, net was $890 thousand, consisting principally of unrealized fair-value remeasurement losses on Bitcoin holdings, partially offset by net premium income from written covered Bitcoin call options. We did not hold digital assets and did not write covered Bitcoin call options during the three or six months ended June 30, 2025.

General and Administrative Expenses

For the six months ended June 30, 2026, general and administrative expenses were $2,293 thousand, compared to $1,198 thousand for the six months ended June 30, 2025. The increase principally reflects higher professional fees associated with the Treasury Strategy, the convertible debenture and pre-funded warrant financings, the preparation of the proposed Redomiciliation Transaction described in Note 16 (Subsequent Events), the exit from the legacy solar operations and continuing public-company costs. General and administrative expenses related to the legacy solar operations have been presented within discontinued operations for all periods presented.

Change in Fair Value of Debt and Derivative Instruments

For the six months ended June 30, 2026, we recognized a net gain of $462 thousand on the change in fair value of debt and derivative instruments, compared to a gain of $12,191 thousand for the six months ended June 30, 2025. As described under "Three Months Ended June 30, 2026 Compared to Three Months Ended June 30, 2025, Change in Fair Value of Debt and Derivative Instruments," the amounts are not directly comparable between periods: the 2025 gain arose from the fair-value remeasurement of the predecessor convertible debentures under the fair-value election, while the 2026 amount reflects changes in the fair value of the embedded conversion derivative liabilities associated with the convertible debentures issued during 2026, which are accounted for using the debt-host plus embedded-derivative model. The six-month amount is unaffected by the allocation of the correction described in Note 2. See Note 8 (Convertible Notes, Embedded Derivatives and Pre-Funded Warrants) to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

Interest Expense, Including Amortization of Debt Discount

For the six months ended June 30, 2026, interest expense, including amortization of debt discount, was $614 thousand, consisting of accrued coupon interest on the convertible debentures and amortization of the related debt discount. There was no comparable interest expense recognized in continuing operations for the three or six months ended June 30, 2025, because the predecessor convertible notes were accounted for at fair value, with all changes in fair value recognized within the fair-value line item.

Foreign Currency Loss, Net

For the six months ended June 30, 2026, we recorded no foreign currency gain or loss within continuing operations, and for the six months June 30, 2025, we recognized net foreign currency gains of $516 thousand within continuing operations.

Loss From Discontinued Operations, Net of Tax

For the six months ended June 30, 2026, loss from discontinued operations, net of tax was $1,356 thousand, compared to $2,731 thousand for the six months ended June 30, 2025. The decrease reflects the wind-down of operating activity at Sono Motors GmbH following our March 14, 2026 decision to terminate funding to, and exit, the legacy solar operations, and the May 4, 2026 sale of Sono Motors GmbH, after which Sono Motors GmbH's results are no longer included in the Company's results.

Loss on Deconsolidation of Subsidiary

For the six months ended June 30, 2026, we recognized a loss on deconsolidation of Sono Motors GmbH of $1,101 thousand in connection with the May 4, 2026 sale of Sono Motors GmbH, with no comparable amount in the 2025 period. See Note 4 (Discontinued Operations and Assets and Liabilities Held for Sale) to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

Net Income (Loss)

For the six months ended June 30, 2026, we reported a net loss of $5,792 thousand, compared to net income of $8,778 thousand for the six months ended June 30, 2025. The change from net income to a net loss principally reflects a substantially lower net gain on the change in fair value of debt and derivative instruments ($462 thousand in the 2026 period, compared to $12,191 thousand in the 2025 period, which is not directly comparable, as described above), the $1,101 thousand loss on deconsolidation of Sono Motors GmbH, offset by a $1,375 thousand decrease in loss from discontinued operations, higher general and administrative expenses ($2,293 thousand in the 2026 period, compared to $1,198 thousand in the 2025 period, an increase of $1,095 thousand), the digital asset treasury loss, net, of $890 thousand, interest expense of $614 thousand on the convertible debentures issued during 2026 and a lower net foreign currency loss of $3 thousand in the 2026 period, compared to a net foreign currency gain of $516 thousand in the 2025 period.

Liquidity and Capital Resources

As of June 30, 2026, our cash and cash equivalents were $166 thousand, compared to $205 thousand as of December 31, 2025. Cash consists of cash in bank accounts.

We do not currently generate revenue from continuing operations and we continue to incur operating expenses related to holding-company overhead and public-company compliance costs. Following the adoption of the Treasury Strategy and the cessation of funding to Sono Motors GmbH in the first quarter of 2026, our liquidity position is principally dependent on the performance of our digital asset holdings and the cash flows generated through the Treasury Strategy, supplemented as necessary by external financing, including equity and equity-linked financings and debt instruments.

Sources and Uses of Liquidity

Historically, we have financed our operations through:

- Equity and equity-linked financings, including our initial public offering ("IPO") in November 2021, a follow-on offering in May 2022 and a committed equity facility entered into in June 2022.
    - On November 17, 2021, the Company consummated its IPO of 10,000,000 ordinary shares at a price of $15.00 per share. In addition, the underwriters in our IPO exercised their greenshoe option to purchase an additional 1,500,000 ordinary shares at a price of $13.95 per share. In total, the Company raised $160 million (€142 million) through the IPO, after deducting underwriting discounts and commissions.
    - The Company successfully completed a follow-on offering on May 3, 2022 of 10,930,000 ordinary shares at a price of $4.00 per share, which amount included shares sold pursuant to the partial exercise of the underwriters' over-allotment option. Pursuant to the offering, the Company received proceeds of $42 million (€39 million) after deducting underwriting discounts and commissions.
    - On June 13, 2022, the Company entered into an ordinary share purchase agreement with Joh. Berenberg, Gossler & Co. KG ("Berenberg"), which governed a committed equity facility (the "CEF") for the Company. The CEF provided the Company with the right, but not the obligation, to sell and issue up to $150 million of its ordinary shares over a period of 24 months to Berenberg, subject to certain limitations and conditions. During 2022, the Company sold to Berenberg a total of 8,748,433 ordinary shares for total gross proceeds of $17 million (€17 million).
- The debentures issued to Yorkville pursuant to the securities purchase agreement in December 2022 and subsequent issuances in 2024 and 2025.
    - On December 7, 2022, the Company entered into a securities purchase agreement with Yorkville under which the Company agreed to sell and issue to Yorkville the convertible debentures in a gross aggregate principal amount of up to $31.1 million (€29.4 million) (the "2022 Debentures").
    - In mid-November 2023, in the context of the former Self-Administration Proceedings, the Company and Yorkville entered into certain investment-related agreements that became effective on November 20, 2023 (such agreements collectively, the "Yorkville Investment Agreements"), pursuant to which Yorkville committed to provide financing to the Company, subject to the Company's continued compliance with the terms of the Yorkville Investment Agreements. Among other Yorkville Investment Agreements, the Company and Yorkville entered into a restructuring agreement (as amended from time to time, the "Restructuring Agreement") and a funding commitment letter (as amended from time to time, the "Funding Commitment Letter"), pursuant to which Yorkville committed to provide limited financing to the Company (the "First Commitment"). On April 30, 2024, the Company and Yorkville entered into an

amendment to the Funding Commitment Letter, pursuant to which Yorkville committed additional financing to the Company (the "Second Commitment" and together with the First Commitment, the "Yorkville Restructuring Investment").

- The convertible debenture with respect to the first tranche of the Yorkville Restructuring Investment was issued to Yorkville on February 6, 2024 for approximately $4.3 million and the convertible debenture with respect to the second tranche was issued to Yorkville on August 30, 2024 for approximately $3.3 million.

- On December 30, 2024, the Company and Yorkville entered into a securities purchase agreement (the "Securities Purchase Agreement"), pursuant to which the Company agreed to sell and issue to Yorkville a new convertible debenture (the "New Commitment Debenture") in the aggregate principal amount of $5 million.

- On December 30, 2024, the Company and Yorkville also entered into an exchange agreement (the "Exchange Agreement" and together with the SPA "Transaction Documents"), pursuant to which the Company agreed to issue, subject to the satisfaction of certain closing conditions, 1,242 preferred shares to Yorkville solely in exchange for the surrender and cancellation of all of the debentures held by Yorkville, which at that time included the 2022 Debentures, the new convertible debentures issued to Yorkville on February 5, 2024 and August 30, 2024 (the "2024 Debentures") and the New Commitment Debenture (if issued).

- On February 12, 2025, the Company and Yorkville entered into an Omnibus Amendment to Transaction Documents (the "First Omnibus Amendment"), pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, provide for an immediate advance of $1 million of the Yorkville Commitment in the form of the First Debenture.

- On March 25, 2025, the Company and Yorkville entered into a third Omnibus Amendment to Transaction Documents (the "Third Omnibus Amendment"), pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, provide for an immediate advance of $1 million of the Yorkville Commitment in the form of the Second Debenture.

- On April 24, 2025, the Company and Yorkville entered into a fourth Omnibus Amendment to Transaction Documents (the "Fourth Omnibus Amendment"), pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, provide for an immediate advance by Yorkville to the Company of $500,000 in the form of the Third Debenture.

- On May 26, 2025, the Company and Yorkville entered into a fifth Omnibus Amendment to Transaction Documents (the "Fifth Omnibus Amendment"), pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, provide for an immediate advance by Yorkville to the Company of $750,000 in the form of the Fourth Debenture.

- On August 6, 2025, the Company and Yorkville entered into an eighth Omnibus Amendment to Transaction Documents (the "Eighth Omnibus Amendment"), pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, provide for an immediate advance by Yorkville to the Company of $190,000 in the form of the Fifth Debenture.

- On August 15, 2025, the Company and Yorkville entered into a ninth Omnibus Amendment to Transaction Documents (the "Ninth Omnibus Amendment"), pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, provide for an immediate advance by Yorkville to the Company of EUR300,000 ($350,540 at conversion rate of 1.1685) in the form of the Sixth Debenture.

- On September 5, 2025, the Company and Yorkville entered into a tenth Omnibus Amendment to Transaction Documents (the "Tenth Omnibus Amendment"), pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, (1) increase the aggregate principal amount of the Debenture by an additional $2,200,000 for a total of $7,200,000, and (2) provide for an immediate advance by Yorkville to the Company of $3,409,460, which comprises the remaining $1,209,460 of the original $5,000,000 commitment and the entirety of the additional $2,200,000 commitment, in the form of the Seventh Debenture.

- On January 26, 2026, the Company issued the Debenture SEV-8 to Yorkville in the aggregate principal amount of $600,000.

- On February 19, 2026, the Company issued the Debenture SEV-9 to Yorkville in the aggregate principal amount of $750,000.

- On March 10, 2026, the Company issued a pre-funded warrant to Yorkville to purchase up to 283,367 Ordinary Shares at an exercise price of $0.01 (€0.01) per share, for aggregate gross proceeds of approximately $2,000,004.29.

- On March 10, 2026, the Company issued a convertible debenture to Yorkville in the aggregate principal amount of $3,000,000, maturing on March 10, 2027 ("Debenture SEV-10").

- On April 28, 2026, the Company issued a convertible debenture to Yorkville in the aggregate principal amount of $700,000, maturing on April 28, 2027 ("Debenture SEV-11").

- Limited grant funding from government and public research institutions, supporting the development of our proprietary solar technology, which has been classified within discontinued operations.

- Limited revenues from sale of prototypes, our solar products and services, which have been classified within discontinued operations.

Our cash outflows during the six months ended June 30, 2026 were principally driven by:

- General and administrative expenses, primarily professional fees, public-company and SEC reporting costs and other holding-company overhead.

- Purchases of Bitcoin in connection with the Treasury Strategy.

- Cash used in the operations of Sono Motors GmbH, which have been classified within discontinued operations.

Liquidity Outlook and Ability to Continue as a Going Concern

The Company has incurred recurring operating losses and historically negative cash flows from operations since inception, primarily attributable to the operations of Sono Motors GmbH, which has been classified as a discontinued operation for all periods presented; on May 4, 2026, the Company sold and transferred 100% of the outstanding share capital of Sono Motors GmbH to third-party purchasers. For the six months ended June 30, 2026, the Company recorded a loss from continuing operations of $3,335 thousand and a net loss of $5,792 thousand, and as of June 30, 2026 had cash and cash equivalents of $166 thousand, Bitcoin with a fair value of $4,118 thousand and an accumulated deficit of $339.2 million. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

During the six months ended June 30, 2026, management completed financing transactions and strategic actions related to the Company's transition to the Treasury Strategy and its exit from legacy solar operations. These actions, which are more fully described under "Sources and Uses of Liquidity" above and in Note 3 (Liquidity and Going Concern Analysis), Note 4 (Discontinued Operations and Assets and Liabilities Held for Sale), Note 8 (Convertible Notes, Embedded Derivatives and Pre-Funded Warrants) to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report, included: (i) raising aggregate gross proceeds of approximately $7.1 million through the issuance of the Q1 2026 Debentures to Yorkville on January 26, 2026, February 19, 2026 and March 10, 2026, respectively, in the aggregate principal amount of $4.35 million, the issuance to Yorkville on March 10, 2026 of a pre-funded warrant for aggregate proceeds of $2.0 million, and the issuance to Yorkville on April 28, 2026 of the April 2026 Debenture in the aggregate principal amount of $700 thousand; (ii) using a substantial portion of the proceeds to implement the Treasury Strategy, including the acquisition of Bitcoin and entry into an institutional framework with Blockchain.com in the form of the ISDA Master Agreement and the related Schedule and Credit Support Annex; and (iii) terminating all current and future funding commitments to Sono Motors GmbH and completing the Company's exit from the legacy solar operations through the execution and consummation of the SPA pursuant to which Sono Motors GmbH was sold on May 4, 2026, which management expects to reduce certain of the Company's ongoing cash outflows. These actions are relevant to management's liquidity plans and operating strategy, but they did not alleviate substantial doubt about the Company's ability to continue as a going concern.

Management's plans to address these conditions include obtaining additional financing through further issuances of debt and equity securities, including pursuant to the Company's effective shelf registration statement, sales of a portion of the Company's Bitcoin holdings, and premium income generated from writing covered call options pursuant to the Treasury Strategy. The Company's Bitcoin holdings serve as collateral for outstanding written covered call options, which are written on a weekly basis, and are available for sale upon expiration of the applicable options. There can be no assurance that additional financing will be available in amounts or on terms acceptable to the Company, if at all, or that sales of digital assets, at then-prevailing prices, together with premium income, will be sufficient to fund the Company's obligations as they become due. In addition, the Company expects to continue to incur professional fees and other transaction costs in connection with the proposed Redomiciliation Transaction described under "Recent Developments" above and in Note 16 (Subsequent Events), the completion of which is not assured.

The Company's ability to maintain adequate liquidity remains subject to significant uncertainties, including, among other things, the price volatility and liquidity characteristics of digital assets, the terms and potential collateral requirements of transactions entered into in connection with the Treasury Strategy pursuant to the Credit Support Annex, the Company's continuing obligations under the lease for the Munich premises formerly used by Sono Motors GmbH, the contemplated transfer of which has not been completed as a result of the preliminary insolvency proceedings opened with respect to Sono Motors GmbH in June 2026, as described under "Recent Developments" above, and the maturities in 2027 of the convertible debentures issued during the six months ended June 30, 2026, which may require us to negotiate a refinancing or conversion prior to or at maturity. Based upon this uncertainty, management has concluded that there is substantial doubt that the Company will continue as a going concern.

See Note 3 (Liquidity and Going Concern Analysis) to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report for additional information.

Cash Flows

The table below summarizes our cash flows (used in) from operating, investing and financing activities for the six months ended June 30, 2026 and 2025.

	For the six months ended June 30,	
Cash provided by (used in):	**2026**	**2025**
Operating activities	(2,089)	(5,353)
Investing activities	(5,000)	—
Financing activities	7,050	5,397
Effect of exchange-rate changes on cash	—	—
Net increase (decrease) in cash and cash equivalents	**(39)**	**44**
Cash and cash equivalents, beginning of period	205	100
Cash and cash equivalents, end of period	**166**	**144**

Net cash provided by / (used in) operating activities

Net cash used in operating activities was $2,089 thousand for the six months ended June 30, 2026, compared to net cash used in operating activities of $5,353 thousand for the six months ended June 30, 2025. The current period reflects a net loss of $5,792 thousand adjusted for noncash items, including the $1,101 thousand loss on deconsolidation of Sono Motors GmbH, $890 thousand of digital asset treasury loss, net, $424 thousand of amortization of debt discount and the $462 thousand net gain on change in fair value of debt and derivative instruments, together with a $1,078 thousand increase in accounts payable and accrued liabilities and $189 thousand of accrued interest payable, partially offset by $708 thousand of cash funding of discontinued operations. The prior-year period reflects net income of $8,778 thousand adjusted for the $12,191 thousand noncash gain on change in fair value of convertible notes payable carried at fair value, together with the changes in operating assets and liabilities and the funding of the disposal group presented in the unaudited condensed consolidated statements of cash flows.

Net cash used in operating activities presented above reflect only the continuing operations of the Company. See Note 4 (Discontinued Operations and Assets and Liabilities Held for Sale) for cash flow information related to the discontinued operations of Sono Motors GmbH, including the operating cash use of the disposal group and the cash of Sono Motors GmbH derecognized upon deconsolidation.

Net cash used in investing activities

Net cash used in investing activities was $5,000 thousand for the six months ended June 30, 2026, reflecting purchases of Bitcoin in connection with the Treasury Strategy. Investing activities provided no cash flows for the six months ended June 30, 2025.

Net cash provided by financing activities

Net cash provided by financing activities was $7,050 thousand for the six months ended June 30, 2026, resulting from gross proceeds of $4,350 thousand received in connection with the issuance of the Q1 2026 Debentures, gross proceeds of $2,000 thousand received in connection with the issuance of the Pre-Funded Warrant and gross proceeds of $700 thousand received in connection with the issuance of the April 2026 Debenture. Net cash provided by financing activities was $5,397 thousand for the six months ended June 30, 2025, resulting from net draws on convertible notes accounted for under the fair-value election.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting estimates from those disclosed in Part II, Item 8 of our 2025 Form 10-K, except for the addition of digital asset and derivative liability fair-value measurement and the change in reporting currency described in Note 2 (Basis of Presentation, Consolidation and Summary of Significant Accounting Policies) to the unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of June 30, 2026, our management team, with the participation of our principal executive officer and principal financial officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our principal executive officer and principal financial officer concluded that, due to the unremediated material weakness in our internal control over financial reporting as described below and in Part II, Item 9A. “Controls and Procedures” in our 2025 Form 10-K, our disclosure controls and procedures were not effective as of June 30, 2026.

Material Weakness

A “material weakness” is a deficiency or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The previously identified material weaknesses described in Part II, Item 9A. “Controls and Procedures” in our 2025 Form 10-K relate to: (i) a lack of consistent and proper application of processes and procedures; (ii) the design and operating effectiveness of information technology general controls for information systems that are significant to the preparation of our consolidated financial statements; (iii) a lack of review and supervision; (iv) the sufficiency of resources with an appropriate level of technical accounting and SEC reporting experience; and (v) clearly defined control processes, roles and segregation of duties within our finance and accounting functions.

We are continuing to implement the remediation measures described in our 2025 Form 10-K, including the hiring of additional accounting staff, the appointment of a new chief financial officer with the requisite skills to address technical accounting and reporting issues, the engagement of third-party advisors to support our internal resources related to accounting and internal controls, ongoing internal training for our accounting and finance teams and continued investment in our finance information-technology systems. As of June 30, 2026, we are still in the process of remediating the previously identified material weaknesses. The change in reporting currency, the discontinued operations presentation, digital asset accounting, derivative valuation, convertible debt accounting and related SEC reporting requirements have increased the complexity of our control environment, and we are taking additional remediation steps to address these matters, including additional technical accounting review and additional support from third-party advisors.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the three months ended June 30, 2026 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

Limitations on Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and management necessarily applies its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are, from time to time, party to various claims and legal proceedings arising in the ordinary course of our business. See Part I, Item 1 “Financial Statements (Unaudited) - Note 14, Commitments and Contingencies” in this Quarterly Report, which is incorporated herein by reference.

Item 1A. Risk Factors.

As a smaller reporting company under Rule 12b-2 of the Exchange Act, we are not required to include risk factors in this Quarterly Report. For additional risks relating to our operations, see the section titled "Risk Factors" contained in our 2025 Form 10-K. In addition, for risks relating to the proposed Redomiciliation Transaction described in Note 16 to the unaudited condensed consolidated financial statements included in this Quarterly Report, see the section titled "Risk Factors" contained in the Registration Statement, which has not yet been declared effective by the SEC. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

a) None.
b) None.
c) During the three months ended June 30, 2026, none of our directors or officers adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” (in each case defined in Item 408 of Regulation S-K).

Item 6. Exhibits.

Exhibit Number	Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
3.1	Articles of Association of Sono Group N.V., as amended effective September 9, 2025 (Dutch and English translations)	10-Q	001-41066	3.1	11/20/2025	
3.2	Form of internal rules of the Management Board of Sono Group N.V.	F-1	333-260432	3.2	11/8/2021	
3.3	Form of internal rules of the Supervisory Board of Sono Group N.V.	F-1	333-260432	3.3	11/8/2021	
10.1	Convertible Debenture, dated January 26, 2026, by and between Sono Group N.V. and YA II PN, Ltd.	8-K	001-41066	10.1	01/29/2026	
10.2	Convertible Debenture, dated February 19, 2026, by and between Sono Group N.V. and YA II PN, Ltd.	8-K	001-41066	10.1	02/24/2026	
10.3	Pre-Funded Warrant Securities Purchase Agreement, dated March 10, 2026, by and between Sono Group N.V. and YA II PN, Ltd.	8-K	001-41066	10.1	03/10/2026	
10.4	Pre-Funded Warrant, dated March 10, 2026, issued by Sono Group N.V. to YA II PN, Ltd.	8-K	001-41066	4.1	03/10/2026	
10.5	Registration Rights Agreement, dated March 10, 2026, by and between Sono Group N.V. and YA II PN, Ltd.	8-K	001-41066	10.2	03/10/2026	
10.6	Convertible Debenture, dated March 10, 2026, by and between Sono Group N.V. and YA II PN, Ltd.	8-K	001-41066	10.3	03/10/2026	
10.7	International Swaps and Derivatives Association, Inc. 2002 ISDA Master Agreement, dated as of March 10, 2026, between Blockchain.com (BVI) II Limited and Sono Group N.V.	8-K	001-41066	10.1	03/16/2026	
10.8	International Swaps and Derivatives Association, Inc. Schedule to the 2002 ISDA Master Agreement, dated as of March 10, 2026, between Blockchain.com (BVI) II Limited and Sono Group N.V.	8-K	001-41066	10.2	03/16/2026	
10.9	International Swaps and Derivatives Association, Inc. Credit Support Annex to the Schedule to the 2002 ISDA Master Agreement, dated as of March 10, 2026, between Blockchain.com (BVI) II Limited and Sono Group N.V.	8-K	001-41066	10.3	03/16/2026	

10.10	Share Purchase and Transfer Agreement dated May 4, 2026	8-K	001-41066	10.1	05/08/2026	
10.11	Convertible Debenture, dated April 28, 2026, by and between Sono Group N.V. and YA II PN, Ltd.	10-Q	001-41066	10.11	05/19/2026	
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.					*
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.					*
32.1	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
32.2	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
101.INS	Inline XBRL Instance Document: the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document.					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					*
101.PRE	Inline XBRL Presentation Linkbase Document					*
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)					*

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	SONO GROUP N.V.
Date: August 14, 2026	By: /s/ Kevin McGurn Kevin McGurn Chief Executive Officer and Managing Director
Date: August 14, 2026	By: /s/ M. Scott Calhoun M. Scott Calhoun Chief Financial Officer

CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Kevin McGurn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sono Group N.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2026

/s/ Kevin McGurn
Kevin McGurn
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Martin Scott Calhoun, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sono Group N.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2026

/s/ Martin Scott Calhoun
Martin Scott Calhoun
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Sono Group N.V. (the “Company”) for the quarterly period ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kevin McGurn, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2026

/s/ Kevin McGurn
Kevin McGurn
Chief Executive Officer
(Principal Executive Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Sono Group N.V. (the "Company") for the quarterly period ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Martin Scott Calhoun, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2026

/s/ Martin Scott Calhoun
Martin Scott Calhoun
Chief Financial Officer
(Principal Financial Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference.